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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)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of Green Leader Holdings Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") hereby announces the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2019 together with the comparative figures for the corresponding period in 2018. The condensed consolidated interim financial information has not been audited but has been reviewed by the Company's audit committee.

## HIGHLIGHTS

**Financial Highlights**

| | Six months ended 30 June | | |
|---|---|---|---|
| | **2019** | 2018 | Change |
| | ***HK$'000*** | *HK$'000* | |
| Revenue | **314,084** | 420,849 | -25% |
| Gross profit | **61,713** | 154,971 | -60% |
| Loss for the period | **(282,484)** | (11,944) | -2,265% |
| (Loss)/profit attributable to owners of the Company | **(169,994)** | 102,202 | -266% |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2019*

| | Notes | Six months ended 30 June 2019 HK$'000 (Unaudited) | 2018 HK$'000 (Unaudited) |
|---|---|---|---|
| Revenue | 4 | **314,084** | 420,849 |
| Cost of sales and services rendered | | **(252,371)** | (265,878) |
| Gross profit | | **61,713** | 154,971 |
| Other operating income | | **567** | 47 |
| Gain on disposal of subsidiaries | | **–** | 550 |
| Selling and distribution expenses | | **(946)** | (2,051) |
| Administrative and operating expenses | | **(84,655)** | (96,259) |
| Change in fair value of derivative component of convertible loan notes | | **(2,065)** | 221,668 |
| Impairment loss recognised in respect of mining rights, net | | **(58,993)** | (74,032) |
| Impairment loss recognised in respect of property, plant and equipment, net | | **(31,444)** | (53,453) |
| Finance costs | 5 | **(180,301)** | (174,980) |
| Loss before taxation | 6 | **(296,124)** | (23,539) |
| Income tax credit | 7 | **13,640** | 11,595 |
| Loss for the period | | **(282,484)** | (11,944) |
| **Attributable to:** | | | |
| (Loss)/profit attributable to owners of the Company | | **(169,994)** | 102,202 |
| Loss attributable to non-controlling interests | | **(112,490)** | (114,146) |
| | | **(282,484)** | (11,944) |
| (Loss)/earnings per share *(HK cents)* | | | |
| Basic | 9 | **(1.95)** | 1.40 |
| Diluted | 9 | **(1.95)** | (0.86) |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2019*

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Loss for the period** | **(282,484)** | (11,944) |
| **Other comprehensive expense for the period, net of tax** | | |
| **Item that may be subsequently reclassified to profit or loss:** | | |
| Exchange differences on translation of foreign operations | **(2,794)** | (110,193) |
| **Total comprehensive expense for the period, net of tax** | **(285,278)** | (122,137) |
| **Total comprehensive (expense)/income for the period attributable to:** | | |
| Owners of the Company | **(170,946)** | 23,508 |
| Non-controlling interests | **(114,332)** | (145,645) |
| | **(285,278)** | (122,137) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2019*

| | Notes | **30 June 2019** *HK$'000* **(Unaudited)** | 31 December 2018 *HK$'000* (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,759,693** | 1,788,156 |
| Mining rights | | **5,852,737** | 6,018,475 |
| Intangible assets | | **19,963** | 12,234 |
| Goodwill | | **–** | – |
| Deposits paid for acquisition of land use rights | | **35,946** | 35,946 |
| Deposits paid for acquisition of property, plant and equipment | | **10,869** | 46,321 |
| | | **7,679,208** | 7,901,132 |
| **Current assets** | | | |
| Inventories | | **4,256** | 2,081 |
| Trade receivables | *10* | **482** | 173,512 |
| Prepayments, deposits, bills receivables and other receivables | | **307,270** | 148,693 |
| Amount due from related companies | | **1,207** | 7,579 |
| Amount due from a director | | **195** | 4 |
| Derivative component of convertible loan notes | | **4,552** | 7,356 |
| Bank balances and cash | | **12,866** | 19,538 |
| | | **330,828** | 358,763 |
| Assets of disposal companies classified as held for sale | | **93,974** | – |
| | | **424,802** | 358,763 |

| | Notes | 30 June 2019 HK$'000 (Unaudited) | 31 December 2018 HK$'000 (Audited) |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade payables | *11* | **1,797** | 2,039 |
| Other payables | | **626,540** | 601,566 |
| Amounts due to related companies | | **3,421** | – |
| Amount due to a director | | **13,108** | 14,508 |
| Amount due to non-controlling interests holders | | **–** | 706,633 |
| Other borrowings | | **14,101** | 14,101 |
| Obligation under finance leases | | **–** | 36,213 |
| Derivative component of convertible loan notes | | **1,591** | 2,330 |
| Lease liabilities | | **45,558** | – |
| Income tax liabilities | | **17,171** | 28,294 |
| | | **723,287** | 1,405,684 |
| Liabilities directly associated with the assets classified as held for sale | | **37,326** | – |
| | | **760,613** | 1,405,684 |
| **Net current liabilities** | | **(335,811)** | (1,046,921) |
| **Total assets less current liabilities** | | **7,343,397** | 6,854,211 |
| **Capital and reserves** | | | |
| Share capital | | **87,732** | 73,110 |
| Reserves | | **(2,016,500)** | (1,901,661) |
| **Equity attributable to owners of the Company** | | **(1,928,768)** | (1,828,551) |
| **Non-controlling interests** | | **1,951,082** | 2,065,414 |
| **Total equity** | | **22,314** | 236,863 |
| **Non-current liabilities** | | | |
| Amount due to non-controlling interests holders | | **4,789,373** | 4,023,875 |
| Provision for restoration, rehabilitation and environmental costs | | **75,603** | 74,279 |
| Liabilities component of convertible loan notes | | **650,249** | 641,679 |
| Amount due to related companies | | **144,248** | 148,742 |
| Other payables | | **365,866** | 423,590 |
| Obligation under finance leases | | **–** | 382 |
| Lease liabilities | | **33,098** | – |
| Deferred tax liabilities | | **1,262,646** | 1,304,801 |
| | | **7,321,083** | 6,617,348 |
| | | **7,343,397** | 6,854,211 |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2019*

### 1. GENERAL

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 principal activities of the Company are investment holding and provision of finance and treasury services to the Group. During the period, 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 the provision of coal trading logistics services; and (iii) the sales of information technology products and provision of systems integration services, technology services, software development and solution services.

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The unaudited condensed consolidated interim financial information are presented in Hong Kong dollars ("**HK$**"), rounded to the nearest thousand, which is also the functional currency of the Company. The Directors consider HK$ is the appropriate presentation currency for the users of the Group's financial statements. The functional currency of the Company's major subsidiaries in the People's Public of China ("**PRC**") and the Kingdom of Cambodia ("**Cambodia**") are Renminbi ("**RMB**") and United Stated dollars ("**US$**") respectively.

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the changes in accounting policies that are expected to be reflected in the 2019 annual financial statements. Details of these changes in accounting policies are set out in Note 2 below.

The preparation of an unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial information is unaudited, do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

The financial information relating to the financial year ended 31 December 2018 that is included in the unaudited condensed consolidated interim financial information as being previously reported information does not constitute the Company's statutory 2018 statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2018 are available from the Company's registered office. The auditor has expressed an unmodified opinion on those financial statements in their report dated 29 March 2019.

**Basis of preparation of the condensed consolidated interim financial information**

In preparing the condensed consolidated interim financial information, the Directors have given consideration to the future liquidity of the Group.

As at 30 June 2019, the Group had net current liabilities of approximately HK$335,811,000 and incurred net loss of approximately HK282,484,000 during six months period ended 30 June 2019, indicating the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. 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 30 June 2019 after having taken into consideration of the following:

i) as at 30 June 2019, included in the current liabilities of the Group was derivative components of convertible loan notes of approximately HK$1,591,000 which represented the fair value of options entitling the holders to convert the convertible loan notes into ordinary shares of the Company before the maturity dates of the convertible loan notes and the early redemption option. Such derivative components of convertible loan notes shall not in itself result in any cash outflow for the Group;

ii) further finance can be obtained by the Group when necessary and internal funds shall be generated from the Group's operations; and

iii) on 15 March 2019, China OEPC Limited, which is the immediate holding company of the Company and beneficially owned by Best Growth Enterprises Limited whereas Mr. Zhang Sanhuo, the executive Director, is the ultimate beneficially owner, provided an unconditional stand-by facilities of HK$350,000,000 to the Company.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis. If adequate finance is not available, the Group may be unable to meet its obligations as and when they fall due in the foreseeable future. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments of Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except as described below.

**(a) Application of new and amendments to HKFRSs**

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements.

- HKFRS 16, Leases
- HK(IFRIC) – Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendments, Curtailment or Settlement
- Amendments to HKFRSs, Annual Improvements to HKFRSs 2015–2017 Cycle

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

**(b) HKFRS 16, Leases**

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

***(i) Key changes in accounting policies resulting from application of HKFRS 16***

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

*Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*As a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machineries and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

– the amount of the initial measurement of the lease liability;

– any lease payments made at or before the commencement date, less any lease incentives received;

– any initial direct costs incurred by the Group; and

– an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group presents right-of-use assets in "property, plant and equipment" the same line item as that within which the corresponding underlying assets would be presented it they were owned.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

– fixed payments (including in-substance fixed payments) less any lease incentives receivable;

– variable lease payments that depend on an index or a rate;

– amounts expected to be paid under residual value guarantees;

– the exercise price of a purchase option reasonably certain to be exercised by the Group; and

– payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

– the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

– the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

– the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

***(ii) Transition and summary of effects arising from initial application of HKFRS 16***

*Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

*As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease by-lease basis, to the extent relevant to the respective lease contracts:

– relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

– elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

– excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

– applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of lands and office premises in PRC, Cambodia and Hong Kong were determined on a portfolio basis; and

– used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$76,793,000 and right-of-use assets of approximately HK$88,684,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is approximately to 11%.

| | **At 1 January 2019** |
|---|---|
| | *HK$'000* |
| Operating lease commitments disclosed as at 31 December 2018 | 66,271 |
| Lease liabilities discounted at relevant incremental borrowing rates | (20,020) |
| Less: Recognition exemption – short-term leases | (6,053) |
| Lease liabilities relating to operating leases recognised upon application of HKFRS 16 | 40,198 |
| Add: Obligations under finance leases recognised at 31 December 2018 | 36,595 |
| Lease liabilities as at 1 January 2019 | 76,793 |

| | *HK$'000* |
|---|---|
| Analysed as | |
| Current | 45,121 |
| Non-current | 31,672 |
| | 76,793 |

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

| | **Right-of-use assets** |
|---|---|
| | *HK$'000* |
| Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 | 40,198 |
| Amounts included in property, plant and equipment under HKAS 17 | |
| – Assets previously under finance leases | 48,486 |
| | 88,684 |

| | *HK$'000* |
|---|---|
| Analysed as | |
| Leasehold lands | 15,325 |
| Buildings | 24,873 |
| Plant and machineries | 48,486 |
| | 88,684 |

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

| | **Carrying amounts previously reported at 31 December 2018** | **Adjustments** | **Carrying amounts under HKFRS 16 at 1 January 2019** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Property, plant and equipment | 1,788,156 | 40,198 | 1,828,354 |
| **Total of non-current assets** | 7,901,132 | 40,198 | 7,941,330 |
| Lease liabilities | – | 45,121 | 45,121 |
| Obligations under finance lease | 36,213 | (36,213) | – |
| **Total of current liabilities** | 1,405,684 | 8,908 | 1,414,592 |
| Net current liabilities | 1,046,921 | 8,908 | 1,055,829 |
| **Total assets less current liabilities** | 6,854,211 | 31,290 | 6,885,501 |
| Lease liabilities | – | 31,672 | 31,672 |
| Obligations under finance lease | 382 | (382) | – |
| **Total of non-current liabilities** | 6,617,348 | 31,290 | 6,648,638 |
| **Net assets** | 236,863 | – | 236,863 |

– The impact of adoption of HKFRS 16 using the modified retrospective approach on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019 is set out below.

| | *HK$'000* |
|---|---|
| Loss for the period | 282,484 |
| Depreciation of right-of-use assets | 5,619 |
| Interests | 2,071 |
| Lease expenses | (3,906) |
| Loss for the period without adopting HKFRS16 for illustrative purpose | 286,268 |

The impact of adoption of HKFRS 16 using the modified retrospective approach on the condensed consolidated statement of cash flows for the six months period ended 30 June 2019 is set out below.

| | **For the six months period ended 30 June 2019** | **Adjustment** | **Without adoption HKFRS 16 for illustrative purpose** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Operating profit before working capital changes | 107,271 | (3,784) | 103,487 |

## 3. SEGMENT INFORMATION

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

| | | |
|---|---|---|
| Cassava starch operation | – | Provision of cultivation and deep processing of cassava starch for sale |
| Mining operation | – | Geological survey, exploration and development of coal deposits and sales of coking coal |
| Coal operation | – | Provision of coal trading and logistics services |
| System integration services and software solutions | – | Sales of information technology products, provision of systems integration services, technology services, software development and solutions services |

**Segment revenues and results**

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

| | Systems integration services and software solutions | | Mining operation | | Coal operation | | Cassava starch operation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| **For the six months ended 30 June** | | | | | | | | | | |
| **REVENUE** | | | | | | | | | | |
| Sales to external customers | **205** | 13,450 | **313,879** | 407,399 | **–** | – | **–** | – | **314,084** | 420,849 |
| **RESULTS** | | | | | | | | | | |
| Segment results | **(551)** | (302) | **(72,906)** | (34,542) | **–** | – | **(14,322)** | (15,025) | **(87,779)** | (49,869) |
| Change in fair value of derivative component of convertible loan notes | | | | | | | | | **(2,065)** | 221,668 |
| Unallocated income | | | | | | | | | **–** | 562 |
| Unallocated expenses | | | | | | | | | **(25,979)** | (20,920) |
| Finance costs | | | | | | | | | **(180,301)** | (174,980) |
| Loss before taxation | | | | | | | | | **(296,124)** | (23,539) |

Segment (loss)/profit represents the (loss)/profit 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 and finance costs. This is the measure reported to CODM for the purposes of resources allocation and performance assessment.

For the purpose of assessment by the CODM, the finance cost of amount due to non-controlling interests holders, related companies and obligation under finance leases were not included in segment results while the corresponding liabilities have been included in the segment liabilities.

## 4. REVENUE

### Disaggregation of revenue

| Segments | Systems integration services and software solutions For the six months ended | | Mining operation For the six months ended | | Coal operation For the six months ended | | Cassava starch operation For the six months ended | | Total For the six months ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | ***HK'000*** | *HK'000* | ***HK'000*** | *HK'000* | ***HK'000*** | *HK'000* | ***HK'000*** | *HK'000* | ***HK'000*** | *HK'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| **Types of goods or services** | | | | | | | | | | |
| Sales of goods | | | | | | | | | | |
| – Coal | **–** | – | **313,879** | 407,399 | **–** | – | **–** | – | **313,879** | 407,399 |
| – Computer products | **205** | 13,450 | **–** | – | **–** | – | **–** | – | **205** | 13,450 |
| – Cassava starch | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – |
| Provision of system integration and software solution services | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – |
| | **205** | 13,450 | **313,879** | 407,399 | **–** | – | **–** | – | **314,084** | 420,849 |
| **Geographical markets** | | | | | | | | | | |
| PRC | **205** | 13,450 | **313,879** | 407,399 | **–** | – | **–** | – | **314,084** | 420,849 |
| Cambodia | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – |
| | **205** | 13,450 | **313,879** | 407,399 | **–** | – | **–** | – | **314,084** | 420,849 |
| **Timing of revenue recognition** | | | | | | | | | | |
| A point in time | **205** | 13,450 | **313,879** | 407,399 | **–** | – | **–** | – | **314,084** | 420,849 |
| Over time | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – |
| | **205** | 13,450 | **313,879** | 407,399 | **–** | – | **–** | – | **314,084** | 420,849 |

*Notes:*

For sales of coal, computer products and cassava starch, revenue is recognised when control of goods has transferred, being when the goods have been accepted by customers (acceptance) after goods delivered to the specific location or picked up by customers. Following acceptance, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days upon acceptance.

## 5. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest expenses on borrowings wholly repayable within five years: | | |
| – effective interest expenses on convertible loan notes | **59,259** | 31,357 |
| – other borrowings | **1,124** | – |
| – finance lease | **–** | 3,994 |
| – amount due to non-controlling interests holders | **143,229** | 180,057 |
| – interests under lease arrangement | **6,060** | – |
| Total borrowing costs | **209,672** | 215,408 |
| Less: amounts capitalised in construction in progress | **(30,919)** | (42,087) |
| Imputed interest for provision for restoration, rehabilitation and environmental costs | **1,548** | 1,659 |
| | **180,301** | 174,980 |

## 6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Amortisation of mining rights include in cost of sales | **91,598** | 172,336 |
| Amortisation of intangible assets | **976** | 862 |
| Depreciation of property, plant and equipment | **92,366** | 48,618 |

## 7. INCOME TAX CREDIT

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax expenses: | | |
| PRC Enterprise Income Tax (the "**EIT**") | **24,447** | 51,633 |
| Cambodia profits tax | **–** | – |
| Deferred tax | **(38,087)** | (63,228) |
| | **(13,640)** | (11,595) |

Pursuant to the rules and regulations of Bermuda, Independent State of Samoa ("**Samoa**") and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in Bermuda, Samoa and the BVI.

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 periods.

Profits of subsidiaries established in the PRC are subject to the EIT.

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

Under the Law of the Cambodia, the tax rate of the Cambodia subsidiaries is 20% for both periods.

## 8. DIVIDENDS

No dividend was paid, declared or proposed during both periods. The Directors have determined that no dividend will be paid in respect of the period.

## 9. (LOSS)/EARNINGS PER SHARE

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

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **(Loss)/earnings** | | |
| (Loss)/profit for the period attributable to the owners of the Company for the purpose of basic (loss)/earnings per share | **(169,994)** | 102,202 |
| **Effect of dilutive potential ordinary shares:** | | |
| Interest on convertible loan notes | **–** | 20,548 |
| Change in fair value of derivative component of convertible loan notes | **–** | (196,168) |
| Loss for the purpose of diluted loss per share | **(169,994)** | (73,418) |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share | **8,707,433,014** | 7,308,651,062 |
| **Effect of dilutive potential ordinary shares:** | | |
| Convertible loan notes | **–** | 1,192,660,550 |
| Share options | **–** | 162,314 |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | **8,707,433,014** | 8,501,473,926 |

For the period ended 30 June 2019, no adjustment has been made to the basic loss per share presented as the impact of the share options has anti-dilutive effect on the basis loss per share amount presented.

The calculation of diluted loss per share for the period ended 30 June 2019 does not assume the conversion of all convertible loan notes, since these conversions would result in an anti-dilutive effect on loss per share.

## 10. TRADE RECEIVABLES

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Trade receivables | **18,998** | 192,028 |
| Less: Allowance for impairment of trade receivables | **(18,516)** | (18,516) |
| | **482** | 173,512 |

The Group does not hold any collateral over these balances.

The Group normally grants to its customers credit periods ranging from 30 days to 60 days which are subject to periodic review by management. The ageing analysis of trade receivables, net of impairment losses recognised, based on the invoice dates at the end of the reporting period was as follows:

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 30 days | **–** | 136,685 |
| 31 days to 90 days | **–** | 36,706 |
| 91 days to 180 days | **–** | – |
| 181 days to 365 days | **–** | – |
| Over 365 days | **482** | 121 |
| | **482** | 173,512 |

## 11. TRADE PAYABLES

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Trade payables | **1,797** | 2,039 |

The ageing analysis of trade payables based on the invoiced date at the end of the reporting period was as follows:

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 30 days | **–** | 242 |
| 31 days to 90 days | **–** | – |
| 91 days to 180 days | **–** | 16 |
| 181 days to 365 days | **–** | – |
| Over 365 days | **1,797** | 1,781 |
| | **1,797** | 2,039 |

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 12. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

### (a) Commitments under operating leases

***The Group as lessee***

The Group leases certain of its office premises and staff quarters under operating lease arrangements. Leases for properties are negotiated for a term ranging from two years to three years and rentals are fixed. Certain leases for lands for coal mines operations are negotiated for a term ranging from ten years up to the end of the coal mines operations.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Land and buildings: | | |
| – within one year | **121** | 13,754 |
| – in the second to fifth year inclusive | **–** | 33,692 |
| – over fifth year | **–** | 18,825 |
| | **121** | 66,271 |

As at 30 June 2019, the amount represents total minimum future lease payments for short-term leases after initial application of HKFRS 16 at 1 January 2019. Under the modified retrospective approach, comparative information is not restated.

### (b) Other capital commitment

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Contracted but not provided for in respect of: | | |
| – acquisition of property, plant and equipment | **776,333** | 755,162 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

During the first half of year 2019, the Company has been focusing on accelerating sustainable industries in coal and agro-related businesses. Although i) a cassava processing factory in Cambodia has been proposed to dispose in June 2019 and completed in July 2019; and ii) a piece of land in Cambodia has been proposed to dispose in August 2019, the Group still has other assets in Cambodia and is seeking other business opportunities related to agro-related business in Cambodia. The Group is 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 the provision of coal trading and logistics services; and (iii) the sales of information technology product and provision of systems integration services, technology services, software development and solution services.

### Coal Mining Business

As at 30 June 2019, the Group had 5 coking coal mines located in Gujiao, Taiyuan City, Shanxi Province, the PRC, of which three was in operation and two were under construction.

The coal mines in operation were Fuchang Mine, Jinxin Mine and Liaoyuan Mine, which entered the joint trial operation in October 2016, August 2018 and September 2018 respectively, passed the inspection for completion in January 2017, December 2018 and December 2018 respectively and obtained 《安全生產許可證》(the Permit for Safe Production*) in April 2017, April 2019 and March 2019 respectively. Regarding of Fuchang Mine, with the expected production capacity of 600,000 tons per year. In December 2017, Fuchang Mine was recognized by the Coal Industry Bureau of Shanxi Province as a "二級安全生產標準化煤礦" (Second Class Safe Production Standardisation Coal Mine*) with a valid period of 3 years from the recognition date. In June 2018, Fuchang Mine became one of the three coal mines of Taiyuan City to participate in the appraisal for "安全高效礦井" (Safe and Highly Efficient Mines*) organized by China National Coal Association and passed the appraisal. In additions, the expected production capacity of Jinxin Mine is 450,000 tons per year while Liaoyuan Mine is 600,000 tons per year.

* *For identification purpose only*

Of the two other coal mines under construction, Bolong Mine and Xinfeng Mine# are expected to obtain the Permit for Safe Production* in December 2019 and June 2020, respectively. However, it is subject to the mine reorganisation proposal. The estimated schedule of critical production stages of coal mines under construction are set forth in the table stated later.

To facilitate the structural reform by the state on the supply side of coal, coal enterprises are required to support the implementation of policies on dissolving excessive capacity. Moreover, as the state tightens requirements on and ramps up inspection efforts in the design, safety, and environmental protection aspects of coal mines under construction, relevant policies and regulations issued in recent years on safety and environmental protection applicable to the coal industry become increasingly stringent and refined.

As affected by the policies, the Group's coal mines under construction inevitably experienced construction delay or suspension, therefore reducing the effectiveness of construction period during the period, leading to further extension of the respective construction period. As such, the critical production stages of the coal mines under construction faced significant uncertainties. Based on the best estimation of the Group's management, the critical production stages of each of the mines are set out as follows:

| **Critical production stages** | **Fuchang Mine Actual date** | **Jinxin Mine Actual date** | **Liaoyuen Mine Actual date** | **Bolong Mine Expected date** | **Xinfeng Mine# Expected date** |
|---|---|---|---|---|---|
| Joint trial operation* | October 2016 | August 2018 | September 2018 | October 2019 | February 2020 |
| Inspection for completion* | January 2017 | December 2018 | December 2018 | November 2019 | April 2020 |
| Permit for Safe Production* | April 2017 | April 2019 | March 2019 | December 2019 | June 2020 |
| Tasks of dissolving excessive coal production capacity* | July 2017 | April 2019 | April 2019 | February 2020 | September 2020 |
| Publication of information on production factors* | September 2017 | May 2019 | May 2019 | March 2020 | October 2020 |
| Recognized as Safe Production Standardisation Coal Mine* | December 2017 | June 2019 | June 2019 | April 2020 | December 2020 |

# Subject to the mine reorganisation proposal for Bolong Mine and Xinfeng Mine, the consolidation shall be subject to the approval by the Shanxi Government. Due to the uncertainty for obtaining the approval, the expected production schedule for Safe Production Date for Xinfeng Mine might subject to further changes.

* *For identification purpose only*

### Development of cassava-based agricultural and deep processing business

Although i) a cassava processing factory in Cambodia has been proposed to dispose in June 2019 and completed in July 2019; and ii) a piece of land in Cambodia has been proposed to dispose in August 2019, the Group still has other assets in Cambodia and is seeking other business opportunities related to agro-related business in Cambodia.

## OUTLOOK

The Company is currently in discussion and negotiation with the potential seller in relation to the possible acquisition of the equity interest which the potential seller is currently beneficially holding the exploration right of a coal mine in Galilee Basin, Queensland, Australia. The Group and the potential seller entered into the memorandum of understanding in order to facilitate the continued discussion and negotiation. The Group could expand its coal mine business upon completion of this possible acquisition.

Overall, the Group has been actively looking for opportunities to create shareholders' value through making investments and/or acquiring assets or projects that have promising outlooks and prospects including but not limited to the coal mine business, development of agricultural and deep processing business and information technology business.

## FINANCIAL REVIEW

### Review of Results

#### *Revenue*

For the six months ended 30 June 2019, the Group recorded a revenue of approximately HK$314,084,000 (six months ended 30 June 2018: approximately HK$420,849,000), representing a decrease of approximately HK$106,765,000 or 25%, which the revenue mainly generated from Fuchang Mine, Jinxin Mine and Liaoyuan Mine. And the decrease in revenue is mainly due to the decrease in sales of coking coal from the mining operation of approximately HK$407,399,000 to approximately HK$313,879,000.

For the six months ended 30 June 2019, no revenue was generated from the cassava starch operation (six months ended 30 June 2018: HK$Nil).

### *Gross profit*

For the six months ended 30 June 2019, the Group recorded a gross profit of approximately HK$61,713,000 with a gross profit ratio of 20% (six months ended 30 June 2018: approximately HK$154,971,000 with a gross profit ratio of 37%).

### *Gain on disposal of subsidiaries*

There is no gain on disposal of subsidiaries for the six months ended 30 June 2019. Gain on disposal of subsidiaries for the six months ended 30 June 2018 was approximately HK$550,000, which was the gain on the disposal of entire issued capital of an indirect wholly-owned subsidiary of the Company.

### *Administrative and other operating expenses*

Administrative and other operating expenses for the six months ended 30 June 2019 was approximately HK$84,655,000 (six months ended 30 June 2018: approximately HK$96,259,000), which was mainly due to the decrease in the administrative expenses in mining operation. Moreover, less expenses were incurred for the business in cassava starch operation in Cambodia. Out of the total administrative and other operating expenses, total staff costs (included Director's emoluments) amounted to approximately HK$51,706,000 (six months ended 30 June 2018: approximately HK$43,593,000) which including the share-based payment-expense of approximately HK$9,289,000 (six months ended 30 June 2018: approximately HK$4,383,000), depreciation approximately HK$25,518,000 (six months ended 30 June 2018: approximately HK$26,607,000).

### *Impairment loss in respect of mining rights, and property, plant and equipment ("PPE")*

For the six months ended 30 June 2019, impairment loss in respect of mining rights and PPE was approximately HK$58,993,000 (six months ended 30 June 2018: approximately HK$74,032,000) and approximately HK$31,444,000 (six months ended 30 June 2018: approximately HK$53,453,000) respectively. This was the result of decrease in estimated value in use amount of the Group's five coal mines located in Shanxi, PRC, mainly due to the delay of production schedule of the five coal mines as at 30 June 2019.

### *Valuation of coal mines*

The decrease in fair value of coal mines as at 30 June 2019 was mainly due to the delay of production schedule. Greater China Appraisal Limited ("**Greater China**"), an independent qualified professional valuer, estimated the fair value of the coal mining business based on income approach using a discount rate of 13.95% (31 December 2018: 13.45%) and expected coal price of RMB531 per tonne (31 December 2018: RMB517 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 2017, 31 December 2018 and 30 June 2019 (the "**Reporting Periods**"). The key assumptions and parameters in the valuation of coal mines as at the Reporting Periods are set out as below:

| | | | Reporting Periods | |
|---|---|---|---|---|
| | | **30 June 2019** | 31 December 2018 | 31 December 2017 |
| **Methodology** | | **Income Approach** | Income Approach | Income Approach |
| **Key Assumptions** | | | | |
| 1. | Production Schedule – Safe Production Date | | | |
| | Fuchang Mine | **Operating** | Operating | Operating |
| | Jinxin Mine | **Operating** | Third quarter of 2019 | Second quarter of 2018 |
| | Liaoyuan Mine | **Operating** | Third quarter of 2019 | Second quarter of 2018 |
| | Bolong Mine | **Fourth quarter of 2019** | Third quarter of 2019 | Second quarter of 2018 |
| | Xinfeng Mine# | **Second quarter of 2020** | Third quarter of 2020 | First quarter of 2019 |
| 2. | Coal Price *(per tonne)* | **RMB531** | RMB517 | RMB780 |
| 3. | Discount Rate (Post-tax) | **13.95%** | 13.45% | 15.78% |
| 4. | 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 | Based on technical report issued by JT Boyd in 2017 |
| 5. | Allowable annual working days | **276 days** | 276 days | 276 days |

*Note:* As shown in the above table, the primary change in valuation assumption would be the delay in mines' commercial operation schedule. There was no change in valuation methodology in those valuations. For discount rate, calculation of weighted average cost of capital is based on market participant's data which are varied daily due to new information and changing market expectation every day.

# Subject to the mine reorganisation proposal for Bolong Mine and Xinfeng Mine, the consolidation shall be subject to the approval by the Shanxi Government. Due to the uncertainty for obtaining the approval, the expected production schedule for Safe Production Date for Xinfeng Mine might subject to further changes.

### *Finance costs*

Finance costs mainly consists of interest expenses on borrowings from non-controlling interests holders, convertible loan notes and finance lease. 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 project. Finance costs were calculated from total borrowing costs less interest expenses capitalised.

For the six months ended 30 June 2019, finance costs amounted to approximately HK$180,301,000 (six months ended 30 June 2018: approximately HK$174,980,000), increasing by approximately HK$5,321,000, mainly resulting from the increase in effective interest expense on convertible loan notes and the decrease in interest expenses to pay to non-controlling interests holders. Interest expenses capitalised over the periods decreased by approximately HK$11,168,000 to approximately HK$30,919,000 as Jinxin Mine and Liaoyuan Mine entered into safe production from May 2019 and the whole period interest expenses incurred to finance these coal mines were not capitalised for the six months ended 30 June 2019.

### *Loss for the period*

Loss for the six months ended 30 June 2019 was approximately HK$282,484,000 (six months ended 30 June 2018: loss approximately HK$11,944,000). This was mainly attributable to the combined effects of the factors as stated above.

### *(Loss)/profit attributable to owners of the Company*

For the six months ended 30 June 2019, loss attributable to owners of the Company was approximately HK$169,994,000 (six months ended 30 June 2018: profit of approximately HK$102,202,000), mainly due to that a loss generated from change in fair value of derivative component of convertible loan notes of approximately HK$2,065,000 (six months ended 30 June 2018: gain of approximately HK$221,668,000) was recorded for six months ended 30 June 2019.

## LIQUIDITY AND FINANCIAL RESOURCES

### Total Equity

As at 9 January 2019, the placing of new shares is completed. The total number of issued shares changed from 7,311,032,014 to 8,773,232,014 after the completion of the placing of 1,462,200,000 new shares.

As at 30 June 2019, the Group recorded total assets of approximately HK$8,104,010,000 (31 December 2018: approximately HK$8,259,895,000), which were financed by total liabilities of approximately HK$8,081,696,000 (31 December 2018: approximately HK$8,023,032,000) and total equity of approximately HK$22,314,000 (31 December 2018: approximately HK$236,863,000).

**Gearing**

As at 30 June 2019, the Group's gearing ratio as computed as the Group's other loans, liabilities component of convertible loan notes, obligation under finance lease and lease liabilities over total equity was approximately 3,330% (31 December 2018: approximately 292%).

**Liquidity**

The Group had total cash and bank balances of approximately HK$12,866,000 as at 30 June 2019 (31 December 2018: approximately HK$19,538,000). The Group did not have any bank borrowings for both reporting periods.

## 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 announcement of the Company 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 so long as such methods are beneficial to the Company. Bank deposits are in HK$, RMB, US$ and Cambodian dollars ("**KHR**").

## CONTINGENT LIABILITY AND CAPITAL COMMITMENTS

The Group had no material contingent liability as at 30 June 2019 and as at 31 December 2018.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2019 of approximately HK$776,333,000 (31 December 2018: approximately HK$755,162,000).

## FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2019, the Group earned revenue in RMB and incurred costs in HK$, RMB and US$. 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.

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed approximately 653 full time employees in Hong Kong, Cambodia and the PRC. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage and training programs and share option scheme.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

## SUBSEQUENT EVENTS

On 10 July 2019, the disposal of Cosmo Soar Limited and its subsidiary, Green Leader Starch Food First Factory Co., Ltd is completed. For the details of this disposal, it can refer to the announcement disclosed on 18 June 2019.

On 29 July 2019, the Company and Ocean Resources Int'l Investment Group Limited ("**Ocean Resources**") entered into the memorandum of understanding in order to facilitate the discussion and negotiation on the possible acquisition, being the proposed acquisition by the Company of not more than 10% equity interest in a subsidiary of Ocean Resources which is currently beneficially holding the exploration right of a coal mine in Galilee Besin, Queensland, Australia. For the details, it can refer to the announcement disclosed on 29 July 2019.

On 23 August 2019, the Company entered into a sale and purchase agreement to dispose two sub-groups, Grand Athena Limited and its subsidiaries and Polaris Spark Limited and its subsidiaries, for an aggregate consideration of US$700,000 (equivalent of HK$5,460,000). It is not yet completed up to this announcement date. For the details of this disposal, it can refer to the announcement disclosed on 23 August 2019.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2019, the Company has complied with the code provisions and where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code under Appendix 14 of the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with each of the Directors and all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2019.

By the order of the Board of
**Green Leader Holdings Group Limited**
**Ms. Zhu Zheyu**
*Chairman*

Hong Kong, 28 August 2019

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

***Executive Directors***
Mr. Zhang Sanhuo
Mr. Tse Michael Nam *(Chief Executive Officer)*
Ms. Zhang Tingting

***Non-executive Directors***
Ms. Zhu Zheyu *(Chairman)*
Mr. Chang Che-Fa

***Independent non-executive Directors***
Ms. Leung Yin Fai
Mr. Lyu Guoping
Mr. Jin Xuliang