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 2020

The board (the "**Board**") of directors (the "**Director(s)**") of Green Leader Holdings Group Limited (the "**Company**", together with its subsidiaries collectively the "**Group**") hereby announces the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019. The condensed consolidated interim financial information had not been reviewed or audited by the Company's auditor, but had been reviewed by the audit committee of the Company (the "**Audit Committee**").

HIGHLIGHTS

Financial Highlights

	Six months ended 30 June		
	2020	2019	Change
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	
Revenue	**286,847**	314,084	(27,237)
Gross profit	**35,426**	61,713	(26,287)
Loss for the period	**(803,393)**	(282,484)	(520,909)
Loss attributable to owners of the Company	**(412,399)**	(169,994)	(242,405)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Revenue	*4*	**286,847**	314,084
Cost of sales and services rendered		**(251,421)**	(252,371)
Gross profit		**35,426**	61,713
Other operating income		**35,164**	567
Selling and distribution expenses		**(662)**	(946)
Administrative and operating expenses		**(101,910)**	(84,655)
Change in fair value of derivative component of convertible loan notes		**93**	(2,065)
Impairment loss on mining rights, net		**(591,211)**	(58,993)
Impairment loss on property, plant and equipment, net		**(179,412)**	(31,444)
Finance costs	*5*	**(175,260)**	(180,301)
Loss before taxation	*6*	**(977,772)**	(296,124)
Income tax credit	*7*	**174,379**	13,640
Loss for the period		**(803,393)**	(282,484)
Attributable to:			
Loss attributable to owners of the Company		**(412,399)**	(169,994)
Loss attributable to non-controlling interests		**(390,994)**	(112,490)
		(803,393)	(282,484)
Loss per share *(HK cents)*			
Basic	*9*	**(4.46)**	(1.95)
Diluted	*9*	**(4.46)**	(1.95)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(803,393)**	(282,484)
Other comprehensive expense for the period		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(4,254)**	(2,794)
Total comprehensive expense for the period	**(807,647)**	(285,278)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(413,579)**	(170,946)
Non-controlling interests	**(394,068)**	(114,332)
	(807,647)	(285,278)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,478,450**	1,699,009
Mining rights		**4,412,741**	5,273,466
Intangible assets		**16,567**	18,299
Goodwill		**–**	–
Deposits paid for acquisition of land use rights		**35,946**	35,946
Deposits paid for acquisition of property, plant and equipment		**18,741**	22,910
		5,962,445	7,049,630
Current assets			
Inventories		**122,420**	16,456
Trade receivables	*10*	**29,498**	55,904
Prepayments, deposits, bills receivables and other receivables		**55,415**	43,796
Amounts due from related companies		**5,500**	5,750
Amounts due from directors		**233**	233
Derivative component of convertible loan notes		**28,079**	28,719
Bank balances and cash		**23,263**	45,788
		264,408	196,646

	Notes	**30 June 2020** *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Current liabilities			
Trade payables	*11*	**1,796**	1,796
Other payables		**621,584**	613,013
Amount due to a director		**13,108**	13,108
Amounts due to non-controlling interests holders		**–**	1,128,128
Other borrowings		**1,621**	23,202
Liabilities component of convertible loan notes		**713,768**	660,722
Derivative component of convertible loan notes		**117**	850
Lease liabilities		**11,044**	8,548
Income tax liabilities		**673**	5,096
		1,363,711	2,454,463
Net current liabilities		**(1,099,303)**	(2,257,817)
Total assets less current liabilities		**4,863,142**	4,791,813
Capital and reserves			
Share capital		**105,252**	87,732
Reserves		**(2,936,311)**	(2,542,167)
Deficit attributable to owners of the Company		**(2,831,059)**	(2,454,435)
Non-controlling interests		**1,158,332**	1,552,400
Total deficit		**(1,672,727)**	(902,035)
Non-current liabilities			
Amounts due to non-controlling interests holders		**4,947,279**	3,805,546
Provision for restoration, rehabilitation and environmental costs		**75,431**	75,914
Amounts due to related companies		**154,350**	159,576
Other payables		**429,635**	508,478
Lease liabilities		**15,829**	20,486
Deferred tax liabilities		**913,345**	1,123,848
		6,535,869	5,693,848
		4,863,142	4,791,813

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the main board 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 other coal products and the provision of coal trading and logistics services; and (iii) the sales of information technology products, 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 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 Republic of China ("**PRC**") and the Kingdom of Cambodia ("**Cambodia**") are Renminbi ("**RMB**") and United Stated dollars ("**US$**") respectively.

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the 2019 annual consolidated financial statements, except for the changes in accounting policies that are expected to be reflected in the 2020 annual consolidated financial statements. Details of these changes in accounting policies are set out in Note 2 below.

The preparation of an 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 contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual consolidated financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). The unaudited condensed consolidated interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The financial information relating to the financial year ended 31 December 2019 that is included in the condensed consolidated interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Statutory financial statements for the year ended 31 December 2019 are available from the Company's registered office. The auditor has expressed a disclaimer of opinion on the consolidated financial statements for the year ended 31 December 2019 in their report dated 30 June 2020.

Significant event during the interim period

The outbreak of the 2019 Novel Coronavirus Disease ("**COVID-19**") and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and both directly and indirectly affect the operations of the Group. The Group stopped its coal mining operation from February 2020 to March 2020 due to mandatory government quarantine measures in an effort to contain the spread of the pandemic. As such, the financial positions and performance of the Group were mainly affected by the reduction in production and revenue.

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.

The Group incurred a loss of approximately HK$803,393,000 during the six months ended 30 June 2020 and as at that date, the Group had net current liabilities and net liabilities of approximately HK$1,099,303,000 and approximately HK$1,672,727,000 respectively whereas its bank balances and cash amounted to approximately HK$23,263,000 as at the same date. Besides, included in the net current liabilities of the Group, there are convertible loan notes issued in 2017 by the Company with net carrying amount of approximately HK$283,036,000 ("**2017 Convertible Loan Notes**"). As further set out in the note to the condensed consolidated interim financial information, 2017 Convertible Loan Notes was matured on 10 July 2020, and up to the date of this announcement, the Company is negotiating with the holder of 2017 Convertible Loan Notes for extending its repayment due date.

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 30 June 2020 after taking into consideration of the following:

i) On 22 July 2020, the Company entered into the conditional subscription agreements (the "**Subscription Agreements**") with China OEPC Limited and Ms. Hao Ting (collectively the "**Subscribers**"), pursuant to which each of the Subscribers has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible loan notes ("**2020 Convertible Loan Notes**"), which would offset against the amount due by the Company under the convertible loan notes issued in 2018.

The 2020 Convertible Loan Notes is a zero coupon loan notes and will be matured on the second anniversary of the issue date with an aggregate principal amount of HK$395,000,000. The conversion price of 2020 Convertible Loan Notes shall be initially at HK$0.22 per share (equivalent to HK$0.011 per share before the Proposed Share Consolidation becoming effective) and subject to adjustments.

The issue of 2020 Convertible Loan Notes is subject to the approval from shareholders of the Company by passing of resolution at the special general meeting. As at the date of this announcement, the special general meeting has not yet convened.

Up to the date of this announcement, the issue of 2020 Convertible Loan Notes is not yet completed;

ii) The Group is in the negotiation with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligation; and

iii) external facilities shall be available to the Group.

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

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

(i) Successfully negotiating with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations; and

(ii) Successfully obtaining external facilities for fulfilling its other existing financing obligations.

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 effects of these adjustments have not been reflected in the condensed consolidated interim financial information.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to HKFRSs and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 June 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated interim financial information.

- Amendments to HKAS 1 and HKAS 8, "Definition of material"
- Amendments to HKFRS 3, "Definition of a business"
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, "Interest rate of benchmark reform"

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed interim consolidated financial information.

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 processing of cassava starch for sale
Mining operation	–	Geological survey, exploration and development of coal deposits, and sales of coking coal and other coal products
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

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 purpose 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 condensed 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 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	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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	**286,847**	313,879	**–**	–	**–**	–	**286,847**	314,084
RESULTS										
Segment loss	**(107)**	(551)	**(797,151)**	(72,906)	**–**	–	**(3,560)**	(14,322)	**(800,818)**	(87,779)
Change in fair value of derivative component of convertible loan notes									**93**	(2,065)
Unallocated income									**40**	–
Unallocated expenses									**(1,827)**	(25,979)
Finance costs									**(175,260)**	(180,301)
Loss before taxation									**(977,772)**	(296,124)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment loss represents the 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 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 amounts due to non-controlling interests holders, advances drawn on discounted bills and lease liabilities 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		Mining operation		Coal operation		Cassava starch operation		Total	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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										
– Raw coal	**–**	–	**15,147**	313,879	**–**	–	**–**	–	**15,147**	313,879
– Clean coal	**–**	–	**267,910**	–	**–**	–	**–**	–	**267,910**	–
– Other coal products	**–**	–	**3,790**	–	**–**	–	**–**	–	**3,790**	–
– Computer products	**–**	205	**–**	–	**–**	–	**–**	–	**–**	205
– Cassava starch	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Provision of system integration services and software solution services	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	205	**286,847**	313,879	**–**	–	**–**	–	**286,847**	314,084
Timing of revenue recognition										
A point in time	**–**	205	**286,847**	313,879	**–**	–	**–**	–	**286,847**	314,084
Over time	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	205	**286,847**	313,879	**–**	–	**–**	–	**286,847**	314,084

Notes:

For sales of raw coal, clean coal, other coal products, 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 (six months ended 30 June 2019: 30 to 60 days) upon acceptance.

5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Effective interest expenses on convertible loan notes	**63,355**	59,259
Interest on other borrowings and advances drawn on discounted bills	**871**	1,124
Interest on lease liabilities	**1,515**	6,060
Interest on amounts due to non-controlling interests holders	**142,970**	143,229
Total interest expense on financial liabilities not at fair value through profit or loss	**208,711**	209,672
Less: amounts capitalised in construction in progress	**(34,829)**	(30,919)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**1,378**	1,548
	175,260	180,301

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of mining rights included in cost of sales	**144,477**	91,598
Amortisation of intangible assets	**1,291**	976
Depreciation of property, plant and equipment (including right-of-use assets)	**98,370**	92,366

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax expenses:		
PRC Enterprise Income Tax (the "**EIT**")	**9,545**	24,447
Deferred tax credit	**(183,924)**	(38,087)
Income tax credit	**(174,379)**	(13,640)

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.

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 PRC are subject to PRC EIT.

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

No provision for Cambodia profits tax have been made for subsidiaries established in Cambodia as these subsidiaries did not have any assessable profits subject to Cambodia profits tax for both periods.

8. DIVIDENDS

No dividend was paid, declared or proposed for six months ended 30 June 2020 and 2019. The Directors have determined that no dividend will be paid in respect of the period.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$412,399,000 (six months ended 30 June 2019: approximately HK$169,994,000) and the weighted average number of ordinary shares of 9,246,265,553 (30 June 2019: 8,707,433,014) in issue during the period.

For the six months ended 30 June 2020 and 2019, no adjustment has been made to the basic loss per share presented as the impact of the share options had anti-dilutive effect on the basic loss per share amount presented.

The calculation of diluted loss per share for the six months ended 30 June 2020 and 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 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**48,014**	74,420
Less: Loss allowance	**(18,516)**	(18,516)
Trade receivables, net	**29,498**	55,904

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 (31 December 2019: 30 days to 60 days) which are subject to periodic review by management. The ageing analysis of trade receivables, net of loss allowance recognised, based on the invoice dates at the end of the reporting period was as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**29,382**	55,785
31 days to 60 days	**–**	–
61 days to 90 days	**–**	–
91 days to 180 days	**–**	–
181 days to 365 days	**–**	–
Over 365 days	**116**	119
	29,498	55,904

11. TRADE PAYABLES

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Trade payables	**1,796**	1,796

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

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Within 30 days	**–**	–
31 days to 60 days	**–**	–
61 days to 90 days	**–**	–
91 days to 180 days	**–**	16
181 days to 365 days	**–**	–
Over 365 days	**1,796**	1,780
	1,796	1,796

The average credit period on purchases of goods is 90 days (31 December 2019: 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) Other capital commitment

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for in respect of:		
− acquisition of property, plant and equipment	**202,299**	207,362
− acquisition of land use rights in Cambodia	**462,915**	462,915
	665,214	670,277

(b) Environmental contingencies

As at 30 June 2020 and 31 December 2019, the Group has not incurred any significant expenditure specific for environmental remediation and, apart from the provision for restoration, rehabilitation and environmental costs, has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, Directors believe that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts.

These uncertainties include:

(i) the exact nature and extent of the contamination at the mine;

(ii) the extent of required cleanup efforts;

(iii) varying costs of alternative remediation strategies;

(iv) changes in environmental remediation requirements; and

(v) the identification of new remediation sites.

The amount of such future cost is indeterminable due to such factors like the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed for future environmental legislation cannot be reasonably estimated at present but could be material.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Company has been focusing on accelerating sustainable industries in coal business during the first half of year 2020. 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 other coal products and the provision of coal trading and logistics services; and (iii) the sales of information technology products, provision of systems integration services, technology services, software development and solution services.

Coal Mining Business

The outbreak of COVID-19 have had the negative impacts to the global economy, business environment and affect the coal mining business of the Group directly and indirectly. The Group had stopped the mining operation from February 2020 to March 2020 due to the mandatory government quarantine measures in an effort to contain the spread of the pandemic. The mining operation had been resumed and returned to normal step by step starting from March 2020. The Group had taken certain controls to ensure the health and safety of the employees and also minimise the impacts of COVID-19 to the coal mine operation.

As at 30 June 2020, 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 Province (“**Shanxi**”), PRC, of which Fuchang Mine, Jinxin Mine and Liaoyuan Mine were in full operation, Bolong Mine was undergoing constructions and Xinfeng Mine was suspended.

The coal mines in full 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 tonnes per year, in December 2017, Fuchang Mine was recognised 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 additions, the expected production capacity of Jinxin Mine is 450,000 tonnes per year while Liaoyuan Mine is 600,000 tonnes per year.

* *For identification purpose only*

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 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 period, 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.

In February 2020, the mine reorganisation and consolidation proposal for Bolong Mine and Xinfeng Mine was approved by the Shanxi government. The expected production schedule for Sale Production Date of Xinfeng Mine is after finishing the production of Bolong Mine. Also, the Shanxi government approved the expected production capacity of Jinxin Mine can be increased from 450,000 tonnes per year to 600,000 tonnes per year. The above reorganisation and changes will be effective only certain conditions are fulfilled such as the statutory records are updated and the required work are done. As at the date of this announcement, the reorganisation and changes have not yet been effective.

Cambodia business

Although (i) a cassava processing factory in Cambodia has been disposed in July 2019; and (ii) a piece of land in Cambodia has been disposed in September 2019, the Group still has other assets in Cambodia and is seeking other business opportunities related to cassava-based agricultural and deep processing business in Cambodia. It has no further updates in the first half of year 2020.

OUTLOOK

Amid the global pandemic crisis due to COVID-19 and the associated economic turmoil, the Group will keep a close eye on both PRC and overseas markets. The Group intended to seize more business opportunities including but not limited to the coal mining and also looking forward to the potential stimulating effects on economy resulting the counter-cyclical policies imposed by the governments around the world subsequent to the crisis.

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 2020, the Group recorded a revenue of approximately HK$286,847,000 (six months ended 30 June 2019: approximately HK$314,084,000), representing a decrease of approximately HK$27,237,000 or 9%, 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 the coal prices and quantities from the mining operation.

There was no revenue generated from the cassava starch operation for both six months ended 30 June 2020 and 2019.

Gross profit

For the six months ended 30 June 2020, the Group recorded a gross profit of approximately HK$35,426,000 with a gross profit ratio of 12% (six months ended 30 June 2019: approximately HK$61,713,000 with a gross profit ratio of 20%).

Administrative and other operating expenses

Administrative and other operating expenses for the six months ended 30 June 2020 was approximately HK$101,910,000 (six months ended 30 June 2019: approximately HK$84,655,000), which was mainly due to the decrease in the administrative expenses in mining operation. Out of the total administrative and other operating expenses, total staff costs (included Director's emoluments) amounted to approximately HK$36,053,000 (six months ended 30 June 2019: approximately HK$51,706,000) which including the share-based payment expense of approximately HK$659,000 (six months ended 30 June 2019: approximately HK$9,289,000), depreciation approximately HK$35,767,000 (six months ended 30 June 2019: approximately HK$25,518,000).

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

For the six months ended 30 June 2020, impairment loss in respect of mining rights and PPE was approximately HK$591,211,000 (six months ended 30 June 2019: approximately HK$58,993,000) and approximately HK$179,412,000 (six months ended 30 June 2019: approximately HK$31,444,000) 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 Bolong Mine and Xinfeng Mine and the overall coal prices as at 30 June 2020.

Valuation of coal mines

The decrease in fair value of coal mines as at 30 June 2020 was mainly due to the decrease in coal prices and change of the production schedule of Bolong Mine and Xinfeng Mine. 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 13.03% (31 December 2019: 13.33%) and expected coal price of RMB779 per tonne (31 December 2019: RMB885 per tonne) based on information obtained from Shanxi and the current coal prices of Fuchang Mine, Jinxin Mine and Liaoyuan Mine.

Greater China has consistently applied the income approach for the valuation of coal mines as at 31 December 2018, 31 December 2019 and 30 June 2020 (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 2020	31 December 2019	31 December 2018
Methodology		**Income Approach**	Income Approach	Income Approach
Key Assumptions				
1.	Production Schedule – Safe Production Date			
	Bolong Mine	**Third quarter of 2021**	First quarter of 2021	Third quarter of 2019
	Fuchang Mine	**Operating**	Operating	Operating
	Jinxin Mine	**Operating**	Operating	Third quarter of 2019
	Liaoyuan Mine	**Operating**	Operating	Third quarter of 2019
	Xinfeng Mine	**Note II**	Note II	Third quarter of 2020
2.	Raw Coal Price (per tonne)	**–**	–	RMB517
	Clean Coal Price (per tonne)	**RMB779**	RMB885	–
3.	Discount Rate (post-tax)	**13.03%**	13.33%	13.45%
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 I: As shown in the above table, the primary change in valuation assumption would be the adoption of different coal prices in between the price of raw coal and price of clean coal in the years and delay in mines' commercial operation schedule. The 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 and COVID-19. 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 is 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.

Finance costs

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

For the six months ended 30 June 2020, finance costs amounted to approximately HK$175,260,000 (six months ended 30 June 2019: approximately HK$180,301,000), decreasing by approximately HK$5,041,000, mainly resulting from the net effects of the increase in effective interest expense on convertible loan notes and the decrease in interest on lease liabilities. Interest expenses capitalised over the periods increased from approximately HK$30,919,000 to approximately HK$34,829,000.

Loss for the period

Loss for the six months ended 30 June 2020 was approximately HK$803,393,000 (six months ended 30 June 2019: approximately HK$282,484,000). This was mainly attributable to the combined effects of the factors as stated above.

Loss attributable to owners of the Company

For the six months ended 30 June 2020, loss attributable to owners of the Company was approximately HK$412,399,000 (six months ended 30 June 2019: approximately HK$169,994,000), mainly due to that the increase in impairment loss in respect of mining rights, and property, plant and equipment of approximately HK$770,623,000 for the six months ended 30 June 2020 while an impairment loss of approximately HK$90,437,000 for the six months ended 30 June 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Total Deficit

As at 12 May 2020, the placing of new shares is completed. The total number of issued shares changed from 8,773,232,014 to 10,525,208,084 after the completion of the placing of 1,751,976,070 new shares.

As at 30 June 2020, the Group recorded total assets of approximately HK$6,226,853,000 (31 December 2019: approximately HK$7,246,276,000), which were financed by total liabilities of approximately HK$7,899,580,000 (31 December 2019: approximately HK$8,148,311,000) and total deficit of approximately HK$1,672,727,000 (31 December 2019: approximately HK$902,035,000).

Gearing

As at 30 June 2020, the Group's gearing ratio as computed as the Group's other loans, liabilities component of convertible loan notes and lease liabilities over total deficit was approximately 44% (31 December 2019: approximately 79%).

Liquidity

The Group had total cash and bank balances of approximately HK$23,263,000 as at 30 June 2020 (31 December 2019: approximately HK$45,788,000). The Group did not have any bank borrowings for both reporting periods.

FUND RAISING ACTIVITIES

Subscription of Shares

Reference is made to the Company's announcements dated 22 April 2020, 27 April 2020, 4 May 2020 and 6 May 2020 in relation to (a) the proposed issue of 487,827,170 new Shares under General Mandate to three independent subscribers; and (b) the proposed issue of 1,264,148,900 new Shares under General Mandate to eleven independent subscribers for settlement of the Outstanding Indebtedness. Unless the context requires, capitalised terms used herein shall bear the same meanings as defined.

For Subscription A, the gross proceeds are approximately HK$10,342,000 (the net proceeds are approximately HK$10,192,000) and have been applied towards repayment of indebtedness and the general working capital of the Group. For Subscription B, the gross proceeds are approximately HK$25,848,000 (the net proceed are approximately HK$25,698,000) and have been used to set off against the Outstanding Indebtedness.

All the conditions set out in the subscription agreements for Subscription A and Subscription B have been fulfilled and the completion of took place on 13 May 2020, where an aggregate of 487,827,170 new Shares (Subscription A) and 1,264,148,900 new Shares (Subscription B) have been successfully issued and allotted to the Subscribers pursuant to the terms and conditions of the Subscription Agreements. For details, please refer to the relevant announcements of the Company.

SHARE CONSOLIDATION

Reference was made to the Company's circular dated 5 June 2020 and the Company's announcements dated 23 April 2020, 8 May 2020, 29 May 2020 and 26 June 2020 in relation to, among others, the proposed share consolidation. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined.

The Share Consolidation has been terminated as the resolution was not passed by the Company's shareholders at the SGM on 26 June 2020. Details can be referred to the Company's announcement dated 26 June 2020.

As disclosed in the Company's announcement dated 30 June 2020, in order to comply with Rule 13.64 of the Listing Rules, the Company is considering another proposed share consolidation with change of board lot size. Details of which is provided in the section headed "Subsequent Events".

ACQUISITION OF MINORITY INTEREST IN A COAL MINING COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Reference is made to the Company's announcements dated 25 May 2020, 26 May 2020, 15 June 2020, 29 June 2020, 29 July 2020 and 31 August 2020 in respect of the discloseable transaction relating to investment in a coal mining company involving issue of consideration shares under specific mandate. As at the date of this announcement, the transaction is still in progress. A circular containing, among other things, details of the Acquisition and other information as required under the Listing Rules, together with a notice convening the Company's special general meeting will be despatched. Details of which will be announced as and when appropriate.

MANAGEMENT VIEW ON GOING CONCERN

As disclosed in the corporate governance report contained in the 2019 Annual Report, the Directors confirm that, except for the issues as explained under the basis of presentation section in Note 1 to the consolidated financial statements, they are not aware of any other material uncertainties relating to events or conditions that may cast significant doubt about the Group's ability to continue as a going concern. Unless the context requires, capitalised terms used herein shall bear the same meanings as defined.

The Company has commenced the following action plans to remove the disclaimer of opinion (the "**Disclaimer of Opinion**"):

(a) the Group is in the negotiation with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations; and

(b) the Group would actively seek external facilities and fund raising opportunities.

As a matter of fact, the Company has successfully reached agreements with relevant subscribers for the extension of the Convertible Loan Notes in the aggregate principal amount of HK$395,000,000 as disclosed in the announcement of the Company dated 22 July 2020 subject to the approval of the independent shareholders at the special general meeting to be held and convened. Details of which is provided in the section headed "Subsequent Events". The Company will continue to negotiate with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations.

In respect of seeking external facilities and fund raising opportunities, the Company has commenced to approach a number of financial institutions in the PRC.

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 Company can successfully implement the aforesaid measures, the Company 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 Disclaimer of Opinion is expected to be removed in the consolidated financial statements of the Company for the year ending 31 December 2020.

The audit committee of the Company has reviewed the Disclaimer of Opinion relating to going concern, the Board's response to the Disclaimer of Opinion and the action plan of the Company and concurs with the Board's view.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

CHARGE ON GROUP 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.

Save as disclosed above, there was no charge on the Group's asset as at 30 June 2020 and the year ended 31 December 2019.

SHARE CAPITAL AND CAPITAL STRUCTURE

As at 30 June 2020, the Company had 10,525,208,084 shares of HK$0.01 each in issue (31 December 2019: 8,773,232,014 shares).

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 2020 and as at 31 December 2019.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2020 of approximately HK$665,214,000 (31 December 2019: approximately HK$670,277,000).

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2020, 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

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

As at 30 June 2020, the Group employed approximately 642 full time employees in Hong Kong and PRC. The Group remunerates its employees based on their performance, working experience and the prevailing market price. In addition to salaries, the Group provides employee benefits such as mandatory provident fund, insurance, medical coverage, training programs and the share option scheme.

COMPLIANCE WITH REGULATIONS

As disclosed in the Company's announcements dated 18 June 2020 and 30 June 2020, the Company has made an application for and the Stock Exchange has agreed to grant the waiver from strict compliance with Rule 13.46(2) of the Listing Rules on the ground that there is delay in audit work carried out by the Company's auditors which resulted in delay in the publication of the audited results announcement of the Company for the year ended 31 December 2019, despatch of 2019 Annual Report and convening of the annual general meeting. Details of which can be referred to the relevant announcements.

Save as disclosed above, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group as far as the Board is aware during the six months ended 30 June 2020.

SUBSEQUENT EVENTS

Share Consolidation

Reference was made to the Company's circular dated 20 July 2020 and the Company's announcements dated 30 June 2020, 13 July 2020, 17 July 2020, 24 July 2020, 4 August and 5 August 2020 in relation to, among others, the proposed share consolidation and change of board lot size in order to comply with Rule 13.64 of the Listing Rules. Unless the context requires, capitalised terms used herein shall bear the same meanings as defined.

The Board proposed that every twenty (20) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. Upon the Share Consolidation becoming effective the board lot size for trading on the Stock Exchange be changed from 10,000 Existing Shares to 20,000 Consolidated Shares.

The Share Consolidation and the transactions contemplated thereunder have been passed as the ordinary resolution by the shareholders of the Company at the SGM on 5 August 2020. Details can be referred to the relevant announcements of the Company.

Convertible Loan Notes

Reference was made to the Company's announcements dated 22 July 2020, 24 July 2020, 29 July 2020 and 13 August 2020 in respect of the connected transaction relating to, among others, the proposed issue of convertible loan notes under specific mandate. Unless the context requires, capitalised terms used herein shall bear the same meanings as defined.

The convertible loan notes would be converted into conversion shares in full at the initial conversion price, 1,795,454,545 conversion shares will be issued. The aggregate subscription price of HK$395,000,000 will be set off by the existing convertible loan notes held by the Subscribers respectively which have fallen due on 29 July 2020. Details can be referred to the relevant announcements of the Company.

A circular containing, among other things, details of the convertible loan notes and other information as required under the Listing Rules, together with a notice convening the Company's special general meeting will be despatched. Details of which will be announced as and when appropriate.

OTHER INFORMATION

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The basis for determining the Directors' emoluments (including bonus payments) remained unchanged during the six months period ended 30 June 2020.

Save as disclosed, during the six months period ended 30 June 2020, there were no other changes to the Directors' information that are required to be disclosed pursuant to 13.51B(1) of the Listing Rules.

COMPETING BUSINESS

None of the Directors or any of their respective associates (as defined in the Listing Rules) had any business or interest that competes or may compete with the business of the Group or had any other conflict of interest with the Group during the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules for the six months ended 30 June 2020 except for the following deviation:

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. Ms. Zhu Zheyu resigned as the non-executive Director and the chairman of the Company (the "**Chairman**") on 12 June 2020 and no replacement for the post of the Chairman has been appointed as at 30 June 2020. The functions of the Chairman are performed by the chief executive office of the Company. The Board will keep reviewing the current structure from time to time and appoint candidate with suitable knowledge, skill and experience as the Chairman.

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**") 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 six months ended 30 June 2020. To ensure Directors' dealings in the securities of the Company (the "**Securities**") 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.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee currently comprises 2 independent non-executive Directors, Mr. Ho Kin Cheong, Kelvin (the chairman of the Audit Committee) and Mr. Tian Hong. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2020.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2020 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(www.greenleader.hk)* and the 2020 interim report containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 August 2020

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

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

Independent non-executive Directors
Mr. Ho Kin Cheong Kelvin
Mr. Tian Hong