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Greenway Mining Group Limited

信盛礦業集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2133)

Inside information

- (1) Further delay in publication of 2020 annual results and despatch of 2020 annual report;**
- (2) Business updates and proof of compliance with rule 13.24 of the Listing Rules;**
- (3) Delay in publication of 2021 interim results, 2021 annual results and 2022 interim results;**
- (4) Postponement of board meeting;**
- (5) Postponement of annual general meeting;**
- (6) The unaudited accounts for the six months ended 30 June 2022; and**
- (7) Continued suspension of trading**

This announcement is made by Greenway Mining Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and 13.49(3) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 19 March 2021, 30 March 2021, 1 April 2021, 23 April 2021, 18 June 2021, 30 June 2021, 18 August 2021, 30 September 2021, 7 November 2021, 24 December 2021, 11 February 2022, 25 March 2022 and 30 June 2022 (the “**Announcements**”), in relation to, among other things, (1) delay in publication of the 2020 and 2021 Annual Results and despatch of 2020 and 2021 Annual Report, (2) postponement of Board meeting, (3) suspension of trading, continued suspension of trading and the quarterly update on suspension of trading (the “**Suspension**”), (4) update on development of Myanmar mines, (5) Resumption Guidance and update on resumption progress, (6) delay in publication of 2021 and 2022 Interim Results and despatch of 2021 and 2022 Interim Report and (7) postponement of 2021 Annual General Meeting. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

(1) FURTHER DELAY IN PUBLICATION OF 2020 ANNUAL RESULTS AND DESPATCH OF 2020 ANNUAL REPORT

The Board wishes to inform that additional time is required by the Auditor to perform and complete its audit work of the consolidated financial statements of the Group for the year ended 31 December 2020.

As disclosed in the Announcements:

- (i) The emergency in Myanmar has continued to worsen since early 2021, though Myanmar government has stepped up vigilance and increased patrols, the public security has not improved. The Myanmar Official Media reported that the National Defence and Security Council announced a nationwide curfew and the state of emergency was extended to 31 January 2023. The Myanmar military government continued to increase its military power and conduct military operations frequently. From March to August 2022, numerous violent clashes broke out in Myanmar. The executions and frequent military operations reflected that Myanmar is in a state of high tension and war is imminent at any time. The security situation in Myanmar has always been a concern. Some Myanmar militants engaged in widespread and systematic attacks on shops that did not pay taxes, including setting fire to and damaging shops, shooting and artillery attacks on the shop and civilian casualties. Terrorist destruction and deadly incidents occur every day in towns and cities, including but not limited to the firing of cannons, shooting, homemade bombs, arson, drug trafficking, firearms smuggling, theft, murder, bank robbery activities, air raids and wars. The number of casualties continues to rise, and social security is expected to be more complicated in the short term. The Consulate-General of the People's Republic of China in Mandalay reminded residents that due to the frequent occurrence of criminal cases such as burglary, kidnapping and extortion in Myanmar. Chinese residents need to be vigilant and pay attention to safety. In addition, the United States and Philippine embassies in Myanmar and the Hong Kong Security Bureau issued security alerts to Myanmar, reminding residents to avoid all non-essential travel to Myanmar due to the uncertain security situation there.
- (ii) With the emergence of new and more transmissible viral variants (including Delta virus, Omicron virus and Omicron BA.5 virus) in various provinces and cities, the Epidemic in Myanmar has been exacerbated. As at the date of this announcement, the cumulative number of confirmed cases increased to approximately 614,000 in Myanmar.

The factors mentioned above have caused the following unfavorable effects to the Company:

- (a) The Company has made applications and/or renewal applications of the mining licenses and/or exploration licenses of the mines in Myanmar to the Myanmar government. As at the date of this announcement, the Company is still waiting for approval and response from the relevant authorities of the Myanmar government, but the progress is expected to be further delayed.
- (b) Due to frequent clashes happened between military coups and local militia from time to time near the Myanmar projects of the Group, there are some military ambush in the mountains nearby the mines and also numerous assassination incidents. The Company expects that the broke out of a civil war may across Myanmar at any time. In order to ensure the safety of our employees, the Company has temporarily suspended the mining and operations of the

Myanmar mines until the public security situation is recovered.

- (c) Due to the numerous explosions and terrorist attacks occurring in various towns and cities in Myanmar every day, the sale and purchase of explosives are strictly prohibited across the country, resulting in the lack of blasting materials for the mines of the Group in Myanmar. Therefore, the Company has to temporarily suspend the mine operation until the supply of blasting materials is recovered.
- (d) Due to the unfavorable factors caused by the Epidemic, the escalation of armed conflict, the continuation of the state of emergency and further economic sanctions imposed by some European and American countries, there are cash shortages and uncertain financial fluctuations in Myanmar. Certain Myanmar banks and other financial institutions imposed various degrees of restrictions and constraints on withdrawals and remittances, which further affected the Company's daily operations, including but not limited to cash withdrawals and money transfers.

In view of the above, the Board and the Auditor require more time to complete the audit work. The Company will always do its best to assist the Auditor to complete the audit work as soon as possible. In addition, the Board will be further postponed the publication of the 2020 Annual Results and the despatch of the 2020 Annual Report will also be delayed. The Board acknowledges that the delay in the publication of the 2020 Annual Results and the despatch of the 2020 Annual Report constitute non-compliance of Rules 13.49(1) and 13.46(2)(a) of the Listing Rules respectively. Notwithstanding this, the Company has been using its best endeavour to work closely with the Auditor and to assist the Auditor in completing the audit procedures as soon as possible.

The Company will closely monitor and evaluate the status and development of the situation and the Epidemic in Myanmar, continue to adopt a prudent business strategy and take appropriate actions and countermeasures to minimize the adverse impacts to the Group.

(2) BUSINESS UPDATES AND PROOF OF COMPLIANCE WITH RULE 13.24 OF THE LISTING RULES

In view of the above, the Myanmar projects of the Company are facing significant difficulties. The Company has been actively developing other overseas projects and will continue its best endeavour to ensure that the Group has sufficient levels of operations and assets to comply with Rule 13.24 of the Listing Rules.

(i) Subcontracting for the construction of mineral processing plants

The Board is pleased to announce that Dehong Yinrun Mining Group Ltd. (the “**Dehong Yinrun**”), an indirect wholly-owned subsidiary of the Company, and PT Galtam Sumatera Minerals (the “**GSM**”), a company incorporated under the laws of Indonesia, has entered into an agreement on the construction of a 260 ton per day concentrator for a lead and zinc mine in Indonesia (the “**Mine**”) (the “**Construction Subcontracting Agreement**”) in July 2022. The total project consideration is approximately US\$530,000 (equivalent to approximately HK\$4,130,000), which will be implemented after the approval procedures of the Indonesian government departments are completed.

The Mine is located at 120 kilometers northwest of Lubuk Linggau, South Sumatra, Indonesia. The Mine area is located in the low hilly area of the Barisan Mountains with an altitude of 99 to 250 meters. The valley is a lowland feature with undulating terrain. The Rawa River next to the mining area flow perennially throughout the year and can satisfy the water supply for production and domestic use of the Mine. The auxiliary materials and fuels required for project construction and production can be obtained locally.

GSM owns the 106 hectares mining rights and has obtained a forestry license issued by the Indonesian Ministry of Forestry, allowing mining operations in the production concessions within the production forestry area (including an area of approximately 360 hectares surrounding the Mine). According to the geological exploration report prepared by the Wardell Armstrong LLP (a mining consultant company established in the United Kingdom), and the geological team of GSM in September 2010, the Mine is a high-grade skarn-type polymetallic deposit, and not less than 8 mineralized zones have been found in the Mine area. Among which, the main ore body is several meters to several hundred meters long and has an average thickness from tens of centimeters to more than ten meters. The total ore volume (331+332+333) in the Mine area is approximately 3,200,000 tonnes. The Mine is situated in an area with favorable mineralization conditions and the Company expects the Mine has certain prospects for resource exploration and development.

The Group has a long history of operating lead-zinc ore business and has extensive experience in the construction and operation of concentrators. Therefore, the Group will be able to participate and give play to our talent in building a concentrator for the lead-zinc mine of the GSM to ensure that the concentrator can achieve successful production and will be operated efficiently.

The Board believes that the Construction Subcontracting Agreement is preliminary business cooperation. After completing the construction of the concentrator which comes into commercial production, the Company will further discuss the subcontracting agreement with GSM in operating the entire concentrator of the Mine to handle the processing services. GSM and the Company hope to maintain a long-term cooperative relationship and jointly develop the Mine, which can help to increase the Company's business income and expand the development direction of overseas projects.

(ii) **Ocean freight business between China and Myanmar**

Given the emergency situation and the Epidemic remaining volatile in Myanmar, the PRC and Myanmar governments have imposed stringent preventive measures throughout the region. At present, the road transportation of Ruili and Wanding ports (the “**Ports**”) has resumed the transportation of goods, but only limited services and priority transportation of anti-epidemic items are provided. Some local militia blocked a number of main export trading routes and imposed taxes on vehicles and residents. Vehicles and residents, who did not pay tolls, were prohibited from passing through. On the other hand, wars and landmine explosions continue to occur on some main export trading routes in Myanmar. The Company expects that road security on other main export trading routes in Myanmar is still dangerous and/or wars may occur at any time, which brings significant challenges to the Company in exporting concentrates through road transportation from Myanmar to China. In order to minimize the significant adverse impacts brought by limited services of Ports and trading businesses of the Company, the management of the Group has decided to adjust its business strategy and endeavor to arrange the ocean freight

business (the “**Ocean Freight Business**”) from Myanmar to China so that the Company can restart the trading and sales businesses of the concentrates in Myanmar within a short period of time. As at the date of this announcement, the Company has filed applications for the ocean freight quotas to the relevant government departments of Myanmar and is still waiting for their approval and response, which is expected to take approximately not less than four months. As at the date of this announcement, the Company has approximately 1,100 tonnes of concentrate waiting to be transported from Myanmar to China. The Company will strive for the first shipment batch to be commenced on or before the end of October 2022.

The Board expects that the Ocean Freight Business will resume the business operation of the Myanmar projects and continuously stable business income and considerable profit growth for the Group. Although the situation in Myanmar is unfavorable, it is not expected that the situation in Myanmar will deteriorate further. With the further stabilization of the situation, the Ocean Freight Business will become a breakthrough point in the unfavorable situation in Myanmar and become a significant part of the trading of the Company. The Board expects that the Ocean Freight Business will bring certain cash flow to the Group in the next few years and contribute long-term revenue and new development direction to the Group.

In view of the latest development in the business operations and financial position of the Group, the Company is of the view that the Group has a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the shares in compliance with Rule 13.24 of the Listing Rules.

(3) DELAY IN PUBLICATION OF 2021 INTERIM RESULTS, 2021 ANNUAL RESULTS AND 2022 INTERIM RESULTS

The deadline of the Company to issue its 2021 Interim Results is on 31 August 2021, 2021 Annual Results is on 31 March 2022 and 2022 Interim Results is on 31 August 2022 as required under the Listing Rules. However, the Company cannot issue its 2021 Interim Results, 2021 Annual Results and 2022 Interim Results until audited 2020 Annual Results are published.

The Company will continue to work with the Auditor to complete the audit work as soon as practicable and publish further announcement(s) to inform the shareholders of the Company of the progress of publication.

(4) POSTPONEMENT OF BOARD MEETING

Due to the delay in the publication of the 2020 Annual Results and 2021 Annual Results, the Board Meeting for the purposes of, among other things, considering and approving the 2020 Annual Results and 2021 Annual Results will be postponed accordingly. The Company will publish further announcement(s) to inform its shareholders of the date of the Board Meeting as and when appropriate.

(5) POSTPONEMENT OF ANNUAL GENERAL MEETING

As a result of the further delay in the publication of the 2020 Annual Results and 2021 Annual Results, it is expected that the convening of the annual general meeting of the Company will be postponed accordingly.

(6) THE UNAUDITED ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board hereby announces the information of the unaudited accounts of the Company for the six months ended 30 June 2022, the unaudited accounts for the six months ended 30 June 2021 and the unaudited accounts for the year ended 31 December 2021 as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
REVENUE	3,298	18,006
Cost of sales	<u>(3,208)</u>	<u>(13,400)</u>
Gross profit	90	4,606
Other income and gains	298	604
Selling and distribution expenses	(119)	(205)
Administrative expenses	(20,576)	(22,673)
Other expenses	(147)	(31,344)
Finance costs	<u>(7,162)</u>	<u>(11,705)</u>
LOSS BEFORE TAX	(27,616)	(60,717)
Income tax expenses	<u>—</u>	<u>—</u>
LOSS FOR THE PERIOD	<u>(27,616)</u>	<u>(60,717)</u>
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive loss that may be reclassified to income/(loss) in subsequent periods:		
Exchange differences arising on translation of foreign operations	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(27,616)</u>	<u>(60,717)</u>
Loss attributable to:		
Owners of the Company	(25,444)	(57,628)
Non-controlling interests	<u>(2,172)</u>	<u>(3,089)</u>
	<u>(27,616)</u>	<u>(60,717)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(25,444)	(57,628)
Non-controlling interests	<u>(2,172)</u>	<u>(3,089)</u>
	<u>(27,616)</u>	<u>(60,717)</u>
Loss per share attributable to ordinary equity holders of the Company:		
— Basic and diluted	<u>RMB(0.06)</u>	<u>RMB(0.14)</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Unaudited)
NON-CURRENT ASSETS		
Property, plant and equipment	621,008	633,397
Intangible assets	914,418	914,583
Right-of-use assets	7,496	7,496
Payment in advance	210,960	210,960
Prepayments and deposits	47,296	18,520
Pledged deposits	2,244	2,241
Deferred tax assets	45,065	45,065
	1,848,487	1,832,262
CURRENT ASSETS		
Inventories	18,080	13,985
Trade receivables	12,355	14,979
Prepayments, deposits paid and other receivables	15,196	48,681
Tax recoverable	2	2
Cash and cash equivalents	3,923	2,302
	49,556	79,949
Total current assets	49,556	79,949
CURRENT LIABILITIES		
Trade payables	22,517	25,429
Contract liabilities	2,283	8,259
Other payables	182,773	181,007
Tax payables	4,870	5,357
Lease liabilities	221	221
Due to a related party	54,319	39,819
Interest-bearing bank loans	344,499	70,000
	611,482	330,092
Total current liabilities	611,482	330,092
NET CURRENT LIABILITIES	(561,926)	(250,143)
Total assets less current liabilities	1,286,561	1,582,119
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	—	274,539
Provision for rehabilitation	35,689	35,689
Deferred tax liabilities	28,709	28,709
	64,398	338,937
Total non-current liabilities	64,398	338,937
Net assets	1,222,163	1,243,182

EQUITY

Equity attributable to owners of the Company

Issued capital	38	38
Reserve	1,075,028	1,093,875
	1,075,066	1,093,913
Non-controlling interests	147,097	149,269
Total equity	1,222,163	1,243,182

DISCLAIMER

The information contained in this announcement for the six months ended 30 June 2022 is based only on the preliminary assessment by the Board and the Audit Committee upon its review of the unaudited consolidated management accounts of the Group and the currently available information to the Board which has not been audited nor reviewed by the Company's independent auditors and has not considered and taken into account the amount of the non-cash accounting treatment in relation to impairment losses of Myanmar segment. The financial results of the Group for the six months ended 30 June 2022 will only be ascertained after all the relevant results and accounting treatments have been finalized.

The above-mentioned data are provided for investors' reference only, and do not constitute, nor should they be construed as, an offer or solicitation to sell or buy any securities or financial products of the Company. They should not be used as a basis for research reports, and are not intended to, nor should they constitute any investment advice.

The Company will publish further announcement(s) if there is any additional information warranting disclosure in accordance with the Listing Rules, including the amount of the non-cash accounting treatment in relation to impairment losses of the Myanmar segment. The Board cannot guarantee the preliminary unaudited financial information set out above truly, reflects the information performance and conditional of the Group and such information might be misleading if any potential adjustments have not been taken into accuracy.

(7) CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until the release of the 2020 annual results, 2020 annual report, 2021 interim results, 2021 interim report, 2021 annual results, 2021 annual report, 2022 interim results and 2022 interim report.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Greenway Mining Group Limited
Lei Dejun
Executive Director

Hong Kong, 29 August 2022

As at the date of this announcement, the Board comprises Mr. Lei Dejun as executive director; Mr. Pan Junhong, Mr. Yin Bo, Mr. Chan Suk Ching and Mr. Zhang Yonghua as non-executive directors; and Mr. Ma Shirong, Mr. Chi Hongji and Mr. Dong Tao as independent non-executive directors.

**For identification purpose only*