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 2021

The board (the "**Board**") of directors (the "**Director(s)**") of Green Leader Holdings Group Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") hereby announces the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 (the "**Interim Financial Information**") together with the comparative figures for the corresponding period in 2020. The 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		
	2021	2020	Change
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	
Revenue	**312,880**	286,847	26,033
Gross profit	**23,553**	35,426	(11,873)
Profit/(loss) for the period	**164,203**	(803,393)	967,596
Profit/(loss) for the period attributable to owners of the Company	**34,048**	(412,399)	446,447

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**312,880**	286,847
Cost of sales and services rendered		**(289,327)**	(251,421)
Gross profit		**23,553**	35,426
Other operating income	*4*	**1,239**	35,164
Selling and distribution expenses		**(1,487)**	(662)
Administrative and other operating expenses		**(149,924)**	(101,910)
Change in fair value of derivative component of convertible loan notes		**–**	93
Reversal of impairment loss/(impairment loss) recognised in respect of mining rights		**381,694**	(591,211)
Reversal of impairment loss/(impairment loss) recognised in respect of property, plant and equipment		**133,936**	(179,412)
Finance costs	*5*	**(148,972)**	(175,260)
Profit/(loss) before taxation	*6*	**240,039**	(977,772)
Income tax (expense)/credit	*7*	**(75,836)**	174,379
Profit/(loss) for the period		**164,203**	(803,393)
Profit/(loss) for the period attributable to:			
Owners of the Company		**34,048**	(412,399)
Non-controlling interests		**130,155**	(390,994)
		164,203	(803,393)
			(restated)
Earnings/(loss) per share *(HK cents)*			
Basic	*9*	**6.47**	(89.22)
Diluted	*9*	**2.83**	(89.22)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**164,203**	(803,393)
Other comprehensive expense for the period:		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(7,742)**	(4,254)
Total comprehensive income/(expense) for the period	**156,461**	(807,647)
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	**27,946**	(413,579)
Non-controlling interests	**128,515**	(394,068)
	156,461	(807,647)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**30 June 2021 HK$'000 (Unaudited)**	31 December 2020 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,915,510**	1,810,589
Mining rights		**5,301,484**	4,965,468
Intangible assets		**15,017**	15,970
Goodwill		**–**	–
Deposits paid for acquisition of property, plant and equipment		**15,652**	11,114
		7,247,663	6,803,141
Current assets			
Inventories		**27,536**	6,283
Trade receivables	*10*	**27,324**	117,855
Prepayment, deposits, bills receivables and other receivables		**141,496**	96,640
Amounts due from related companies		**6,048**	5,980
Amounts due from directors		**41**	235
Cash and cash equivalents		**17,300**	48,097
		219,745	275,090

	Notes	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Current liabilities			
Trade payables	*11*	**1,798**	1,798
Other payables		**559,259**	623,838
Amount due to a director		**13,108**	13,108
Amounts due to non-controlling interests		**5,764,109**	5,572,551
Other borrowings		**313,621**	313,621
Lease liabilities		**10,273**	10,327
Income tax liabilities		**737**	600
		6,662,905	6,535,843
Net current liabilities		**(6,443,160)**	(6,260,753)
Total assets less current liabilities		**804,503**	542,388
Capital and reserves			
Share capital		**526**	105,252
Reserves		**(2,593,484)**	(2,726,156)
Deficit attributable to owners of the Company		**(2,592,958)**	(2,620,904)
Non-controlling interests		**1,325,431**	1,196,916
Total deficit		**(1,267,527)**	(1,423,988)
Non-current liabilities			
Provision for restoration, rehabilitation and environmental costs		**85,734**	83,414
Liabilities component of convertible loan notes		**331,480**	310,059
Amounts due to related companies		**133,333**	125,891
Other payables		**428,637**	422,112
Lease liabilities		**35,953**	49,023
Deferred tax liabilities		**1,056,893**	975,877
		2,072,030	1,966,376
		804,503	542,388

NOTES

For the six months ended 30 June 2021

1. GENERAL

Green Leader Holdings Group Limited (the "**Company**"), together with its subsidiaries (collectively referred to as the "**Group**") is incorporated in Bermuda as an exempted company with limited liability and its shares 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) coal exploration and development, sales of coking coal, coal processing, sales of coal products and provision of coal related services; (ii) the development of cassava cultivation and deep processing business for the related ecological cycle industry chain; and (iii) the sales of information technology products, provision of systems integration services, technology services, software development and solution services.

The condensed consolidated interim financial information (the "**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 (the "**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 Interim Financial Information are presented in Hong Kong dollar ("**HK$**"), rounded to the nearest thousand, which is also the functional currency of the Company. The directors of the Company (the "**Directors**") consider HK$ is the appropriate presentation currency for the users of the Group's Interim Financial Information. 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 States dollar ("**US$**") respectively.

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the changes in accounting policies that are expected to be reflected in the 2021 annual financial statements. Details of these changes in accounting policies are set out in Note 2 below.

The preparation of the 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 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 2020 annual financial statements. The 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 Interim Financial Information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

The financial information relating to the financial year ended 31 December 2020 that is included in the Interim Financial Information as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2020 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 2020 in their report dated 31 March 2021.

Basis of preparation of the Interim Financial Information

In preparing the Interim Financial Information, the Directors have given consideration to the future liquidity of the Group.

The Group had net current liabilities and net liabilities of approximately HK$6,443,160,000 and approximately HK$1,267,527,000 respectively whereas its cash and cash equivalents amounted to approximately HK$17,300,000 as at 30 June 2021. Besides, included in the net current liabilities of the Group, there are other borrowings related to convertible loan notes issued in 2017 by the Company with carrying amounts of approximately HK$312,000,000 (the "**2017 Convertible Loan Notes**") which were matured on 10 July 2020 and amounts due to non-controlling interests were either past due as at 30 June 2021 or will be matured on or before 30 June 2022.

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 2021 after taking into consideration of the following:

(i) the Group is in negotiation with the non-controlling interests of the amounts due by the Group for extending the repayment due date;

(ii) the Group is in negotiation with the holder of the 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 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 a going concern, which will depend upon the Group's ability to generate adequate financial cash flows through the following:

(i) successfully negotiation with the non-controlling interests to extend the repayment due dates;

(ii) successfully negotiation with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations; and

(iii) 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 Interim Financial Information.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information have been prepared on the historical cost basis.

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

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 Interim Financial Information for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's Interim Financial Information:

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

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

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Board (being the chief operating decision maker (the "**CODM**")) for the 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
Coal operation	–	Coal processing, sales of coal products and provision of coal related 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**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Six months ended 30 June										
REVENUE										
Sales to external customers	**–**	–	**312,880**	286,847	**–**	–	**–**	–	**312,880**	286,847
RESULTS										
Segment profit/(loss)	**(67)**	(107)	**397,715**	(797,151)	**–**	–	**(265)**	(3,560)	**397,383**	(800,818)
Change in fair value of derivative component of convertible loan notes									**–**	93
Unallocated income									**210**	40
Unallocated expenses									**(8,582)**	(1,827)
Finance costs									**(148,972)**	(175,260)
Profit/(loss) before taxation									**240,039**	(977,772)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of central administrative expenses, including the directors' and chief executive's emoluments, change in fair value of derivative component of convertible loan notes, certain other income, certain administrative and other operating expenses 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 costs of amounts due to non-controlling interests, 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.

Segment assets and liabilities

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

Segment assets

	30 June 2021 *HK$'000* **(Unaudited)**	31 December 2020 *HK$'000* (Audited)
Systems integration services and software solutions	**6,420**	6,455
Mining operation	**7,444,453**	7,053,815
Cassava starch operation	**12,049**	12,287
Total segment assets	**7,462,922**	7,072,557
Unallocated corporate assets	**4,486**	5,674
Consolidated total assets	**7,467,408**	7,078,231

Segment liabilities

	30 June 2021 *HK$'000* **(Unaudited)**	31 December 2020 *HK$'000* (Audited)
Systems integration services and software solutions	**4,575**	4,569
Mining operation	**7,991,270**	6,820,599
Cassava starch operation	**1,358**	4,879
Total segment liabilities	**7,997,203**	6,830,047
Unallocated corporate liabilities	**737,732**	1,672,172
Consolidated total liabilities	**8,734,935**	8,502,219

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than certain property, plant and equipment, certain prepayment, deposits and other receivables, amounts due from related companies, amounts due from directors, certain cash and cash equivalents and assets jointly used by reportable segments.

– all liabilities are allocated to reportable segments other than certain other payables, certain amounts due to related companies, amount due to a director, other borrowings, liabilities component of convertible loan notes, certain lease liabilities, deferred tax liabilities and liabilities jointly liable by reportable segments.

4. REVENUE AND OTHER OPERATING INCOME

(i) Revenue from goods and services

Disaggregation of revenue

Segments	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK'000	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Six months ended 30 June										
Types of goods or services										
Sales of goods										
– Raw coal	**–**	–	**5,475**	15,147	**–**	–	**–**	–	**5,475**	15,147
– Clean coal	**–**	–	**300,373**	267,910	**–**	–	**–**	–	**300,373**	267,910
– Other coal products	**–**	–	**7,032**	3,790	**–**	–	**–**	–	**7,032**	3,790
	–	–	**312,880**	286,847	**–**	–	**–**	–	**312,880**	286,847
Geographical markets										
PRC	**–**	–	**312,880**	286,847	**–**	–	**–**	–	**312,880**	286,847
Timing of revenue recognition										
A point in time	**–**	–	**312,880**	286,847	**–**	–	**–**	–	**312,880**	286,847

(ii) Other operating income

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**43**	32
Selling of partial coal mine extraction capacity	**–**	30,359
Government grants *(Note)*	**6**	3,227
Gain on disposal of property, plant and equipment	**479**	461
Sundry income	**711**	1,085
	1,239	35,164

Note:

Government grants mainly represent subsidies provided by the PRC local government as a support. There is no unfulfilled conditions or contingencies relating to such government subsidies recognised.

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Effective interest on convertible loan notes	**21,421**	63,355
Interest on other borrowings and advances drawn on discounted bills	**9,776**	871
Interest on lease liabilities	**1,023**	1,515
Interest on amounts due to non-controlling interests	**148,233**	142,970
Total interest expenses on financial liabilities not at fair value through profit or loss	**180,453**	208,711
Less: amounts capitalised in construction in progress	**(32,859)**	(34,829)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**1,378**	1,378
	148,972	175,260

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging:

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of mining rights (included in cost of sales)	**100,824**	144,477
Amortisation of intangible assets	**1,133**	1,291
Depreciation of property, plant and equipment (including right-of-use assets)	**25,114**	98,370
Penalty and fine	**27,359**	–

7. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax expense:		
PRC Enterprise Income Tax (the "**EIT**")	**(5,902)**	(9,545)
Deferred tax (expense)/credit	**(69,934)**	183,924
Income tax (expense)/credit	**(75,836)**	174,379

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.

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 provisions 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 the six months ended 30 June 2021 and 2020, nor any dividend been proposed by the Board subsequent to the end of the reporting period.

9. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share	**34,048**	(412,399)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	**31,673**	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**65,721**	(412,399)

	Six months ended 30 June	
	2021	2020
	'000	*'000*
	(Unaudited)	(Unaudited) (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**526,260**	462,246
Effect of dilutive potential ordinary shares:		
Convertible loan notes	**1,795,455**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**2,321,715**	462,246

The weighted average number of ordinary shares for the period ended 30 June 2020 for the purposes of calculating basic and diluted loss per share have been adjusted for the capital reorganisation which took place on 7 August 2020.

The calculation of diluted earnings/(loss) per share for the period ended 30 June 2021 and 30 June 2020 does not assume exercise of share options, since these exercise would result in an anti-dilutive effect on basic earnings/(loss) per share.

The calculation of diluted loss per share for the period ended 30 June 2020 does not assume the conversion of convertible loan notes, since these conversion would result in an anti-dilutive effect on basic loss per share.

10. TRADE RECEIVABLES

	30 June 2021	31 December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables from contracts with customers	**45,840**	136,371
Less: allowance for credit losses	**(18,516)**	(18,516)
Trade receivables, net of allowance for credit losses	**27,324**	117,855

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 allowance for credit losses, based on the invoice dates at the end of the reporting period was as follows:

	30 June 2021	31 December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**–**	110,782
31 days to 60 days	**3,907**	–
61 days to 90 days	**–**	6,948
91 days to 180 days	**8,492**	–
181 days to 365 days	**14,798**	–
Over 365 days	**127**	125
	27,324	117,855

11. TRADE PAYABLES

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

	30 June 2021	31 December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Over 365 days	**1,798**	1,798

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

12. COMMITMENTS

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

(a) Capital commitment

	30 June 2021 *HK$'000* **(Unaudited)**	31 December 2020 *HK$'000* (Audited)
Contracted but not provided for in respect of:		
– acquisition of property, plant and equipment	**448,307**	454,318
– acquisition of land use rights in Cambodia	**462,915**	462,915
	911,222	917,233

(b) Environmental contingencies

As at 30 June 2021 and 31 December 2020, 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

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

Coal Mining Business

The outbreak of the 2019 Novel Coronavirus Disease ("**COVID-19**") has had negative impacts on the global economy, business environment and affect the coal mining business of the Group directly and indirectly. The Group had taken certain controls to ensure the health and safety of the employees and also minimise the impacts of COVID-19 on the coal mine operation.

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.

The coal mines in full operation during the six months ended 30 June 2021 were Fuchang Mine and Liaoyuan Mine, which entered the joint trial operation in October 2016 and September 2018 respectively, passed the inspection for completion in January 2017 and December 2018 respectively and obtained 《安全生產許可證》(the Permit for Safe Production*) in April 2017 and March 2019 respectively. Regarding of Fuchang Mine, the expected production capacity is 600,000 tonnes per year. In 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 Liaoyuan Mine is 600,000 tonnes per year.

As at 30 June 2021, the Group had 5 coking coal mines which are Fuchang Mine, Jinxin Mine, Liaoyuan Mine, Bolong Mine and Xinfeng Mine located in Gujiao, Taiyuan City, Shanxi Province ("**Shanxi**"), People's Republic of China ("**PRC**"), of which Fuchang Mine and Liaoyuan Mine were in full operation, Bolong Mine was undergoing constructions and Xinfeng Mine and Jinxin Mine were suspended.

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

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

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

* *For identification purpose only*

Cambodia Business

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

FINANCIAL REVIEW

Review of Results

Profit/(Loss) for the period

Profit for the six months ended 30 June 2021 was approximately HK$164,203,000 (loss for the six months ended 30 June 2020: approximately HK$803,393,000). The increase in the profit for the period was mainly attributable to the combined effects of the factors as stated below:

(i) Revenue

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK$312,880,000 (six months ended 30 June 2020: approximately HK$286,847,000), representing an increase of approximately HK$26,033,000 or 9.1%, which the revenue is generated from mining operation and mainly came from Fuchang Mine, Jinxin Mine and Liaoyuan Mine. The increase in revenue is mainly due to the increase in the selling price of the mining products in the period.

(ii) Gross profit

For the six months ended 30 June 2021, the Group recorded a gross profit of approximately HK$23,553,000 with a gross profit ratio of 7.5% (six months ended 30 June 2020: approximately HK$35,426,000 with a gross profit ratio of 12.4%). The decrease in gross profit and gross profit ratio is mainly due to the proportion on increase in certain cost of sales and services rendered is larger than the increase in revenue.

(iii) Administrative and other operating expenses

Administrative and other operating expenses for the six months ended 30 June 2021 was approximately HK$149,924,000 (six months ended 30 June 2020: approximately HK$101,910,000), which was mainly due to the increase in the administrative expenses and other operating expenses in mining operation. Out of the total administrative and other operating expenses, total staff costs (included director's emoluments) amounted to approximately HK$44,098,000 (six months ended 30 June 2020: approximately HK$36,053,000), penalty and fine against Jinxin Mine of approximately HK$23,302,000 (six months ended 30 June 2020: approximately Nil) and relocation and removal expenses approximately HK$12,621,000 (six months ended 30 June 2020: Nil).

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

For the six months ended 30 June 2021, reversal of impairment loss in respect of mining rights and PPE was approximately HK$381,694,000 (six months ended 30 June 2020: impairment loss approximately HK$591,211,000) and approximately HK$133,936,000 (six months ended 30 June 2020: impairment loss approximately HK$179,412,000) respectively. This was the result of increase in aggregate estimated value in use amount of the Group's five coal mines located in Shanxi, mainly due to the overall increase in coal prices during the six months ended 30 June 2021.

(v) Finance costs

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

For the six months ended 30 June 2021, finance costs amounted to approximately HK$148,972,000 (six months ended 30 June 2020: approximately HK$175,260,000), decreased by approximately HK$26,288,000, mainly resulting from the decrease in effective interest on convertible loan notes. Interest expenses capitalised over the periods decreased from approximately HK$34,829,000 to approximately HK$32,859,000.

Profit/(loss) attributable to owners of the Company

For the six months ended 30 June 2021, profit attributable to owners of the Company was approximately HK$34,048,000 (loss attributable to owners of the Company for the six months ended 30 June 2020: approximately HK$412,399,000), mainly due to the reversal of impairment loss in respect of mining rights, and property, plant and equipment of approximately HK$515,630,000 for the six months ended 30 June 2021 while an impairment loss of approximately HK$770,623,000 for the six months ended 30 June 2020.

Valuation of coal mines

The increase in fair value of coal mines as at 30 June 2021 was mainly due to the increase in coal prices. 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% (2020: 12.56%) and expected clean coal price of RMB1,186 per tonne (2020: RMB877 per tonne) based on information obtained from Shanxi and the current selling price of coal of the Group.

Greater China has consistently applied the income approach for the valuation of coal mines as at 31 December 2019, 31 December 2020 and 30 June 2021 (the "**Reporting Dates**"). The key assumptions and parameters in the valuation of coal mines as at the Reporting Dates are set out as below:

			Reporting Dates	
		30 June 2021	31 December 2020	31 December 2019
Methodology		**Income Approach**	Income Approach	Income Approach
Key Assumptions				
1.	Production Schedule – Safe Production Date			
	Bolong Mine	**First quarter of 2022**	Fourth quarter of 2021	First quarter of 2021
	Fuchang Mine	**Operating**	Operating	Operating
	Jinxin Mine	**First quarter of 2022**	Operating	Operating
	Liaoyuan Mine	**Operating**	Operating	Operating
	Xinfeng Mine	**Note II**	Note II	Note II
2.	Clean Coal Price (per tonne)	**RMB1,186**	RMB877	RMB885
3.	Discount Rate (post-tax)	**13.03%**	12.56%	13.33%
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 assumptions would be the adoption of different coal prices in between the price of raw coal and price of clean coal during the periods 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 period, 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 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.

LIQUIDITY AND FINANCIAL RESOURCES

Total Deficit

As at 30 June 2021, the Group recorded total assets of approximately HK$7,467,408,000 (as at 31 December 2020: approximately HK$7,078,231,000), which were financed by total liabilities of approximately HK$8,734,935,000 (as at 31 December 2020: approximately HK$8,502,219,000) and total deficit of approximately HK$1,267,527,000 (as at 31 December 2020: approximately HK$1,423,988,000).

Gearing

As at 30 June 2021, the Group's gearing ratio as computed as the Group's total debts which included convertible loan notes, amounts due to related companies, amounts due to non-controlling interests, other borrowings and lease liabilities divided by total equity attributable to owners of the Company. Gearing ratio is not meaningful as the Group has deficit attributable to owners of the Company as at 30 June 2021 and 31 December 2020.

Liquidity

The Group had total cash and cash equivalents of approximately HK$17,300,000 as at 30 June 2021 (as at 31 December 2020: approximately HK$48,097,000). The Group did not have any bank borrowings for both reporting periods.

CAPITAL REORGANISATION AND SHARE PREMIUM CANCELLATION

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

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

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

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

MANAGEMENT VIEW ON GOING CONCERN

As disclosed in the corporate governance report contained in 2020 Annual Report, the Directors confirmed that except for the issue as explained under the basis of the presentation section in note 2 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 ability to continue as a going concern.

The Group 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 non-controlling interests of the amounts due by the Group for extending the repayment due dates;

(b) the Group is in the negotiation with the holder of the convertible loan notes issued in 2017 by the Company with carrying amounts of approximately HK$312,000,000 which were matured on 10 July 2020 (the "**2017 Convertible Loan Notes**") to restructure the repayment timetable of the Group's financial obligations; and

(c) the Group is actively seeking external facilities and fund raising opportunities.

The Company has taken various actions since publication of the 2020 annual results to address the audit modification. As at the date of this announcement, neither the non-controlling interests nor the holder of 2017 Convertible Loan Notes has demanded for immediate repayment of the outstanding indebtedness. Whilst there is no formal documentation, the non-controlling interests had indicated its willingness for extension.

Regarding the negotiations status of the repayment timetable for the 2017 Convertible Loan Notes, the Company has been actively negotiated with the holder of the 2017 Convertible Loan Notes for possible extension and up to the date of this announcement, the negotiations remain in good progress and the holder of 2017 Convertible Loan Notes did not demand for immediate repayment of the 2017 Convertible Loan Notes. However, the repayment timetable has not yet been finalized. For the avoidance of doubt, further announcement(s) will be made by the Company in compliance with relevant requirements set out in the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to inform the public and the Shareholders upon the entering into of relevant definitive agreements on the restructuring of the 2017 Convertible Loan Notes.

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

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

For the avoidance of doubt, in accordance with the applicable Hong Kong Standards on Auditing, the auditor needs to obtain sufficient appropriate audit evidence and to consider, based on the audit evidence to be obtained, whether material uncertainty exists regarding the Group's ability to continue as going concern. As such, assuming the successful implementation of the action plan in time with sufficient and appropriate audit evidence can be provided, the directors are of the view that the Disclaimer of Opinion is expected to be removed in the consolidated financial statements of the Group for the year ending 31 December 2021. The Company will continue to exercise its best endeavours to resolve the audit modification within the year ending 31 December 2021.

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

SHARE CAPITAL AND CAPITAL STRUCTURE

As at 30 June 2021, the Company had 526,260,404 shares of HK$0.001 each in issue (as at 31 December 2020: 526,260,404 shares of HK$0.2 each).

The movement in the Company's share capital during the period as a result of the reduction of the nominal value of each issued share from HK$0.20 to HK$0.001 through the cancellation of the Company's paid-up capital became effective after the special general meeting held on 7 April 2021. Details can be referred to the section headed "CAPITAL REORGANISATION AND SHARE PREMIUM CANCELLATION".

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 loan notes. 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 assets as at 30 June 2021 and 31 December 2020.

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2021, 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.

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**").

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiary during the six months ended 30 June 2021.

CONTINGENT LIABILITY AND CAPITAL COMMITMENTS

The Group had no material contingent liability as at 30 June 2021 and 31 December 2020.

The Group had capital commitments for the acquisition of property, plant and equipment and land use rights in Cambodia which were contracted but not provided for as at 30 June 2021 totalling approximately HK$911,222,000 (as at 31 December 2020: approximately HK$917,233,000).

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 2021, the Group employed approximately 636 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

During the six months ended 30 June 2021, there was no incidence of non-compliance with the relevant laws and regulations that significantly impacted the Group as far as the Board is aware.

PROSPECT

Despite massive challenges and unprecedented uncertainties posed by COVID-19, the Group will keep a close eye on both PRC and overseas markets. The Group will continue to focus on quality projects, uphold high operating standards, and seize more business opportunities including but not limited to the coal mining and related business. The Group is closely monitoring the development of the COVID-19 pandemic to ensure the safety of its employees and stable operations. As and when appropriate, the Group will adjust its measures and plans for pandemic prevention, operations and business development accordingly.

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.

OTHER INFORMATION

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2021. 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.

COMPLIANCE WITH THE 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 2021 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. During the six months ended 30 June 2021, Mr. Tse Michael Nam has taken up the roles of the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**CEO**"). The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost the effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in this circumstance. In addition, under the supervision of the Board, which is comprised of two (2) executive Directors and three (3) independent non-executive Directors, the Company is of the view the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee currently comprises 3 independent non-executive Directors, Mr. Ho Kin Cheong, Kelvin (the chairman of the Audit Committee), Mr. Shen Weidong 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 2021.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2021 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 2021 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders 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, 20 August 2021

As at the date of this announcement, the Board comprises Mr. Tse Michael Nam (Chairman and Chief Executive Officer) and Mr. Zhang Sanhuo as executive Directors; and Mr. Ho Kin Cheong Kelvin, Mr. Shen Weidong and Mr. Tian Hong as independent non-executive Directors.