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GREEN LEADER HOLDINGS GROUP LIMITED

綠領控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of Green Leader Holdings Group Limited (the “**Company**”) together with its subsidiaries (collectively, the “**Group**”) present the audited consolidated annual results of the Group for the year ended 31 December 2021 together with the comparative figures for the corresponding year in 2020 as follows:

HIGHLIGHTS

Financial Highlights	For the year ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
Revenue	1,612,858	1,303,796
Gross profit	347,773	127,867
Profit/(loss) for the year	751,507	(660,458)
Profit/(loss) for the year attributable to owners of the Company	265,672	(312,362)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	1,612,858	1,303,796
Cost of sales		<u>(1,265,085)</u>	<u>(1,175,929)</u>
Gross profit		347,773	127,867
Other operating income	4	7,655	23,778
Selling and distribution expenses		(2,957)	(4,406)
Administrative and other operating expenses		(387,582)	(283,442)
Changes in fair value of derivative component of convertible loan notes		–	(27,870)
Reversal of impairment loss/(impairment loss) recognised in respect of mining rights		959,527	(170,267)
Reversal of impairment loss/(impairment loss) recognised in respect of property, plant and equipment		299,034	(120,962)
Impairment losses recognised in respect of financial assets under expected credit loss model, net of reversal		4,832	(35,946)
Finance costs	5	<u>(229,315)</u>	<u>(361,665)</u>
Profit/(loss) before taxation	6	998,967	(852,913)
Income tax (expense)/credit	7	<u>(247,460)</u>	<u>192,455</u>
Profit/(loss) for the year		<u>751,507</u>	<u>(660,458)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		265,672	(312,362)
Non-controlling interests		<u>485,835</u>	<u>(348,096)</u>
		<u>751,507</u>	<u>(660,458)</u>
Earnings/(loss) per share (HK cents)	9		
Basic		50	(63)
Diluted		<u>13</u>	<u>(63)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year	<u>751,507</u>	<u>(660,458)</u>
Other comprehensive income/(expense):		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>7,042</u>	<u>(40,939)</u>
Other comprehensive income/(expense) for the year	<u>7,042</u>	<u>(40,939)</u>
Total comprehensive income/(expense) for the year	<u><u>758,549</u></u>	<u><u>(701,397)</u></u>
Total comprehensive income/(expense) for the year attributable to:		
Owners of the Company	269,843	(345,913)
Non-controlling interests	<u>488,706</u>	<u>(355,484)</u>
	<u><u>758,549</u></u>	<u><u>(701,397)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		2,239,815	1,810,589
Mining rights		5,808,415	4,965,468
Intangible assets		14,195	15,970
Goodwill		–	–
Deposits paid for acquisition of property, plant and equipment		13,683	11,114
		8,076,108	6,803,141
Current assets			
Inventories		152,223	6,283
Trade receivables	<i>11</i>	77,017	117,855
Prepayment, deposits, bills receivables, discounted bills receivables and other receivables		168,884	96,640
Amounts due from related companies		6,169	5,980
Amounts due from directors		–	235
Cash and cash equivalents		146,141	48,097
		550,434	275,090
Current liabilities			
Trade payables	<i>12</i>	38,821	1,798
Other payables		754,867	623,838
Amount due to a director		14,821	13,108
Amounts due to non-controlling interests		5,976,141	5,572,551
Other borrowings		313,621	313,621
Liabilities component of convertible loan notes		354,771	–
Lease liabilities		5,856	10,327
Income tax liabilities		66,095	600
		7,524,993	6,535,843
Net current liabilities		(6,974,559)	(6,260,753)
Total assets less current liabilities		1,101,549	542,388

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Capital and reserves			
Share capital	<i>10</i>	526	105,252
Reserves		<u>(2,351,587)</u>	<u>(2,726,156)</u>
Capital deficiencies attributable to owners of the Company			
Non-controlling interests		<u>(2,351,061)</u>	<u>(2,620,904)</u>
		<u>1,685,622</u>	<u>1,196,916</u>
Total capital deficiencies		<u>(665,439)</u>	<u>(1,423,988)</u>
Non-current liabilities			
Provision for restoration, rehabilitation and environmental costs		88,859	83,414
Liabilities component of convertible loan notes		–	310,059
Amounts due to related companies		144,755	125,891
Other payables		328,487	422,112
Lease liabilities		21,650	49,023
Deferred tax liabilities		<u>1,183,237</u>	<u>975,877</u>
		<u>1,766,988</u>	<u>1,966,376</u>
		<u>1,101,549</u>	<u>542,388</u>

NOTES

For the year ended 31 December 2021

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is Unit A, 12/F., Central 88, 88–98 Des Voeux Road Central, Hong Kong.

The principal activities of the Company are investment holding and provision of finance and treasury services to the Group. The Group was principally engaged in (i) the development of cassava cultivation and deep processing business for the related ecological cycle industry chain; (ii) coal exploration and development, sales of coking coal and other coal products and the provision of coal related services; and (iii) the sales of information technology products and provision of system integration services, technology services, software development and solution services.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated, which is also the functional currency of the Company.

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period except for certain financial instrument that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern basis

The Group had net current liabilities and net liabilities of approximately HK\$6,974,559,000 and approximately HK\$665,439,000 respectively whereas its cash and cash equivalents amounted to approximately HK\$146,141,000 only as at 31 December 2021. Besides, included in the net current liabilities of the Group, there are other borrowings related to convertible loan notes issued in 2017 by the Company with carrying amounts of approximately HK\$312,000,000 (“**2017 Convertible Loan Notes**”) which were matured on 10 July 2020 and amounts due to non-controlling interests of approximately HK\$5,976,141,000 were either past due as at 31 December 2021 or the amounts were repayable on demand.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2021 after taking into consideration of the following:

- (i) the Group is negotiating with non-controlling interests of the amounts due by the Group for extending the repayment due date;
- (ii) the Group is negotiating with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Group's financial obligations; and
- (iii) external facilities shall be available to the Group.

Accordingly, the directors, at the time of approving the consolidated financial statements, are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to continue as a going concern, which will depend upon the Group's ability to generate adequate financial and operating cash flows through the following:

- (i) successfully negotiation with non-controlling interests to extend the repayment due dates;
- (ii) successfully negotiation with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Group's financial obligations; and
- (iii) successfully obtaining external facilities for fulfilling its other existing financial obligations.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made reclassify the Group's non-current assets and non-current liabilities as current assets and current liabilities respectively, to write down the carrying amounts of assets to their recoverable amounts and to provide for further liabilities which may arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Board (being the chief operating decision maker (the "CODM")) for the purpose of resources allocation and performance assessment are as follows:

Cassava starch operation	–	Provision of cultivation and processing of cassava starch for sale
Mining operation	–	Geological survey, exploration and development of coal deposits, and sales of coking coal
Coal operation	–	Coal processing, sales of coal products and provision of coal related services
Systems integration services and software solutions	–	Sales of information technology products, provision of systems integration services, technology services, software development and solution services

For management purpose, the Group is organised into business units based on their products and services. The management of the Group monitors the operating results of its business units separately for the purposes of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the consolidated statement of profit or loss.

For the purposes of monitoring segment performance and allocating resources between segments, the CODM also reviews other segment information.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December										
REVENUE										
Sales to external customers	<u>-</u>	<u>-</u>	<u>1,506,931</u>	<u>1,303,796</u>	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,612,858</u>	<u>1,303,796</u>
RESULTS										
Segment (loss)/profit	<u>(243)</u>	<u>(179)</u>	<u>1,235,879</u>	<u>(375,474)</u>	<u>14,926</u>	<u>-</u>	<u>(3,806)</u>	<u>(39,315)</u>	<u>1,246,756</u>	<u>(414,968)</u>
Changes in fair value of derivative component of convertible loan notes									-	(27,870)
Unallocated income									734	2,818
Unallocated expenses									(19,208)	(51,228)
Finance costs									<u>(229,315)</u>	<u>(361,665)</u>
Profit/(loss) before taxation									<u>998,967</u>	<u>(852,913)</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of central administrative expenses, including directors' and chief executive's emoluments, change in fair value of derivative component of convertible loan notes, certain other income, other operating expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the purpose of assessment by the CODM, finance costs of amounts due to non-controlling interests, advances drawn on discounted bills and leases liabilities were not included in segment results while the corresponding liabilities have been included in the segment liabilities.

4. REVENUE AND OTHER OPERATING INCOME

(i) Revenue from goods and services

Disaggregation of revenue

Segments	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Types of goods or services										
Sales of goods										
– Raw coals	-	-	-	15,483	-	-	-	-	-	15,483
– Clean coals	-	-	1,452,892	1,134,123	105,927	-	-	-	1,558,819	1,134,123
– Other coal products	-	-	54,039	154,190	-	-	-	-	54,039	154,190
	<u>-</u>	<u>-</u>	<u>1,506,931</u>	<u>1,303,796</u>	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,612,858</u>	<u>1,303,796</u>
Timing of revenue recognition										
A point in time	<u>-</u>	<u>-</u>	<u>1,506,931</u>	<u>1,303,796</u>	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,612,858</u>	<u>1,303,796</u>

(ii) Other operating income

	2021	2020
	HK\$'000	HK\$'000
Bank interest income	206	888
Gain on disposal of property, plant and equipment	886	2,608
Gain on disposal of subsidiaries	106	334
Gain on extinguishment of convertible loan notes	-	2,126
Gain on termination of leases	4,706	-
Government grants (<i>Note</i>)	540	4,927
Sundry income	1,211	1,430
Waiver of other payables	-	11,465
	<u>7,655</u>	<u>23,778</u>

Note:

There is no unfulfilled condition or contingencies relating to such government subsidies recognised.

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Effective interest expense on convertible loan notes	44,712	77,754
Interest on other borrowings and advances drawn on discounted bills	21,824	10,412
Interest on lease liabilities	1,948	2,916
Interest on amounts due to non-controlling interests	<u>224,623</u>	<u>350,722</u>
Total interest expense on financial liabilities not at fair value through profit or loss	293,107	441,804
Less: amounts capitalised in construction in progress	(66,560)	(83,031)
Imputed interest for provision for restoration, rehabilitation and environmental costs	<u>2,768</u>	<u>2,892</u>
	<u><u>229,315</u></u>	<u><u>361,665</u></u>

6. PROFIT/(LOSS) BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration:		
– audit services	1,910	1,620
– non-audit services	516	700
Amortisation of mining rights (included in cost of sales)	264,491	413,756
Amortisation of intangible assets (included in cost of sales)	2,244	2,649
Amounts of inventories recognised as expense:		
– Mining and coal operations	991,812	1,166,188
Impairment losses recognised on expected credit loss model, net of reversal:		
– trade receivables	128	–
– deposits and other receivables	(4,960)	35,946
	(4,832)	35,946
Penalty and fine	27,676	–
Relocation and removal expenses	<u>12,272</u>	<u>–</u>

7. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax expense:		
PRC Enterprise Income Tax (the “EIT”)	73,700	10,150
Deferred tax expense/(credit)	<u>173,760</u>	<u>(202,605)</u>
Income tax expense/(credit)	<u>247,460</u>	<u>(192,455)</u>

- (i) Pursuant to the rules and regulations of Bermuda, Independent State of Samoa (“**Samoa**”) and the British Virgin Islands (“**BVI**”), the Group is not subject to any income tax in Bermuda, Samoa and BVI.
- (ii) No provisions for Hong Kong Profits Tax have been made for subsidiaries established in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for both years.
- (iii) Profit of the subsidiaries established in the People’s Republic of China (“**PRC**”) are subject to PRC EIT.

Under the Law of PRC on EIT (the “**EIT Law**”) and Implementation Regulation of EIT Law, the tax rate of PRC subsidiaries is 25% for both years.

- (iv) No provision for the Kingdom of Cambodia (“**Cambodia**”) corporate income tax have been made for subsidiaries established in Cambodia as these subsidiaries did not have any assessable profits subject to Cambodia corporate income tax for both years.

8. DIVIDENDS

No dividend was paid or proposed for both years ended 31 December 2021 and 2020, nor has any dividend been proposed subsequent to the end of the reporting period.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company are based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings/(loss) per share	265,672	(312,362)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of income tax)	<u>44,710</u>	<u>–</u>
Profit/(loss) for the purpose of diluted earnings/(loss) per share	<u>310,382</u>	<u>(312,362)</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	526,260	494,428
Effect of dilutive potential ordinary shares:		
Convertible loan notes	<u>1,795,455</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>2,321,715</u>	<u>494,428</u>

The calculation of diluted earnings/(loss) per share for both years does not assume exercise of share options, since these conversion and exercise would result in an anti-dilutive effect on basic earnings/(loss) per share.

The calculation of diluted loss per share for the year ended 31 December 2020 does not assume the conversion of convertible loan notes, since these conversion and exercise would result in an anti-dilutive effect on basic loss per share.

10. SHARE CAPITAL

	Number of shares		Amounts	
	2021	2020	2021 HK\$'000	2020 HK\$'000
Ordinary shares of HK\$0.001 (2020: HK\$0.2) each				
Authorised:				
As at 1 January	10,000,000,000	200,000,000,000	2,000,000	2,000,000
Share consolidation (<i>Note b</i>)	-	(190,000,000,000)	-	-
Share sub-division (<i>Note c</i>)	1,990,000,000,000	-	-	-
As at 31 December	2,000,000,000,000	10,000,000,000	2,000,000	2,000,000
Issued and fully paid:				
As at 1 January	526,260,404	8,773,232,014	105,252	87,732
Issue of shares upon:				
Subscription of new shares (<i>Note a</i>)	-	1,751,976,070	-	17,520
Share consolidation (<i>Note b</i>)	-	(9,998,947,680)	-	-
Capital reduction (<i>Note c</i>)	-	-	(104,726)	-
As at 31 December	526,260,404	526,260,404	526	105,252

Notes:

- a. On 22 April 2020, the Company entered into a conditional subscription agreements which each of the subscribers subscribe an aggregate of 1,751,976,070 new ordinary shares at a price ranging from HK\$0.019 to HK\$0.0212 per share. On 13 May 2020, 1,751,976,070 shares were completed to subscribe by certain independent third parties at a subscription price ranging from HK\$0.019 to HK\$0.0212 per share. The net proceeds of approximately HK\$36,094,000 will be intended to apply towards repayment of indebtedness, set off outstanding indebtedness owned by the Company to certain subscribers and general working capital.
- b. Pursuant to an ordinary resolution passed by shareholders at the special general meeting held on 5 August 2020, the share consolidation of every twenty issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.2 each became effective on 7 August 2020.
- c. At a special general meeting of the Company on 7 April 2021, a special resolution was passed to approve the following changes to the capital of the Company (the “**Capital Reorganisation**”):
 - (i) Capital reduction: a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extend of HK\$0.199 on each of the issued existing shares so that the nominal value of each issued shares will be reduced from HK\$0.20 to HK\$0.001; and
 - (ii) Share sub-division: every authorised but unissued existing share of HK\$0.20 each will be sub-divided into two hundred new shares of HK\$0.001 each.

The Capital Reorganisation was completed on 7 April 2021.

11. TRADE RECEIVABLES

The following is an aging analysis of trade receivables, net of allowance for credit losses, based on earlier of the invoice dates or revenue recognition date:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Within 30 days	77,017	110,782
31 days to 60 days	–	–
61 days to 90 days	–	6,948
91 days to 180 days	–	–
181 days to 365 days	–	–
Over 365 days	–	125
	<u>77,017</u>	<u>117,855</u>

The Group normally grants to its customers credit periods ranging from 30 days to 60 days which are subject to periodic review by management.

12. TRADE PAYABLES

The following is an aging analysis of the trade payables based on the invoiced dates:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Within 30 days	37,023	–
31 days to 60 days	–	–
61 days to 90 days	–	–
91 days to 180 days	–	–
181 days to 365 days	–	–
Over 365 days	<u>1,798</u>	<u>1,798</u>
	<u>38,821</u>	<u>1,798</u>

The average credit period on purchases of goods is 90 days.

13. CAPITAL COMMITMENTS

	2021 HK\$'000	2020 <i>HK\$'000</i>
Contracted but not provided for in respect of:		
– acquisition of property, plant and equipment	<u>759,442</u>	<u>917,233</u>

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the “Independent Auditor’s Report” on the consolidated financial statements of the Group for the year ended 31 December 2021.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As described in Note 2 to the consolidated financial statements, the Group had net current liabilities and net liabilities of approximately HK\$6,974,559,000 and HK\$665,439,000 respectively whereas its cash and cash equivalents amounted to approximately HK\$146,141,000 only as at the 31 December 2021. Besides, included in the net current liabilities of the Group, there are other borrowings related to the convertible loan notes issued in 2017 by the Company with carrying amounts of approximately HK\$312,000,000 (the “**2017 Convertible Loan Notes**”) which were matured on 10 July 2020 and amounts due to non-controlling interests of approximately HK\$5,976,141,000 were either past due as at 31 December 2021 or the amounts were repayable on demand.

These conditions, together with other matters described in Note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors have been undertaking certain measures as set out in Note 2 to the consolidated financial statements to improve the Group’s liquidity and financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including: (i) negotiation with non-controlling interests of amounts due by the Group for extending the repayment due dates; (ii) negotiation with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Group’s financial obligations; and (iii) external facilities shall be available to the Group.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made reclassify the Group’s non-current assets and non-current liabilities as current assets and current liabilities respectively, to write down the carrying amount of assets to their recoverable amounts and to provide for further liabilities which may arise. The effect of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT VIEW ON GOING CONCERN

The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2021 after taking into consideration of the following:

- (i) the Group is negotiating with non-controlling interests of the amounts due by the Group for extending the repayment due dates;
- (ii) the Group is negotiating with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Group's financial obligations; and
- (iii) external facilities shall be available to the Group.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to continue as a going concern, which will depend upon the Group's ability to generate adequate financial and operating cash flows through the following:

- (i) successfully negotiation with non-controlling interests to extend the repayment due dates;
- (ii) successfully negotiation with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Group's financial obligations; and
- (iii) successfully obtain external facilities for fulfilling its other existing financial obligations.

The Group has commenced the following action plans to remove the Disclaimer of Opinion:

- (a) the Group is in the negotiation with the non-controlling interests of the amounts due by the Group for extending the repayment due dates;
- (b) the Group is in the negotiation with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Group's financial obligations; and
- (c) the Group is actively seeking external facilities and fund raising opportunities.

Up to the date of this announcement, the Group is still negotiating with the non-controlling interests and the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Group's financial obligations and have not yet been concluded.

In respect of seeking external facilities and fund raising opportunities, the Group had approached and in the negotiation with a number of financial institutions in PRC. Up to the date of this announcement, the negotiations are still in progress but the Group has not concluded or reached any agreements with those financial institutions. The Company will continue to explore appropriate fund raising opportunities.

The Group's ability to continue as a going concern will depend upon the Group's ability to generate adequate financial cash flows. Assuming that the Group can successfully implement the aforesaid measures, the Group considers it would address the going concern issues.

For the avoidance of doubt, in accordance with the applicable Hong Kong Standards on Auditing, the auditor needs to obtain sufficient appropriate audit evidence and to consider, based on the audit evidence to be obtained, whether material uncertainty exists regarding the Group's ability to continue as going concern. As such, assuming the successful implementation of the action plan in time with sufficient and appropriate audit evidence can be provided, the directors are of the view that the Disclaimer of Opinion is expected to be removed in the consolidated financial statements of the Group for the year ending 31 December 2022. The Company will continue to exercise its best endeavours to resolve the audit modification within the year ending 31 December 2022.

The Audit Committee has reviewed the Disclaimer of Opinion relating to going concern, the management view on going concern and the action plan on going concern of the Group, and concurs with the Board's view.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on Friday, 27 May 2022. The notice of AGM will be sent to the shareholders of the Company (the "Shareholders") at least 20 clear business days before AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM to be held on Friday, 27 May 2022, the register of member of the Company will be closed from 24 May 2022 to 27 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 23 May 2022 at 4:30 p.m.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (31 December 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group has been focusing on coal mining business in the financial year 2021. The Group is principally engaged in (i) coal exploration and development, sale of coking coal, coal processing, sales of coal products and provision of coal related services; (ii) the development of cassava cultivation and deep processing business for the related ecological cycle industry chain; and (iii) the sale of information technology products, provision of system integration services, technology services, software development and solution services.

Coal mining business

As affected by the policies and COVID-19, the Group's coal mines under construction inevitably experienced construction delay or suspension, therefore reducing the effectiveness of construction period during the year, leading to further extension of the respective construction period. As such, the critical production stages of the remaining coal mines under construction faced significant uncertainties.

The coal mines in full operation during the year ended 31 December 2021 were Fuchang Mine and Liaoyuan Mine, which entered the joint trial operation in October 2016 and September 2018 respectively, passed the inspection for completion in January 2017 and December 2018 respectively and obtained 《安全生產許可證》 (the Permit for Safe Production*) in April 2017 and March 2019 respectively. Regarding of Fuchang Mine, the expected production capacity is 600,000 tonnes per year. In additions, the expected production capacity of Liaoyuan Mine is 600,000 tonnes per year.

As at 31 December 2021, the Group had 5 coking coal mines which are Fuchang Mine, Jinxin Mine, Liaoyuan Mine, Bolong Mine and Xinfeng Mine located in Gujiao, Taiyuan City, Shanxi, People's Republic of China (“**PRC**”), of which Fuchang Mine and Liaoyuan Mine were in full operation, Bolong Mine was undergoing constructions and expected production schedule of Xinfeng Mine is after finishing the production of Bolong Mine and Jinxin Mine was temporally suspended.

On 10 May 2021, 山西煤炭運銷集團古交世紀金鑫煤業有限公司 (Shanxi Coal Transportation and Marketing Group Gujiao Century Jinxin Mining Company Limited*) (“**Jinxin Mine**”), a non-wholly owned subsidiary of the Company established in Shanxi, was informed that the coal mining operations of Jinxin Mine has been suspended by the relevant PRC government authority in Shanxi. Jinxin Mine is principally engaged in coal mining, sales of coking coal.

Jinxin Mine was identified as a coal mine for reduction of capacity and restructuring by Shanxi government in 2020. Upon restructuring, its capacity will be increased from 450,000 tonnes per year to 600,000 tonnes per year. As the procedure for reconstructing and expansion have not been completed, the relevant PRC government authority ordered the coal mine to suspend the production temporarily. According to Jinxin Mine, the relevant PRC government authority conducted spot checks of its coal mine on 9 March 2021 and noted that Jinxin Mining was still conducting coal mining. The coal mining of Jinxin Mining was ordered to be suspended on 9 March 2021 and further investigation was conducted on 10 March 2021. Penalty and fines of approximately RMB20,804,000 (approximately HK\$23,302,000) were ordered by the relevant PRC government authority against Jinxin Mining in April 2021, and the suspension was imposed on Jinxin Mining and the Safe Production* was withheld. The penalty and fines have been settled on 29 April 2021. Details can be referred to the relevant announcement of the Company dated 10 May 2021.

As at the date of this announcement, Jinxin Mine is still in the process of adopting the requirements requested by the relevant PRC government authority and is applying for reinstating the Permit for Safe Production* and its coal mining operations are expected to be resumed in the third quarter of 2022 pending the obtaining of the Permit for Safe Production* with relevant approvals from the PRC government authority. To the knowledge of the Company, the rest of the coal mines of the Group have not been affected.

Cambodia business

The Group is seeking business opportunities related to cassava-based agricultural and deep processing business in Cambodia.

Environmental, social and corporate responsibility

As a responsible corporation, the Group is committed to maintaining a higher environmental and social standards to ensure sustainable development of its business. During the year, the Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

* *For identification purpose only*

FINANCIAL REVIEW

Profit/(loss) for the year

Profit for the year ended 31 December 2021 was approximately HK\$751,507,000 (loss for the year ended 31 December 2020: approximately HK\$660,458,000). The turnaround for the year was mainly attributable to the combined effects of the factors as stated below:

(i) Revenue

For the year ended 31 December 2021, the Group recorded a revenue of approximately HK\$1,612,858,000 (31 December 2020: approximately HK\$1,303,796,000), representing an increase of approximately HK\$309,062,000 or 23.7%, which the revenue is generated from mining operation and mainly came from Fuchang Mine, Jinxin Mine and Liaoyuan Mine. The increase in revenue is mainly due to the increase in the selling price of mining products during the year.

(ii) Gross profit

For the year ended 31 December 2021, the Group recorded a gross profit of approximately HK\$347,773,000 with a gross profit ratio of 21.6% (31 December 2020: approximately HK\$127,867,000 with a gross profit ratio of 9.8%). The increase in gross profit and gross profit ratio is mainly due to the (i) increase in the selling price of mining products during the year; and (ii) decrease of amortisation charges of mining rights under cost of sales.

(iii) Administrative and other operating expenses

Administrative and other operating expenses for the year ended 31 December 2021 was approximately HK\$387,582,000 (31 December 2020: approximately HK\$283,442,000), which was mainly due to the increase in the administrative expenses and other operating expenses in mining operation. Out of the total administrative and other operating expenses, total staff costs (included directors' emoluments) amounted to approximately HK\$114,091,000 (31 December 2020: approximately HK\$71,356,000), penalty and fine amounted to approximately HK\$27,676,000 (31 December 2020: Nil) and relocation and removal expenses amounted to approximately HK\$12,272,000 (31 December 2020: Nil).

(iv) Reversal of impairment loss/(impairment loss) recognised in respect of mining rights and property, plant and equipment

For the year ended 31 December 2021, reversal of impairment loss recognised in respect of mining rights and property, plant and equipment was approximately HK\$959,527,000 (31 December 2020: impairment loss approximately HK\$170,267,000) and approximately HK\$299,034,000 (31 December 2020: impairment loss approximately HK\$120,962,000) respectively. This was the result of increase in aggregate estimated value in use amount of the Group's five coal mines located in Shanxi Province ("Shanxi"), mainly due to the overall increase in coal prices during the year.

(v) Finance costs

Finance costs mainly consisted of interest expenses on borrowings from non-controlling interest, convertible loan notes and other borrowings and lease liabilities. Interest expenses on borrowings relating to construction in progress for coal mines are capitalised to the extent that they are directly attributable and used to finance the projects. Finance costs were calculated from total borrowing costs less interest expenses capitalised.

For the year ended 31 December 2021, finance costs amounted to approximately HK\$229,315,000 (31 December 2020: approximately HK\$361,665,000), decreased by approximately HK\$132,350,000, mainly resulting from the decrease in interest on amounts due to non-controlling interests. The interest on amounts due to non-controlling interests decreased from approximately HK\$350,722,000 to approximately HK\$224,623,000 over the year.

Profit/(loss) attributable to owners of the Company

For the year ended 31 December 2021, profit attributable to owners of the Company was approximately HK\$265,672,000 (loss attributable to owners of the Company for the year ended 31 December 2020: approximately HK\$312,362,000), mainly due to the reversal of impairment loss recognised in respect of mining rights and property, plant and equipment of approximately HK\$1,258,561,000 for the year ended 31 December 2021 while an impairment loss of approximately HK\$291,229,000 for the year ended 31 December 2020.

* For identification purpose only

Valuation of coal mines

The increase in fair value of coal mines as at 31 December 2021 was mainly due to the increase in coal prices during the year. Greater China Appraisal Limited (“**Greater China**”), an independent qualified professional valuer, estimated the recoverable amounts of the coal mining business based on income approach using a discount rate of 12.50% (31 December 2020: 12.56%) and expected cleaned coal price of RMB1,357 per tonne (31 December 2020: expected cleaned coal price of RMB877 per tonne) based on information obtained from Shanxi.

Greater China has consistently applied the income approach for the valuation of coal mines as at 31 December 2021 and 31 December 2020 (the “**Reporting Periods**”) respectively. The key assumptions and parameters in the valuation of coal mines as at the Reporting Periods are set out as below:

Methodology	Reporting Periods	
	31 December 2021	31 December 2020
	Income Approach	Income Approach
Key Assumptions		
1. Production Schedule – Safe Production Date		
Bolong Mine	Third quarter of 2022	Fourth quarter of 2021
Fuchang Mine	Operating	Operating
Jinxin Mine	Third quarter of 2022	Operating
Liaoyuan Mine	Operating	Operating
Xinfeng Mine	Note II	Note II
2. Coking Coal Price (per tonne)	RMB1,357	RMB877
3. Recovery rate (cleaned coal)	45.5%–54.0%	47.5%–53.4%
4. Discount Rate (post-tax)	12.50%	12.56%
5. Mine Operating Costs, Capital Expenditures and Production Schedule (annual production)	Based on technical report issued by John T. Boyd (“JT Boyd”) in 2017	Based on technical report issued by JT Boyd in 2017
6. Allowable annual working days	276 days	276 days

Note I: As shown in the above table, the primary change in valuation assumption would be the adoption of coking coal price in the years and delay in mines' commercial operation schedule. The coking coal price is based on the existing and past quoted commodity prices in the mining industry. The production schedule is affected by the policies and regulations issued applicable to the coal industry. The coal mines under construction inevitably experienced construction delay or suspension, therefore reducing the effectiveness of construction period during the year, leading to further extension of the respective construction period. There was no change in valuation methodology in those valuations. For discount rate, calculation of weighted average cost of capital ("WACC") is based on market participant's data which are varied daily due to new information and changing market expectation every day.

Note II: Mine reorganisation and consolidation for Bolong Mine and Xinfeng Mine proposal was approved by the Shanxi government in February 2020. The expected production schedule for Safe Production Date of Xinfeng Mine is after finishing the production of Bolong Mine.

LIQUIDITY AND FINANCIAL RESOURCES

Total capital deficiencies

As at 31 December 2021, the Group recorded total assets of approximately HK\$8,626,542,000 (31 December 2020: approximately HK\$7,078,231,000), which were financed by total liabilities of approximately HK\$9,291,981,000 (31 December 2020: approximately HK\$8,502,219,000) and total capital deficiencies of approximately HK\$665,439,000 (31 December 2020: approximately HK\$1,423,988,000).

Gearing

As at 31 December 2021, the Group's gearing ratio as computed as the Group's total debts which included convertible loan notes, amounts due to related companies, amounts due to non-controlling interests, other borrowings and lease liabilities divided by capital deficiencies attributable to owners of the Company. Gearing ratio is not meaningful as the Group has capital deficiencies attributable to owners of the Company as at 31 December 2021 and 2020.

Liquidity

The Group had total cash and cash equivalents of approximately HK\$146,141,000 as at 31 December 2021 (31 December 2020: approximately HK\$48,097,000). The Group did not have any bank borrowings for both years.

SHARE CAPITAL AND CAPITAL STRUCTURE

As at 31 December 2021, the Company had 526,260,404 shares of HK\$0.001 each in issue (31 December 2020: 526,260,404 shares of HK\$0.2 each in issue).

The movement in the Company's share capital during the year as a result of the reduction of the nominal value of each issued share from HK\$0.20 to HK\$0.001 through the cancellation of the Company's paid-up capital become effective after the special general meeting held on 7 April 2021.

CONTINGENT LIABILITY AND CAPITAL COMMITMENTS

The Group had no material contingent liability as at 31 December 2021 and 2020.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 31 December 2021 of approximately HK\$759,442,000 (31 December 2020: approximately HK\$917,233,000).

CAPITAL REORGANISATION AND SHARE PREMIUM CANCELLATION

Reference is made to the announcements of the Company dated 1 February 2021, 11 February 2021, 26 February 2021, 7 April 2021 and the circular of the Company dated 3 March 2021 in relation to, among others, the Capital Reorganisation and the Share Premium Cancellation. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined.

On 1 February 2021, the Company announced the proposed Capital Reorganisation by (i) a reduction of the issued Share capital of the Company through the cancellation of the paid-up capital of the Company to the extent of HK\$0.199 on each of the issued Existing Share so that the nominal value of each issued Share will be reduced from HK\$0.20 to HK\$0.001; (ii) a subdivision of each authorised but unissued Existing Share of HK\$0.20 into two hundred (200) New Shares of HK\$0.001 each; and (iii) a transfer of the credit arising from the capital reduction to the contributed surplus account of the Company.

On 26 February 2021, the Company further announced the proposed Share Premium Cancellation by way of cancellation of the entire amount standing to the credit of the Share Premium Account and transferring the credit arising therefrom to the contributed surplus account of the Company.

On 7 April 2021, the Capital Reorganisation, the Share Premium Cancellation and the transactions contemplated thereunder have been passed as the special resolutions by the shareholders of the Company (the "**Shareholders**") at the SGM. For details, please refer to the relevant announcements and circular of the Company.

CHARGE ON ASSETS

Share charges of entire issued share capital of several subsidiaries of the Company, charges over the shares and the convertible loan notes of the Company owned by China OEPC Limited, charge on accounts receivables to be owed to the Company and land charges over certain lands in Cambodia acquired or to be acquired by the Group have been created for securing the convertible bonds. For details, please refer to the Company's announcement dated 27 June 2017.

TREASURY POLICIES

The Group generally financed its operations with internally generated resources and funds from equity and/or debt financing activities. All financing methods will be considered as long as such methods are beneficial to the Company. Bank deposits are in HK\$, RMB, US\$ and Cambodian dollars (“**KHR**”).

FOREIGN EXCHANGE EXPOSURE

For the year ended 31 December 2021, the Group earned revenue in RMB and incurred costs in HK\$, RMB, US\$ and KHR. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any permanent or significant change in RMB against HK\$, may have possible impact on the Group's results and financial positions.

PROSPECTS

The business environment of PRC is expected to become more challenging in 2022 as a result of the ongoing COVID-19 pandemic and the recent policy and regulatory changes over various industries. The International Monetary Fund also updated its forecast to show that the economic recovery may be slower than previously expected and lowered its latest expectation for PRC economic growth from 8.4% in 2021 to 5.5% in 2022. During this year, several cities and provinces in PRC have introduced relevant policy, The steel output will be expected to scale down in 2022, and hence the demand for coking coal products was expected to reduce. On the macro level, the PRC government has issued several policies to maintain economic strength. For the coal industry, it will continuously be restricted by environmental and safety inspection. The shortage in coal supply, especially coking coal supply, cannot be relieved in a short period of time. We believe that coking coal will continue to benefit from economic growth, policy stimulus and domestic supply tightening. The coking coal price is expected to continue to fluctuate at a relatively high level in the short-run.

The Group will further strengthen safety awareness among all employees to ensure production safety. Also, we will closely monitor the development of the pandemic, economic development, and policy changes to timely adjust our business strategy. We will also continue to maintain rigorous corporate governance and leverage our competitive edge to create greater returns for society, our shareholders and employees.

EMPLOYEE AND REMUNERATION POLICIES

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance, qualification, experience and the remuneration policy are reviewed on a regular basis.

As at 31 December 2021, the Group employed approximately 1,236 full time employees in Hong Kong and PRC. The Group remunerates its employees based on individual and business performance. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option.

The emoluments of the Directors were determined with reference to their duties and responsibilities with the Company, the Company's performance, prevailing market conditions and the market emoluments for directors of other listed companies and reviewed by the remuneration committee of the Company.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

MAJOR CUSTOMER AND SUPPLIERS

Sales to the Group's largest customer accounted for approximately 32% of the Group's total sales in 2021. Sales to the Group's five largest customers accounted for approximately 93% of the Group's total sales in 2021.

Purchases from the Group's five largest suppliers accounted for 100% of the total purchases in 2021.

None of the Directors, any of their associates, or any of the substantial Shareholders (which are disclosed to the Directors) had any beneficial interest in the Group's five largest customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 December 2021 and as at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiaries during the year ended 31 December 2021.

ENVIRONMENT POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and maintaining a good standard of corporate social governance essential for bringing a framework for motivating employees to contribute to our community.

The Group has made continuous efforts in promoting green measures and awareness in daily business operations. The principles of recycling and reducing will always be encouraged to adhere to as much as possible, such as implementing green office practices of double-sided printing and copying, setting up recycling bins and switching off idle lightings and regulating air-conditioning in different zoning.

The Environmental, Social and Governance Report conducted by a professional third party for year 2021 will be published separately in compliance with the requirements of the Listing Rules.

COMPLIANCE WITH REGULATIONS

During the year, there was no incidence of non-compliance with relevant laws and regulations that have a significant impact on the Group as far as the Board is aware.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2021, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received the confirmation of independence from all three (3) independent non-executive Directors (“INEDs”), namely Mr. Ho Kin Cheong, Kelvin, Mr. Shen Weidong and Mr. Tian Hong in accordance with Rules 3.13 of the Listing Rules.

The Board has reviewed the independence of all INEDs and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the INEDs has been impaired up to the date of this announcement.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

The change in the information on Directors since 1 January 2021 or after their date of appointment, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, as set out below:

Mr. Ho Kin Cheong, Kelvin	Mr. Ho was appointed as the independent non-executive director of MicroTech Medical (Hangzhou) Co., Ltd. (Stock Code: 2235) on 19 October 2021, a company listed on the Main Board of the Stock Exchange.
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COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and adopted code provisions set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

In the opinion of the Board, the Company has complied with the code provisions of the CG Code during the year, except for the following deviations:

- Code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2021, Mr. Tse Michael Nam has taken up the roles of the chairman (the “**Chairman**”) and the chief executive officer (the “**CEO**”) of the Company which constituted a deviation from code provision A.2.1 of the CG Code. Mr. Tse has extensive management skill, knowledge of experience. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group’s business strategies and boost the effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in this circumstance. In addition, under the supervision of the Board, which is comprised of two (2) executive Directors and three (3) independent non-executive Directors, the Company is of the view the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2021. To ensure Directors’ dealings in the securities of the Company are conducted in accordance with the Model Code, a Director is required to notify designated executive directors in writing and obtain a written acknowledgement from the designated executive directors prior to any dealings the securities of the Company.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprised three (3) members, all of whom are INEDs. The composition of the Audit Committee is Mr. Ho Kin Cheong, Kelvin (chairman of the Audit Committee), Mr. Shen Weidong and Mr. Tian Hong. Mr. Ho Kin Cheong, Kelvin is an associate member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. To the best knowledge of the Company, none of the members is a partner or former partner of Elite Partners CPA Limited, the Group’s external auditor (the “**Auditor**”).

The Audit Committee has reviewed with management in conjunction with the Auditor of the Group’s consolidated financial statements for the year ended 31 December 2021, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, and financial reporting matters of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2021, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2021. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

This announcement can be accessed on both the Stock Exchange's and the Company's website via <http://www.hkex.com.hk> and <http://www.greenleader.hk>. The 2021 annual report of the Company containing all other information of the Company required by the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange's and the Company's website within the prescribed period.

By the order of the Board of
Green Leader Holdings Group Limited
Mr. Tse Michael Nam
Chairman

Hong Kong, 25 March 2022

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Tse Michael Nam (Chairman and Chief Executive Officer)

Mr. Zhang Sanhuo

Independent non-executive Directors

Mr. Ho Kin Cheong, Kelvin

Mr. Shen Weidong

Mr. Tian Hong