GREEN LEADER HOLDINGS GROUP LIMITED
綠領控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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 audited consolidated annual results of the Group for the year ended 31 December 2023 together with the comparative figures for the corresponding year in 2022 as follows:

HIGHLIGHTS

Financial Highlights

	For the year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Revenue	**1,463,280**	2,305,799
Gross profit	**21,968**	767,973
(Loss)/profit for the year	**(3,339,315)**	347,694
Loss for the year attributable to owners of the Company	**(1,803,269)**	(229,533)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	4	**1,463,280**	2,305,799
Cost of sales		**(1,441,312)**	(1,537,826)
Gross profit		**21,968**	767,973
Other operating income	4	**6,697**	7,944
Selling and distribution expenses		**(2,928)**	(2,597)
Administrative and other operating expenses		**(448,353)**	(429,725)
Write-down of non-current asset classified as held for sale		**(293,995)**	–
(Impairment loss)/reversal of impairment loss recognised in respect of mining rights		**(1,953,199)**	812,445
(Impairment loss)/reversal of impairment loss recognised in respect of property, plant and equipment		**(910,749)**	322,063
Impairment losses recognised in respect of financial assets under expected credit loss model, net of reversal		**(7,603)**	(5,866)
Finance costs	5	**(387,929)**	(896,523)
(Loss)/profit before taxation	6	**(3,976,091)**	575,714
Income tax credit/(expense)	7	**636,776**	(228,020)
(Loss)/profit for the year		**(3,339,315)**	347,694
(Loss)/profit for the year attributable to:			
Owners of the Company		**(1,803,269)**	(229,533)
Non-controlling interests		**(1,536,046)**	577,227
		(3,339,315)	347,694
Loss per share (HK cents)	9		
Basic		**(343)**	(44)
Diluted		**(343)**	(44)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 ***HK$'000***	2022 *HK$'000*
(Loss)/profit for the year	**(3,339,315)**	347,694
Other comprehensive (expense)/income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(5,385)**	(51,300)
Reclassification adjustments for foreign operations deregistration during the year	**–**	144
Other comprehensive expense for the year	**(5,385)**	(51,156)
Total comprehensive (expense)/income for the year	**(3,344,700)**	296,538
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	**(1,796,762)**	(236,290)
Non-controlling interests	**(1,547,938)**	532,828
	(3,344,700)	296,538

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**1,438,660**	2,397,212
Mining rights		**3,019,165**	5,785,597
Intangible assets		**8,368**	10,814
Goodwill		**–**	–
Deposits paid for acquisition of property, plant and equipment		**53,306**	67,700
		4,519,499	8,261,323
Current assets			
Inventories		**35,450**	123,273
Trade receivables	*11*	**355,642**	260,449
Prepayment, deposits and other receivables		**161,881**	154,125
Amounts due from related companies		**5,872**	5,996
Prepaid tax		**5,257**	–
Restricted bank balances		**16,669**	2,594
Cash and cash equivalents		**101,430**	161,675
		682,201	708,112
Non-current asset classified as held for sale		**20,870**	–
		703,071	708,112
Current liabilities			
Trade payables	*12*	**24,138**	21,672
Other payables		**1,500,853**	1,353,099
Amount due to a director		**14,821**	14,821
Amounts due to non-controlling interests		**5,621,071**	5,700,952
Other borrowings		**707,921**	707,921
Lease liabilities		**2,363**	1,622
Income tax liabilities		**3,541**	6,612
		7,874,708	7,806,699
Net current liabilities		**(7,171,637)**	(7,098,587)
Total assets less current liabilities		**(2,652,138)**	1,162,736

	Notes	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital	*10*	**526**	526
Reserves		**(4,384,639)**	(2,587,877)
Capital deficiencies attributable to owners of the Company		**(4,384,113)**	(2,587,351)
Non-controlling interests		**670,500**	2,121,661
Total capital deficiencies		**(3,713,613)**	(465,690)
Non-current liabilities			
Provision for restoration, rehabilitation and environmental costs		**84,462**	84,126
Amounts due to related companies		**143,900**	146,698
Other payables		**286,394**	184,104
Lease liabilities		**15,986**	10,171
Deferred tax liabilities		**530,733**	1,203,327
		1,061,475	1,628,426
		(2,652,138)	1,162,736

NOTES

For the year ended 31 December 2023

1. GENERAL INFORMATION

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

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

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

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

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

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period.

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

Going concern basis

The Group incurred a net loss of approximately HK$3,339,315,000 (2022: Nil) for the year ended 31 December 2023, and as of that date, the Group had accumulated losses of approximately HK$13,536,612,000 (2022: approximately HK$11,805,738,000) and the Group's current liabilities exceeded its current assets and total liabilities exceeds its total assets of approximately HK$7,171,637,000 (2022: HK$7,098,587,000) and approximately HK$3,713,613,000 (2022: approximately HK$465,690,000). As at the same date, the Group's total borrowings (including amount due to a director, amounts due to non-controlling interests, other borrowings, amounts due to related companies and lease liabilities) amounted to approximately HK$6,506,062,000 (2022: approximately HK$6,582,185,000), while its cash and cash equivalents (including restricted bank balances) amounted to approximately HK$118,099,000 (2022: approximately HK$164,269,000) only.

In preparing the consolidated financial statements, the Directors have given in consideration to the future liquidity of the Group in light of the condition described above. Certain of the Group's payables were overdue and are explained below:

(a) convertible loan note issued in 2017 (the "**2017 Convertible Loan Note**") with the remaining outstanding principal amount of US$40,000,000 (equivalent to HK$312,000,000) was matured and overdue for repayment as at 31 December 2023 and 2022. On 22 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the holder of 2017 Convertible Loan Note, China Huarong Macau (HK) Investment Holdings Limited (the "**2017 Noteholder**"), demanding the Company to repay the principal amount and the default interest outstanding by the Company;

(b) convertible loan notes issued in 2020 (the "**2020 Convertible Loan Notes**") with the amounts of HK$380,000,000 (the "**2020 Convertible Loan Note A**") and HK$15,000,000 (the "**2020 Convertible Loan Note B**") were matured and overdue for repayment as at 31 December 2023 and 2022;

(c) other payables related to consideration for acquisition of subsidiaries with the carrying amounts of approximately RMB119,709,000 (equivalent to approximately HK$131,836,000) was matured and overdue for repayment as at 31 December 2023 and 2022. On 3 November 2022, the Group received a demand letter from the legal advisers acting on behalf of the counterparty of other payables, demanding the Group to repay the principal amount and the default interest outstanding by the Group; and

(d) amounts due to non-controlling interests of approximately HK$5,621,071,000 (2022: approximately HK$5,700,952,000) as at 31 December 2023 were outstanding by the Group. Included in amounts due to non-controlling interests with the amounted of approximately HK$3,868,176,000 (2022: approximately HK$3,954,932,000) were matured and overdue for repayment and remains unsettled as at 31 December 2023 and 2022, while the remaining portion of approximately HK$1,752,895,000 (2022: approximately HK$1,746,020,000) were contained a repayable on demand clause.

Up to the date of approval and authorisation of the consolidated financial statements for issue, the Group is still in negotiation with counterparties to extend the maturity dates of the above items (a) to (c) and there is no winding up petition against the Company nor new demand letter received by the Group and the overdue balances are remain unsettled in relation to the above items (a) to (c). For item (d), amounts due to non-controlling interests were included in 山西煤炭運銷集團能源投資開發有限公司 (Shanxi Coal Transportation and Marketing Group Energy Investment Development Limited*) ("**Shanxi Coal**") and its subsidiaries (collectively referred to as "**Shanxi Coal Group**") which was loss of control on 19 January 2024 as a result of reorganisation pursuant to the relevant government policies. The amounts due to non-controlling interests were derecognised as a result of loss of control over Shanxi Coal Group.

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

* *For identification purpose only*

In view of these circumstances, the Directors have given careful consideration to the future liquidity and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken the following measures to improve the Group's financial position and alleviate its liquidity pressure, including, but not limited to, the following:

(a) the Group can successfully to negotiate with the convertible loan notes holders' for extending the repayment due dates;

(b) the Group can successfully to negotiate with other payables related to consideration for acquisition of subsidiaries due by the Group for extending the repayment due dates;

(c) the Group can successfully take active measure to increase the profitability of the Group's coal operation in order to improve operating cash flows and its financial position; and

(d) the Group can successfully to obtain the external facilities and/or fund raising opportunities.

Notwithstanding the above, significant uncertainties exist as to whether management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon (a) the Group can successfully to negotiate with the convertible loan notes holders' for extending the repayment due dates; (b) the Group can successfully to negotiate with other payables related to consideration for acquisition of subsidiaries due by the Group for extending the repayment due dates; (c) the Group can successfully take active measure to increase the profitability of the Group's coal operation in order to improve operating cash flows and its financial position; and (d) the Group can successfully to obtain the external facilities and/or fund raising opportunities.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any 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 Group's consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements. The application of these amendments has had no material impact on the Group's financial position and performance.

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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

3. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the year ended 31 December										
REVENUE										
Sales to external customers	**–**	–	**1,367,600**	2,144,805	**95,680**	160,994	**–**	–	**1,463,280**	2,305,799
RESULTS										
Segment (loss)/profit	**(119)**	(357)	**(3,584,368)**	1,454,352	**9,047**	31,571	**(1,929)**	(6,866)	**(3,577,369)**	1,478,700
Unallocated income									**2**	4,728
Unallocated expenses									**(10,795)**	(11,191)
Finance costs									**(387,929)**	(896,523)
(Loss)/profit before taxation									**(3,976,091)**	575,714

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

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

4. REVENUE AND OTHER OPERATING INCOME

i) Revenue from goods and Services

Disaggregation of revenue

Segments	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Types of goods or services										
Sales of goods										
– Raw coals	**–**	–	**1,185,900**	1,751,474	**–**	–	**–**	–	**1,185,900**	1,751,474
– Clean coals	**–**	–	**170,348**	338,686	**92,375**	147,546	**–**	–	**262,723**	486,232
– Other coal products	**–**	–	**11,352**	54,645	**449**	371	**–**	–	**11,801**	55,016
Coal services fee income	**–**	–	**–**	–	**2,856**	13,077	**–**	–	**2,856**	13,077
	–	–	**1,367,600**	2,144,805	**95,680**	160,994	**–**	–	**1,463,280**	2,305,799
Timing of revenue recognition										
A point in time	**–**	–	**1,367,600**	2,144,805	**92,824**	147,917	**–**	–	**1,460,424**	2,292,722
Over time	**–**	–	**–**	–	**2,856**	13,077	**–**	–	**2,856**	13,077
	–	–	**1,367,600**	2,144,805	**95,680**	160,994	**–**	–	**1,463,280**	2,305,799

ii) Other operating income

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**426**	281
Exchange gain, net	**–**	824
Gain on deregistration of subsidiaries	**–**	3,594
Gain on disposal of subsidiaries	**–**	624
Government grants *(Note)*	**2,621**	1,415
Compensation income	**2,283**	–
Sundry income	**1,367**	934
Recovery of other receivables	**–**	272
	6,697	7,944

Note:

Government grants mainly represent Covid-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government and subsidies granted by People's Republic of China (the "**PRC**") local government authority as a support. There is no unfulfilled condition or contingencies relating to such government subsidies recognised.

5. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Effective interest expense on convertible loan notes	**–**	40,229
Interest on other borrowings and advances drawn on discounted bills	**186,153**	527,533
Interest on lease liabilities	**1,203**	1,454
Interest on other payables	**17,680**	176,290
Interest on amounts due to non-controlling interests	**194,393**	218,778
Total interest expense on financial liabilities not at fair value through profit or loss	**399,429**	964,284
Less: amounts capitalised in construction in progress	**(15,330)**	(70,296)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**3,830**	2,535
	387,929	896,523

6. (LOSS)/PROFIT BEFORE TAXATION

	2023	2022
	HK$'000	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration:		
– audit services	**1,888**	1,899
– non-audit services	**410**	550
Amortisation of mining rights (included in cost of sales)	**362,088**	333,781
Amortisation of intangible assets (included in cost of sales)	**1,951**	2,038
Cost of inventories sold	**1,069,848**	1,200,054
Impairment losses recognised on expected credit loss model, net of reversal:		
– trade receivables	**7,603**	5,866
– deposits and other receivables	**–**	–
	7,603	5,866
Other tax expenses	**89,785**	144,987
Written off of prepayment	**–**	6,573
Penalty and fine	**4,709**	–
Loss on disposal of property, plant and equipment	**–**	17,009
Written off of property, plant and equipment	**4,323**	–

7. INCOME TAX (CREDIT)/EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current tax expense:		
PRC Enterprise Income Tax (the "**EIT**")	**15,494**	108,355
Deferred tax (credit)/expense	**(652,270)**	119,665
Income tax (credit)/expense	**(636,776)**	228,020

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

(ii) No provisions for Hong Kong Profits Tax have been made for subsidiaries established in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for both years.

(iii) Profit of the subsidiaries established in PRC are subject to PRC EIT.

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

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

8. DIVIDEND

No dividend was paid or proposed for both years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(1,803,269)**	(229,533)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**526,260**	526,260

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

10. SHARE CAPITAL

	Number of shares		Amounts	
	2023	2022	**2023**	2022
			HK$'000	*HK$'000*
Ordinary shares of HK$0.001 each				
Authorised:				
As at 1 January and as at 31 December	**2,000,000,000,000**	2,000,000,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
As at 1 January and as at 31 December	**526,260,404**	526,260,404	**526**	526

11. TRADE RECEIVABLES

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**147,726**	176,929
31 days to 60 days	**205,714**	82,932
61 days to 90 days	**–**	588
91 days to 180 days	**–**	–
Over 180 days	**2,202**	–
	355,642	260,449

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

12. TRADE PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**–**	19,876
31 days to 60 days	**–**	–
61 days to 90 days	**–**	–
91 days to 180 days	**–**	–
181 days to 365 days	**215**	–
Over 365 days	**23,923**	1,796
	24,138	21,672

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

13. CAPITAL COMMITMENTS

	2023	2022
	HK$'000	*HK$'000*
Contracted but not provided for in respect of:		
– acquisition of property, plant and equipment	**321,450**	457,573

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the "Independent Auditor's Report" on the consolidated financial statements of the Group for the year ended 31 December 2023.

Disclaimer of Opinion

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

Multiple Uncertainties Relating to Going Concern

As described in Note 2 to the consolidated financial statements, the Group incurred a net loss of approximately HK$3,339,315,000 for the year ended 31 December 2023 and, as of that date, the Group had accumulated losses of approximately HK$13,536,612,000 and the Group's current liabilities exceeded its current assets and total liabilities exceeds its total assets of approximately HK$7,171,637,000 and approximately HK$3,713,613,000 as at 31 December 2023. As at the same date, the Group's total borrowings (including amount due to a director, amounts due to non-controlling interests, other borrowings, amounts due to related companies and lease liabilities) amounted to approximately HK$6,506,062,000, while its cash and cash equivalents (including restricted bank balances) amounted to approximately HK$118,099,000 only.

In addition, as at 31 December 2023, certain of the Group's borrowings and other payables were overdue for repayment or contained a repayable on demand clause as below: (a) convertible loan notes issued in 2017 with the remaining outstanding principal amount of US$40,000,000 (equivalent to HK$312,000,000) and the default interests were matured and overdue for repayment as at 31 December 2023; (b) convertible loan notes issued in 2020 with the amounts of HK$380,000,000 and HK$15,000,000 were matured and overdue for repayment as at 31 December 2023; (c) other payables with the carrying amounts of approximately RMB119,709,000 (equivalent to approximately HK$131,836,000) and the default interests was matured and overdue for repayment as at 31 December 2023; and (d) amounts due to non-controlling interests of approximately HK$5,621,071,000 were outstanding by the Group as at 31 December 2023. Included in amounts due to non-controlling interests with the amounted of approximately HK$3,868,176,000 were matured and overdue as at 31 December 2023, while the remaining portion of approximately HK$1,752,895,000 were contained a repayable on demand clause.

Up to the date of approval and authorisation of the consolidated financial statements for issue, there is no winding up petition against the Company nor new demand letter received by the Group and the overdue balances are remain unsettled in relation to the above items.

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

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position so as to be able to meet its liabilities as and when they fall due, which are set out in Note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the eventual successful outcome of these measures, which are subject to multiple uncertainties, including whether: (a) the Group can successfully negotiate with the convertible loan notes holders' for extending the repayment due dates; (b) the Group can successfully negotiate with other payables related to consideration for acquisition of subsidiaries due by the Group for extending the repayment due dates; (c) the Group can successfully take active measure to increase the profitability of the Group's coal operation in order to improve operating cash flows and its financial position; and (d) the Group can successfully to obtain the external facilities and/or fund raising opportunities.

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

We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analysis provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Any adjustments found to be required may have consequential significant effects on the consolidated net liabilities of the Group as at 31 December 2023 and the consolidated loss and total comprehensive expense and cash flows of the Group for the year ended 31 December 2023, and the related elements and disclosures thereof in the consolidated financial statements.

MANAGEMENT VIEW ON GOING CONCERN

The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2023 after taking into consideration of the following:

(a) discussions and negotiations between the Group and the holder (the "**2017 Noteholder**") of the convertible loan notes issued in 2017 with the remaining outstanding principal amount of US$40,000,000 (equivalent to HK$312,000,000) (the "**2017 Convertible Loan Notes**") in respect of the amount due by the Group is still in progress and no legally binding agreements have been entered into the same;

(b) discussions and negotiations between the Group and the holders (the "**2020 Noteholders**") of the convertible loan notes issued in 2020 (the "**2020 Convertible Loan Notes**") with the amounts of HK$380,000,000 and HK$15,000,000 in respect of the amount due by the Group are still in progress and no legally binding agreements have been entered into the same;

(c) the Group is in the negotiation with the counterparty of other payables related to consideration for acquisition of subsidiaries due by the Group for extending the repayment due dates;

(d) the Group is actively taking measures to increase the profitability of the Group's coal operation in order to improve the operating cash flows and its financial position; and

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

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

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

(i) successfully negotiation with the 2017 Noteholder and the 2020 Noteholders to restructure the repayment timetable of the Group's financial obligations;

(ii) successfully negotiation with the counterparty of other payables related to consideration for acquisition of subsidiaries due by the Group for extending the repayment due dates;

(iii) successfully increase the profitability of coal operation in order to improve operating cash flows and financial position; and

(iv) successfully obtain external facilities and/or fund raising opportunities for fulfilling its other existing financial obligations.

ACTION PLAN ON GOING CONCERN

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

2017 Noteholder

As disclosed in the announcement of the Company dated 19 April 2022, the Company was in discussions with a potential offeror (the "**Potential Offeror**") and other potential investors (the "**Other Potential Investors**"), Mr. Zhang Sanhuo ("**Mr. Zhang**"), an executive Director and a substantial shareholder of the Company, and the 2017 Noteholder for proposed restructuring of the Group which involves, among other things, (i) subscription of shares by the Potential Offeror; (ii) subscription of shares by the Other Potential Investors; (iii) sale of 94,292,961 shares held by China OEPC Limited ("**China OEPC**") which is ultimately and beneficially owned by Mr. Zhang and the sale notes held by China OEPC and Mr. Zhang's spouse to the Potential Offeror; (iv) engaging Mr. Zhang to manage the existing coal business of the Group; (v) settling the debts owing to the 2017 Noteholder under the 2017 Convertible Loan Note; (vi) disposal (the "**Disposal**") of certain subsidiaries relating to operations of the Group in Cambodia to Mr. Zhang; and (vii) waiver of all the outstanding amounts due from the Company to China OEPC and Mr. Zhang respectively (after offsetting the amount payable by Mr. Zhang under the Disposal) (the "**Proposed Restructuring**").

On 17 June 2022, the Company received a notice of demand from the 2017 Noteholder demanding redemption by the Company of all of the 2017 Convertible Loan Note issued by the Company to the 2017 Noteholder on 10 July 2017 in the outstanding principal amount of US$40,000,000 (equivalent to HK$312,000,000) by repayment of the whole of the outstanding principal amount, together with all unpaid interest accrued thereon (including default interest) and any other amounts due but unpaid under the 2017 Convertible Loan Note in full to the 2017 Noteholder.

On 22 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the 2017 Noteholder pursuant to section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), demanding the Company to pay the amount of US$84,943,738.72 under the 2017 Convertible Loan Note.

On 20 April 2023, the Board announced that (i) the discussion with the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring was terminated; and (ii) no formal agreement has been entered into between the Company and the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring. Therefore, the Proposed Restructuring involving the Potential Offeror and the Other Potential Investors would not proceed further.

As at the date of this announcement, despite receiving the Statutory Demand from the legal advisers acting on behalf of the 2017 Noteholder, China Huarong Macau (HK) Investment Holdings Limited on 22 July 2022, the Company had not repaid the debt within 3 weeks from the date of service of the statutory demand and the Group has not received any further notice of the 2017 Noteholder having commenced legal proceedings against the Company. The Company has been actively negotiated with the 2017 Noteholder for possible extension and/or settlement. However, the repayment timetable has yet to be finalized. For the avoidance of doubt, further announcement(s) will be made by the Company in compliance with the relevant Listing Rules requirements to inform the public and its Shareholders upon entering into the relevant definitive agreement(s) on an extension of the 2017 Convertible Loan Notes and/or the subscriptions by the 2017 Noteholder.

For details, please refer to the relevant announcements of the Company dated 19 April 2022, 20 May 2022, 20 June 2022, 20 July 2022, 25 July 2022, 24 August 2022, 23 September 2022, 21 October 2022, 21 November 2022, 21 December 2022, 20 January 2023, 20 February 2023, 21 March 2023 and 20 April 2023.

2020 Noteholders

The Company and the 2020 Noteholders are in the course of negotiating for an extension of the maturity date of the 2020 Convertible Loan Notes and/or the subscriptions by the 2020 Noteholders of new convertible notes with the subscription monies to be satisfied by setting off against the amount due by the Company to the 2020 Noteholders under the 2020 Convertible Loan Notes. The 2020 Noteholders have indicated that they have no current intention to demand for the repayment of the amount due by the Company to the 2020 Noteholders under the 2020 Convertible Loan Notes as at the day of this announcement. For details, please refer to the relevant announcement of the Company dated 20 October 2022.

For the avoidance of doubt, further announcement(s) will be made by the Company in compliance with the relevant Listing Rules requirements to inform the public and its Shareholder upon entering into the relevant definitive agreement(s) on an extension of the 2020 Convertible Loan Notes and/or the settlement with the 2020 Noteholders.

Other Payables Related to Consideration for Acquisitions of Subsidiaries

On 3 November 2022, the Group received a demand letter from the legal advisers acting on behalf of the counterparty of other payables, demanding the Group to repay the principal amount and the default interest outstanding by the Group. As of the date of this announcement, the Group is still negotiating with the counterparty on the repayment.

Coal Operating Business

Despite ongoing infrastructure and construction projects driving a stable demand outlook, both domestically and internationally, the coal production industry may face supply-side constraints due to efforts aimed at rationalizing and streamlining the coal sector.

For the year 2024, the Group will maintain our strategy of making progress while ensuring stability and effectively promoting high-quality development. We anticipate a steady inflow of cash, which will contribute to an overall improvement in our financial position.

External Facilities and Fund Raising

In respect of seeking external facilities and fund raising opportunities, the Group had approached a number of financial institutions and/or other investor(s). Up to the date of this announcement, the Group has not concluded or reached any agreements with those financial institutions and/or other investor(s). 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 2024. The Company will continue to exercise its best endeavours to resolve the audit modification within the year ending 31 December 2024.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held on Friday, 31 May 2024. The notice of AGM will be sent to the shareholders of the Company (the "**Shareholder(s)**") at least 21 clear days before AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM to be held on Friday, 31 May 2024, the register of member of the Company will be closed from 28 May 2024 to 31 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 27 May 2024 at 4:30 p.m.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (31 December 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During this year, the Group operated in a challenging macroeconomic environment. The global economic condition significantly influences the Shanxi coking coal market through its impact on steel demand, industrial output, and trade flows. In current year, the global economic downturns have reduced steel demand, leading to decreased coking coal consumption. Internally, the Shanxi coking coal market, influenced by government policies, market demand, and environmental regulations, experienced a decrease in prices due to factors such as softened export demand and adjustments to meet new regulatory standards. Despite robust domestic consumption within China's steel industry, economic conditions and regulatory changes contributed to downward trend on prices. During the current year, the decrease in the Group's turnover was primarily attributed to lower selling prices and reduced sales volume of coking coal.

Coal mining business

The Group had 5 coking coal mines which are Fuchang Mine, Jinxin Mine, Liaoyuan Mine, Bolong Mine and Xinfeng Mine in the Gujiao, Taiyuan City, Shanxi with an allowed aggregate annual coal production capacity of 1,650,000 tonnes as at 31 December 2023. During the year ended 31 December 2023, approximately 990,000 tonnes (for the year ended 31 December 2022: approximately 1,026,000 tonnes) of coals were produced and approximately 850,000 tonnes (for the year ended 31 December 2022: approximately 919,000 tonnes) of coals were sold.

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 January 2023 and November 2022 respectively. Regarding of Fuchang Mine and Liaoyuen Mine, the expected production capacity for each is 600,000 tonnes per year. In addition, 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 August 2023.

In November 2022, the Mine reorganisation and consolidation of Bolong Mine and Xinfeng Mine had been approved by the Department of Natural Resources of Shanxi Province. The existing Mine resources ("**Mine Resources**") of Xinfeng Mine will be combine with production schedule of Bolong Mine. The expected production schedule for Safe Production Date of the Mine Resources is after finishing the original production schedule of Bolong Mines.

In accordance with regulatory documents such as the《關於推進煤礦減量重組的實施意見》（晉政發[2017]59號） (Opinions of Implementation on Reduction and Reorganisation of Coal Enterprises (Jin Zheng Fa [2017] No.59)*) issued by the People's Government of Shanxi Province, and the《關於第二批煤礦減量重組方案的批覆》（晉煤化解產能辦法[2020]4號） (Approval of the Proposal for the Second Reduction and Reorganisation of Coal Enterprises (Jin Mei Hua Jie Chan Neng Ban Fa [2020] No.4)*) issued by the Office of the Leading Group for the Resolving of Excess Capacity and Achieving Transformation and Development in the Coal Industry of Shanxi Province, it is imperative to underscore that Jinxin Mine and Shanxi Coal Sales Group Century Tuoxin Coal Industry Co., Ltd. ("**Tuoxin**") are entities bound by regulatory documents and mandatory requirements, and as such, they are obligated to fulfill their relevant responsibilities and obligations.

In light of this, Jinxin Mine and Tuoxin are committed to fully cooperating with relevant departments and actively implementing the reduction and geographical restructuring plans, with the aim of achieving the objectives set forth in the regulatory documents and making positive contributions to the sustainable development of the industry.

* *For identification purpose only*

As at 3 January 2024, the trial operations of Bolong Mine had been approved by the Department of Natural Resources of Shanxi Province. The full operation of Bolong mine is expected to be after six months of trial operations and subject to the completion of the compliance review by the Department of Natural Resources of Shanxi Province.

On 19 January 2024, Jinneng Holdings Group Limited* (晉能控股集團有限公司) ("**Jinneng**") transferred its 41% equity interest in Shanxi Coal Transportation and Marketing Group Energy Investment Development Company Limited* (山西煤炭運銷集團能源投資開發有限公司) ("**Shanxi Coal Group**") (including its rights to appoint directors of Shangxi Coal Group) to Shanxi Coking Coal Group Coal Management Company Limited* (山西焦煤集團煤業管理有限公司) ("**Shanxi Coking**") and such equity interest is managed by its subsidiary, Xishan Meidian (Group) Company Limited* (西山煤電(集團)有限責任公司) ("**Xishan Meidian**"). As at the date of this announcement, the filing procedures in the PRC for the registration of Shanxi Coking as a 41% shareholder of Shanxi Coal Group are still in progress. Each of Jinneng, Shanxi Coking and Xishan Meidian are state-owned enterprises of the People's Republic of China (the"PRC"). For details, please refer to the announcements of the Company dated 19th January 2024 and 7 February 2024.

Coal operation business

Gujiao Hengbotai Coal Trading Co., Ltd.* (古交市恆伯泰煤炭貿易有限公司) ("**Hengbotai**"), a wholly owned subsidiary of the Company established in Shanxi, its principle activities are coal processing, sale of coal products and the provision of coal related services. Hengbotai commence its operation in second half of 2021 and recorded a revenue of approximately HK$95,680,000 for the year ended 31 December 2023 (31 December 2022: approximately HK$160,994,000).

Cambodia business

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

Environmental, social and corporate responsibility

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

* *For identification purpose only*

FINANCIAL REVIEW

(Loss)/profit for the year

Loss for the year ended 31 December 2023 was approximately HK$3,339,315,000 (profit for the year ended 31 December 2022: approximately HK$347,694,000). The change in the loss for the year was mainly attributable to the combined effects of the factors as stated below:

(i) Revenue

For the year ended 31 December 2023, the Group recorded a revenue of approximately HK$1,463,280,000 (31 December 2022: approximately HK$2,305,799,000), representing a decrease of approximately HK$842,519,000 or 36.5%, which the revenue is generated from mining operation and mainly came from Fuchang Mine and Liaoyuan Mine. The decrease in revenue is mainly due to the decrease in the selling price and production units of mining products throughout the year.

(ii) Gross profit

For the year ended 31 December 2023, the Group recorded a gross profit of approximately HK$21,968,000 with a gross profit ratio of 1.5% (31 December 2022: approximately HK$767,973,000 with a gross profit ratio of 33.3%). The decrease in gross profit and gross profit ratio is mainly due to the decrease in the selling price of mining products and increase in production costs per production units during the year.

(iii) Administrative and other operating expenses

The administrative expenses and other operating expenses of the Group for the year ended 31 December 2023 amounted to approximately HK$448,353,000, representing an increase of approximately HK$18,628,000 as compared to approximately HK$429,725,000 for the year ended 31 December 2022. The increase in administrative expenses and other operating expenses was mainly attributable to the increase in technological and innovation costs within the mining operations segments. The management of the Company will continue to adopt cost saving measures in order to improve the financial performance of the Group.

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

For the year ended 31 December 2023, impairment loss recognised in respect of mining rights and PPE was approximately HK$1,953,199,000 (31 December 2022: reversal of impairment loss approximately HK$812,445,000) and approximately HK$910,749,000 (31 December 2022: reversal of impairment loss approximately HK$322,063,000) respectively. This was mainly due to the decrease in coal prices during the year lead to decrease in aggregate estimated value in use amount of the Group's coal mines.

(v) Finance costs

Finance costs mainly consisted of interest expenses on borrowings from non-controlling interests, other borrowings and advances drawn on discounted bills, other payables 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 year ended 31 December 2023, finance costs amounted to approximately HK$387,929,000 (31 December 2022: approximately HK$896,523,000), decreased by approximately HK$508,594,000, mainly resulting from the decrease in (i) interest on other borrowings and advances drawn on discounted bills from approximately HK$527,533,000 to approximately HK$186,153,000; and (ii) interest on other payables from approximately HK$176,290,000 to approximately HK$17,680,000 during the year.

Loss attributable to owners of the Company

For the year ended 31 December 2023, loss attributable to owners of the Company was approximately HK$1,803,269,000 (for the year ended 31 December 2022: approximately HK$229,533,000), mainly due to decrease of revenue and gross profit generated from mining operations and the change from reversal of impairment loss on mining rights and PPE of approximately HK$1,134,508,000 in the 2022 to impairment loss on mining rights and PPE of approximately HK$2,863,948,000 in current year.

Valuation of coal mines

The decrease in fair value of coal mines as at 31 December 2023 was mainly due to the decrease in coal prices during the year. Greater China Appraisal Limited ("**Greater China**"), an independent qualified professional valuer, estimated the recoverable amounts of the coal mining business based on income approach using a discount rate of 12.50% (31 December 2022: 12.50%) and expected cleaned coal price of RMB1,541 per tonne (31 December 2022: expected cleaned coal price of RMB1,627 per tonne) based on information obtained from Shanxi.

Greater China has consistently applied the income approach for the valuation of coal mines as at 31 December 2023 and 31 December 2022 (the "**Reporting Periods**") respectively. The key assumptions and parameters in the valuation of coal mines as at the Reporting Periods are set out as below:

		Reporting Periods	
		31 December 2023	31 December 2022
Methodology		**Income Approach**	Income Approach
Key Assumptions			
1.	Production Schedule – Safe Production Date		
	Bolong Mine	**Third quarter of 2024**	Third quarter of 2023
	Fuchang Mine	**Operating**	Operating
	Jinxin Mine	**Note II**	Third quarter of 2023
	Liaoyuan Mine	**Operating**	Operating
	Xinfeng Mine	**Note III**	Note III
2.	Coking Coal Price (per tonne)	**RMB1,541**	RMB1,627
3.	Recovery rate (cleaned coal)	**44.8%–57.5%**	48.4%–53.7%
4.	Discount Rate (post-tax)	**12.50%**	12.50%
5.	Mine Operating Costs, Capital Expenditures and Production Schedule (annual production)	**Based on technical report issued by John T. Boyd in 2017 and actual performance. (Note IV)**	Based on technical report issued by John T. Boyd in 2017
6.	Allowable annual working days	**276 days**	276 days

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

Note II: During the second half of the year, Jinxin Mine was implementing the reduction and geographical restructuring plans under mandatory requirements. As such, the value from the Jinxin mine is excluded from the valuation of the value-in-use.

Note III: In November 2022, the Mine reorganisation and consolidation of Bolong Mine and Xinfeng Mine had been approved by the Department of Natural Resources of Shanxi Province. The existing Mine resources of Xinfeng Mine will be combine with production schedule of Bolong Mine. The expected production schedule for Safe Production Date of the Mine Resources is after finishing the original production schedule of Bolong Mines.

Note IV: Production schedule is based on the technical report adjusted with updated mining license of each mine. Assumptions of mine operating costs and capital expenditures of mines with operating records are based on actual performance, while assumptions of mine operating costs and capital expenditures of mines without operating records are based on the technical report with economic adjustments.

LIQUIDITY AND FINANCIAL RESOURCES

Total capital deficiencies

As at 31 December 2023, the Group recorded total assets of approximately HK$5,222,570,000 (31 December 2022: approximately HK$8,969,435,000), which were financed by total liabilities of approximately HK$8,936,183,000 (31 December 2022: approximately HK$9,435,125,000) and total capital deficiencies of approximately HK$3,713,613,000 (31 December 2022: approximately HK$465,690,000).

Gearing

As at 31 December 2023, the Group's gearing ratio as computed as the Group's total debts which included amounts due to related companies, amounts due to non-controlling interests, other borrowings and lease liabilities divided by capital deficiencies attributable to owners of the Company. Gearing ratio is not meaningful as the Group has capital deficiencies attributable to owners of the Company as at 31 December 2023 and 2022.

Liquidity

The Group had total cash and cash equivalents of approximately HK$101,430,000 as at 31 December 2023 (31 December 2022: approximately HK$161,675,000). The Group did not have any bank borrowings for both years.

SHARE CAPITAL AND CAPITAL STRUCTURE

As at 31 December 2023, the Company had 526,260,404 shares of HK$0.001 each in issue (31 December 2022: 526,260,404 shares).

CONTINGENT LIABILITY AND CAPITAL COMMITMENTS

The Group had no material contingent liability as at 31 December 2023 and 2022.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 31 December 2023 of approximately HK$321,450,000 (31 December 2022: approximately HK$457,573,000).

CHARGE ON ASSETS

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

TREASURY POLICIES

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

FOREIGN EXCHANGE EXPOSURE

For the year ended 31 December 2023, the Group earned revenue in RMB and incurred costs in HK$, RMB, US$ and KHR. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any permanent or significant change in RMB against HK$, may have possible impact on the Group's results and financial positions.

DISCLOSURES PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

Reference was made to the announcements of the Company dated 19 April 2022, 20 May 2022, 20 June 2022, 20 July 2022, 25 July 2022, 24 August 2022, 23 September 2022, 21 October 2022, 21 November 2022, 21 December 2022, 20 January 2023, 20 February 2023, 21 March 2023 and 20 April 2023.

As disclosed in the announcement of the Company dated 19 April 2022, the Company was in discussions with the Potential Offeror and the Other Potential Investors, Mr. Zhang, and 2017 Noteholder for the Proposed Restructuring of the Group which involves, among other things, (i) subscription of shares by the Potential Offeror; (ii) subscription of shares by the Other Potential Investors; (iii) sale of 94,292,961 shares held by China OEPC which is ultimately and beneficially owned by Mr. Zhang and the Sale Notes held by China OEPC and Mr. Zhang's spouse to the Potential Offeror; (iv) engaging Mr. Zhang to manage the existing coal business of the Group; (v) settling the debts owing to the 2017 Noteholder under the 2017 Convertible Loan Note; (vi) the Disposal; and (vii) waiver of all the outstanding amounts due from the Company to China OEPC and Mr. Zhang respectively (after offsetting the amount payable by Mr. Zhang under the Disposal).

As disclosed in the announcement of the Company dated 20 June 2022, the Company received a notice of demand from the 2017 Noteholder on 17 June 2022 demanding redemption by the Company of all of the 2017 Convertible Loan Note issued by the Company to the 2017 Noteholder on 10 July 2017 in the outstanding principal amount of US$40,000,000 by repayment of the whole of the outstanding principal amount, together with all unpaid interest accrued thereon (including default interest) and any other amounts due but unpaid under the 2017 Convertible Loan Note in full to the 2017 Noteholder.

As disclosed in the announcement of the Company dated 25 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the 2017 Noteholder pursuant to section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on 22 July 2022, demanding the Company to pay the amount of US$84,943,738.72 under the 2017 Convertible Loan Note.

On 20 April 2023, the Company announced that (i) the discussion with the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring is terminated; and (ii) no formal agreement has been entered into between the Company and the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring. As such, the Proposed Restructuring involving the Potential Offeror and the Other Potential Investors will not procced further. Details can be referred to the relevant announcements of the Company.

EVENT AFTER REPORTING PERIOD

Reference was made to the announcements of the Company dated 19 January 2024 and 7 February 2024.

On 19 January 2024, Shanxi Coal Group complete a reorganisation to the relevant government policies by the Shanxi Provincial Government which 2 directors additionally onto the Shanxi Coal Group by the Group pursuant to a resolution of the shareholders of Shanxi Energy in 2009 shall abstain from exercising their voting rights at the meetings of the board of Shanxi Coal Group. As a result of the completion of the reorganisation, the Group has loss of control over Shanxi Coal Group and no longer to consolidated Shanxi Coal Group as subsidiaries and will be accounted for as associates of the Group under equity accounting method. Details can be referred to the relevant announcements of the Company.

PROSPECTS

Shanxi coking coal market is anticipated to face a dynamic landscape characterized by a mix of challenges and opportunities. Despite a stable demand outlook driven by ongoing infrastructure and construction projects both domestically and internationally, the coal production industry may experience supply-side constraints due to efforts aimed at rationalizing and streamlining the coal sector.

Environmental regulations and policies could also lead to tighter production restrictions and increased compliance costs, impacting coal output for us. Additionally, technological advancements and innovation within the coal production sector could enhance productivity and competitiveness, while policy initiatives focused on cleaner energy sources and carbon emissions reduction may shape the regulatory environment.

The management and staff of the Company will be the first to assume responsibility, take the initiative, focus on key areas, and tackle difficulties with the aim of better implementing the national strategy and rewarding all Shareholders with new achievements of high-quality.

EMPLOYEE AND REMUNERATION POLICIES

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

As at 31 December 2023, the Group employed approximately 889 full time employees in Hong Kong and PRC. The Group remunerates its employees based on individual and business performance. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option.

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

The Group's total staff costs (including Directors' emoluments) for the year ended 31 December 2023 under review amounted to approximately HK$86,979,000 (31 December 2022: approximately HK$150,717,000).

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

MAJOR CUSTOMER AND SUPPLIERS

Sales to the Group's largest customer accounted for approximately 70% of the Group's total sales in 2023. Sales to the Group's five largest customers accounted for approximately 99% of the Group's total sales in 2023.

Purchases from the Group's five largest suppliers accounted for 100% of the total purchases in 2023.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 December 2023 and as at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiaries during the year ended 31 December 2023.

ENVIRONMENT POLICIES AND PERFORMANCE

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

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

The Environmental, Social and Governance Report conducted by a professional third party for year 2023 will be published separately in compliance with the requirements of the Listing Rules.

COMPLIANCE WITH REGULATIONS

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2023, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received the confirmation of independence from all three (3) independent non-executive Directors ("**INEDs**"), namely Mr. Ho Kin Cheong, Kelvin, Mr. Shen Weidong and Mr. Tian Hong in accordance with Rules 3.13 of the Listing Rules.

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

- Code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2023, Mr. Tse Michael Nam has taken up the roles of the chairman (the "**Chairman**") and the chief executive officer (the "**CEO**") of the Company which constituted a deviation from code provision C.2.1 of the CG Code. Mr. Tse has extensive management skills, knowledge and experience. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost the effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.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) INEDs, the Company is of the view the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2023. To ensure Directors' dealings in the securities of the Company are conducted in accordance with the Model Code, a Director is required to notify designated executive Directors in writing and obtain a written acknowledgement from the designated executive Directors prior to any dealings the securities of the Company.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management in conjunction with the Auditor of the Group's consolidated financial statements for the year ended 31 December 2023, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, and financial reporting matters of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

This announcement can be accessed on both the Stock Exchange's and the Company's website via *http://www.hkex.com.hk* and *http://www.greenleader.hk.* The 2023 annual report of the Company containing all other information of the Company required by the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange's and the Company's website within the prescribed period.

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

Hong Kong, 28 March 2024

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