



Interim Report 2007

GREEN ENERGY GROUP LIMITED
綠色能源科技集團有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 979

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yip Wai Leung Jerry (*Chairman*)

Mr. Ming Kar Fook Charles

Independent Non-Executive Directors

Mr. Chan Kai Yung Ronney

Mr. So Yin Wai

Ms. Zhu You Chun

AUDIT COMMITTEE

Mr. So Yin Wai (*Chairman*)

Mr. Chan Kai Yung Ronney

Ms. Zhu You Chun

REMUNERATION COMMITTEE

Mr. Chan Kai Yung Ronney (*Chairman*)

Mr. So Yin Wai

Ms. Zhu You Chun

NOMINATION COMMITTEE

Ms. Zhu You Chun (*Chairman*)

Mr. Chan Kai Yung Ronney

Mr. Yip Wai Leung Jerry

COMPANY SECRETARY

Mr. Cheng Sing Wai

QUALIFIED ACCOUNTANT

Mr. Cheng Sing Wai

AUDITORS

RSM Nelson Wheeler

LEGAL ADVISORS

Chiu & Partners

Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited

Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2301, 23/F, Lippo Centre, Tower II,

89 Queensway, Admiralty, Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited

6 Front Street,

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Room 1901-5, 19th Floor, Hopewell Centre,

183 Queen's Road East, Hong Kong

STOCK CODE

0979

WEBSITE

<http://www.greenenergy.hk>

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Note	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	3	14,288	27,027
Other revenue	3	1,835	3,490
Construction contract costs		(11,924)	(25,606)
Cost of goods sold		(1,472)	–
Staff costs		(2,231)	(469)
Depreciation and amortisation expenses		(1,208)	(174)
Other operating expenses		(5,462)	(3,848)
Operating (loss)/profit	5	(6,174)	420
Finance costs	4	(33)	(265)
(Loss)/profit before income tax		(6,207)	155
Income tax	6	(69)	(473)
Loss for the period		<u>(6,276)</u>	<u>(318)</u>
Attributable to:			
Equity holders of the Company		<u>(6,276)</u>	<u>(318)</u>
Dividend	7	<u>–</u>	<u>–</u>
Loss per share – Basic	8	(1.81) cents	(0.18) cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Note	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Non-current assets			
Land		7,625	–
Property, plant and equipment		4,081	2,024
Goodwill		8,875	8,875
Other intangible asset		17,610	18,537
		<u>38,191</u>	<u>29,436</u>
Current assets			
Inventories	9	1,440	550
Gross amounts due from customers for contract works	10	22,597	18,658
Accounts receivable	11	4,572	4,043
Prepayments, deposits and other receivables		5,304	2,499
Bank and cash balances		99,230	119,813
		<u>133,143</u>	<u>145,563</u>
Less: Current liabilities			
Accounts payable	12	16,043	12,129
Accruals and other payables		6,724	8,307
Current tax liabilities		3,457	3,297
		<u>26,224</u>	<u>23,733</u>
Net current assets		<u>106,919</u>	<u>121,830</u>
NET ASSETS		<u>145,110</u>	<u>151,266</u>
Capital and reserves			
Share capital	13	34,191	34,191
Reserves		110,919	117,075
TOTAL EQUITY		<u>145,110</u>	<u>151,266</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Reserves							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserves HK\$'000	Share-based payment reserves HK\$'000	General reserves HK\$'000	Accumulated losses HK\$'000	
Balance at 1 January 2006	8,548	35,963	56,897	97	-	71	(100,391)	1,185
Open Offer	25,643	128,216	-	-	-	-	-	153,859
Exchange differences arising on translation of foreign operations	-	-	-	76	-	-	-	76
Loss for the period	-	-	-	-	-	-	(318)	(318)
Balance at 30 June 2006	<u>34,191</u>	<u>164,179</u>	<u>56,897</u>	<u>173</u>	<u>-</u>	<u>71</u>	<u>(100,709)</u>	<u>154,802</u>
Balance at 1 January 2007	34,191	161,402	56,897	474	27,574	71	(129,343)	151,266
Exchange differences arising on translation of foreign operations	-	-	-	120	-	-	-	120
Loss for the period	-	-	-	-	-	-	(6,276)	(6,276)
Balance at 30 June 2007	<u>34,191</u>	<u>161,402</u>	<u>56,897</u>	<u>594</u>	<u>27,574</u>	<u>71</u>	<u>(135,619)</u>	<u>145,110</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before income tax	(6,207)	155
Adjustments for:		
Interest income	(1,809)	(99)
Finance costs	33	265
Depreciation and amortisation expenses	1,208	174
Operating (loss)/profit before working capital changes	(6,775)	495
Increase in gross amounts due from customers for contract works	(3,939)	(363)
(Increase)/decrease in accounts receivable	(529)	685
(Increase)/decrease in prepayments, deposits and other receivables	(2,805)	1,048
Increase in inventories	(890)	(356)
Increase/(decrease) in accounts payable	3,914	(4,287)
Decrease in gross amounts due to customers for contract works	-	(5)
Decrease in accruals and other payables	(1,466)	(2,261)
Cash used in operations	(12,490)	(5,044)
Interest paid	(33)	(36)
Income tax paid	(26)	(43)
Net cash used in operating activities	(12,549)	(5,123)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of land	(7,625)	-
Purchase of property, plant and equipment	(2,338)	(247)
Interest received	1,809	99
Net cash used in investing activities	(8,154)	(148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	153,859
Increase in other loan	-	315
Repayment of bank borrowings	-	(28)
Net cash generated from financing activities	-	154,146
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,703)	148,875
CASH AND CASH EQUIVALENTS AT 1 JANUARY	119,813	1,970
Effect of foreign exchange rate changes	120	76
CASH AND CASH EQUIVALENTS AT 30 JUNE	99,230	150,921
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	99,230	150,921

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2006 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (new “HKFRS”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The application of the new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early applied all the new standard, amendment or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrows Cost ¹
HKFRS 8	Operating Segment ¹
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangement ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial positions of the Group.

3 REVENUE AND SEGMENT INFORMATION

The Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	<u>14,288</u>	<u>27,027</u>
Other revenue		
Interest income	1,809	99
Others	26	3,391
	<u>1,835</u>	<u>3,490</u>
Total revenue	<u><u>16,123</u></u>	<u><u>30,517</u></u>

Primary reporting format – business segments

	Turnover		Segment results	
	For the six months ended 30 June			
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Construction contracts in the People's Republic of China ("PRC")	12,753	27,027	701	1,047
Trading of bio-cleaning materials	244	–	(1,937)	–
Trading of recyclable plastic materials	1,291	–	(702)	–
	<u><u>14,288</u></u>	<u><u>27,027</u></u>		
Total segment results			(1,938)	1,047
Unallocated costs			(6,071)	(4,117)
Other revenue			<u>1,835</u>	<u>3,490</u>
Finance costs			(6,174)	420
			<u>(33)</u>	<u>(265)</u>
(Loss)/profit before income tax			(6,207)	155
Income tax			<u>(69)</u>	<u>(473)</u>
Loss for the period attributable to equity holders of the Company			<u><u>(6,276)</u></u>	<u><u>(318)</u></u>

3 REVENUE AND SEGMENT INFORMATION (Continued)
Secondary reporting format – geographical segments

	Revenue		Total assets		Capital expenditure	
	For the six months ended 30 June		At 30 June	At 31 December	At 30 June	At 31 December
	2007	2006	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,535	–	125,095	146,900	72	29,143
Germany	–	–	15,244	–	9,891	–
The PRC	12,753	27,027	30,995	28,099	–	65
	<u>14,288</u>	<u>27,027</u>	<u>171,334</u>	<u>174,999</u>	<u>9,963</u>	<u>29,208</u>

4 FINANCE COSTS

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdraft	33	36
Others	–	229
	<u>33</u>	<u>265</u>

5 (LOSS)/PROFIT BEFORE INCOME TAX

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit before income tax has been arrived at after charging (crediting) the following items:	(6,207)	155
Depreciation and amortisation expenses	1,208	174
Staff costs	2,231	469
Interest income	(1,809)	(99)
	<u>(6,207)</u>	<u>155</u>

6. INCOME TAX

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
PRC income tax	69	473
	<u>69</u>	<u>473</u>

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the Period.

PRC income tax is calculated at tax rate applicable in the PRC in which subsidiaries of the Group are assessable for tax.

No recognition of the potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

7. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2007. (2006: Nil)

8. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$6,276,000 (2006: HK\$318,000) and on the weighted average number of 341,908,176 (2006: 175,676,576 consolidated shares) ordinary shares in issue during the Period.

9. INVENTORIES

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Raw materials	209	209
Bio-cleaning materials	589	341
Recyclable plastic materials	642	-
	<u>1,440</u>	<u>550</u>

10. GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Contracts costs incurred plus attributable profit less foreseeable losses	93,896	84,008
Less: Progress billings	<u>(71,299)</u>	<u>(65,350)</u>
	<u>22,597</u>	<u>18,658</u>
Gross amounts due from customers for contract works	22,597	18,658
Gross amounts due to customers for contract works	<u>-</u>	<u>-</u>
	<u>22,597</u>	<u>18,658</u>

At 30 June 2007, retention held by customers for contract work included in prepayments, deposits and other receivables of the Group amounted to HK\$2,191,000 (At 31 December 2006: HK\$2,029,000).

At 30 June 2007, retention held by the Group for contract work included in accruals and other payables amounted to HK\$456,000 (At 31 December 2006: HK\$456,000).

11. ACCOUNTS RECEIVABLE

The Group has a policy of allowing its trade customers with credit period normally between 30 to 90 days or terms in accordance with construction contracts. The ageing analysis is as follows:

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
0 to 90 days	1,923	4,010
91 to 180 days	-	16
181 to 365 days	<u>2,649</u>	<u>17</u>
	<u>4,572</u>	<u>4,043</u>

12. ACCOUNTS PAYABLE

The ageing analysis is as follows:

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
0 to 90 days	11,777	9,852
91 to 180 days	273	137
181 to 365 days	3,120	571
Over 365 days	<u>873</u>	<u>1,569</u>
	<u>16,043</u>	<u>12,129</u>

13. SHARE CAPITAL

	Number of shares <i>'000</i>	Par value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each at 30 June 2007	4,000,000	400,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 30 June 2007	341,908	34,191

14. LEASE COMMITMENTS

	At 30 June 2007 (Unaudited) <i>HK\$'000</i>	At 31 December 2006 (Audited) <i>HK\$'000</i>
Within one year	1,285	88
In the second to fifth years inclusive	796	29
	<u>2,081</u>	<u>117</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating results

The turnover of the Group for the Period was approximately HK\$14.3 million (2006: HK\$27.0 million) representing a decrease of 47% as compared with the corresponding period in 2006.

The net loss for the Period was approximately HK\$6.3 million (2006: HK\$0.3 million) representing an increase of 2,000%. The results of the corresponding period in 2006 included approximately HK\$3.4 million gains arising from the waiver of accrued salaries by certain ex-directors of the Company. Excluding such gains, the net loss for the Period would have increased by 70.3%

Contract works

In the Period, the Group continued its construction contract works in the Guangdong Province, the PRC where the Group had developed and operated its business over the last few years. Similar to the corresponding period in 2006, the Group has been prudent and selective in accepting new contracts in order to minimize the risk of bad debts. The turnover attributable to the construction sector for the Period was approximately HK\$12.8 million, a decreased of 52.6% in turnover compared with the corresponding period in 2006. The drop in turnover were due to the keen competition for construction contract works coupled with a decline in the profit margin for such works.

Trading of bio-cleaning products

In October 2006 the Group acquired ReKRETE International Limited together with its subsidiary, ReKRETE (Asia) Limited ("ReKRETE Asia"). Details of the acquisition were made known to shareholders in the Company's circular dated 9 October 2006. ReKRETE Asia only contributed approximately HK\$244,000 in terms of the Group's turnover during the Period which was less than 1.7% of the total turnover of the Group. The main target customers of ReKRETE Asia were airport facilities, cargo operators, mass transport operators and oil stations.

Trading of recyclable plastic materials

During the Period, a Hong Kong subsidiary, Green Energy Trading Limited was incorporated for the main purpose of trading recyclable plastic materials. The trading activities contributed approximately HK\$1.3 million in terms of the Group's turnover during the Period which was about 9.1% of the total turnover of the Group. A facility is being constructed in Hong Kong for the storage and repacking of such recyclable plastic material and completion is expected to take place in the forth quarter of 2007.

General and administrative expenses comprising staff costs, professional fees, oversea traveling and general administrative expenses increased by 100% from approximately HK\$4.5 million in 2006 to approximately HK\$9.0 million in 2007. The increase arose mainly due to the increase in oversea traveling expenses, increase in the costs of staff as a result of expanding business segment and the costs of amortisation in distribution right.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group had total current assets of approximately HK\$133.1 million (At 31 December 2006: HK\$145.6 million) and total current liabilities approximately HK\$26.2 million (At 31 December 2006: HK\$23.7 million). The current ratio of the Group was 5.08 (At 31 December 2006: 6.14). The Group had sufficient fund to settle its debts.

As at 30 June 2007, the Group had total assets of approximately HK\$171.3 million (At 31 December 2006: HK\$175.0 million). The gearing ratio, calculated by dividing the total debts over its total assets was 15.3% (At 31 December 2006: 13.5%).

Most of the Group's income and expenses were denominated in Renminbi. During the Period, the Group did not experience any material difficulties or negative effects on its operations or liquidity arising from any currency exchange rate fluctuation. Recyclable plastic materials were purchased in Euro currency, which only constitutes a small portion of value in this Period. The Group did not hedge its foreign currency risks as the effect of foreign exchange between Hong Kong dollars, Renminbi and Euro currency was considered to be immaterial.

CONTINGENT LIABILITIES

As at 30 June 2007, the Group did not have any material contingent liabilities.

FUTURE PROSPECTS

While the Directors will continue to carry on business in the construction and property related sectors in the PRC, more efforts will be expended on new line of businesses, such as trading in bio-cleaning materials and recyclable plastic materials.

In February 2007 the Group set up two German subsidiaries, namely, EnviroEnergy GmbH and EnviroPower GmbH for the purpose of undertaking a waste recycling and management business in Germany. EnviroEnergy GmbH was incorporated for the main purpose of acquiring certain pieces of land in Germany and industrial licences associated with the use of the land, whereas EnviroPower GmbH was incorporated for the main purpose of building and installing waste treatment facilities and infrastructure on the land and, to that end, acquiring and purchasing all necessary machineries, equipment, tools and materials in connection with the conduct of the waste recycling and management business on the land. The project now being undertaken in Germany is divided into three phrases, as follows:

- Phrase One : acquisition of the land and the industrial licences and such plant and machineries as may be necessary for the recycling of building, construction and demolition waste materials on the land for the purposes of re-selling recovered and/or recycled materials to local construction companies and government authorities.
- Phrase Two : construction of infrastructure and waste treatment facilities on the land and acquisition of such plant and machineries as may be necessary for the recycling of household waste and used plastic and other materials.
- Phrase Three: acquisition and installation of such plant and machineries as may be necessary for the recycling of masses of oil refuse found in certain parts of the land and also discarded and/or unrecyclable plastic waste materials.

As at the date of this report the Group has substantially completed Phrase One of the project in Germany while Phrases Two and Three of the project have not yet been launched. The Group is currently contemplating the formation of strategic partnerships with experienced recyclers in Europe with a view to implementing Phases Two and Three of the project, although negotiations for the formation of such partnership have yet to take place as at the date of this report.

The total investment on the project in Germany is estimated to be in the region of HK\$111 million. The source of funds required to finance the project comprises (a) the Group's own internal cash resources and/or (b) funds that may be contributed by strategic partners now being sought by the Group in relation to Phrases Two and Three of the project.

EMPLOYEE

As at 30 June 2007, the Group had 41 employees (2006: 65 employees) in Hong Kong, the PRC and Germany.

OTHER INFORMATION

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2007, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:

(A) INTEREST IN SHARES IN THE COMPANY

Name of Director/ Chief executive	Capacity	Number and class of shares held	Approximate shareholding percentage
Yip Wai Leung Jerry ("Mr. Yip") (Note 1)	Settlor of a discretionary trust	222,971,436 ordinary shares of HK\$0.10 each (each a "Share")	65.21%

(B) INTEREST IN UNDERLYING SHARES IN THE COMPANY

Name of Director/ Chief executive	Capacity	Number and class of securities held	Approximate shareholding percentage
Mr. Yip	Beneficial owner	340,000 underlying Shares (Note 2)	0.1%
Mr. So Yin Wai	Beneficial owner	340,000 underlying Shares (Note 2)	0.1%
Mr. Chan Kai Yung, Ronney	Beneficial owner	340,000 underlying Shares (Note 2)	0.1%
Ms. Zhu You Chun	Beneficial owner	340,000 underlying Shares (Note 2)	0.1%

Note:

- Mr. Yip set up a discretionary family trust pursuant to a deed of settlement dated 5 December 2005 entered into between him and New Zealand Professional Trustee Limited ("Trustee"). The Trustee held the entire issued share capital of Always New Limited, which held the entire issued share capital of each of Always Adept Limited ("Always Adept") and First Win Trading Limited ("First Win") on trust for the benefit of the family trust. Always Adept and First Win held 66,891,428 Shares and 156,080,008 Shares respectively, Always New Limited was deemed to be interested in the Shares held by First Win and Always Adept by virtue of the SFO.
- These underlying Shares represent Shares to be issued and allotted upon the exercise of the options granted by the Company to the above directors pursuant to the share option scheme of the Company. The options were granted on 21 November 2006 at the exercise price HK\$1.05 per share. No option was exercised during the Period.

Save as disclosed above, as at 30 June 2007, none of the directors or chief executive of the Company had any interest or short position in any shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under the SFO) or were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, so far as was known to the directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) had, or were deemed to have an interest or short position in the shares and underlying shares in the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under to Section 336 of the SFO:

(A) INTEREST IN SHARES IN THE COMPANY

Name of Shareholder	Capacity	Number and class of securities held	Approximate shareholding percentage
Always Adept (Note 1)	Beneficial owner	66,891,428 Shares	19.56%
First Win (Note 1)	Beneficial owner	156,080,008 Shares	45.65%
Always New Limited (Note 1)	Interest of controlled corporation	222,971,436 Shares	65.21%
The Trustee (Note 2)	Trustee	222,971,436 Shares	65.21%
Chui Pui Fun ("Mrs. Yip") (Note 3)	Interest of spouse	222,971,436 Shares	65.21%

(B) INTEREST IN UNDERLYING SHARES IN THE COMPANY

Name of Shareholder	Capacity	Number and class of securities held	Approximate shareholding percentage
Mrs. Yip	Interest of spouse	340,000 underlying Shares	0.1%

Notes:

1. Always New Limited held the entire issued share capital of each of Always Adept and First Win. Always New Limited was deemed to be interested in the Shares held by the Always Adept and First Win by virtue of the SFO.
2. Mr. Yip set up a discretionary family trust pursuant to a deed of settlement dated 5 December 2005 entered into between him and the Trustee. The Trustee held the entire issued shares in the capital of Always New Limited, which own the entire issued share capital of each of Always Adept and First Win, which in turn held in aggregate 222,971,436 Shares. The Trustee was deemed to be interested in the Shares held by Always Adept and First Win by virtue of the SFO.

3. Mrs. Yip was the spouse of Mr. Yip and she was deemed to be interested in the Shares in which Mr. Yip was interested by virtue of the SFO.
4. These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to Mr. Yip pursuant to the share option scheme of the Company.

Save as disclosed herein, as at 30 June 2007, there was no person (other than the directors and chief executive of the Company) known to the directors or chief executive of the Company, who had an interest or short position in the shares and underlying shares in the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by the shareholders of the Company on 5 June 2006, the Company terminated the share option scheme adopted in 1997 and adopted a new share option scheme (the "Share Option Scheme"). Details of the share options outstanding as at 30 June 2007 under Share Option Scheme are as follows:

Name or category of participant	Date of grant of Share option	Exercise period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
				As at 1 January 2007	Granted during the Period	Exercised/Cancelled/Lapsed	As at 30 June 2007
<i>Directors</i>							
Yip Wai Leung Jerry	21/11/2006	21/11/2006 – 20/11/2016	1.05	340,000	–	–	340,000
Chan Kai Yung Ronney	21/11/2006	21/11/2006 – 20/11/2016	1.05	340,000	–	–	340,000
So Yin Wai	21/11/2006	21/11/2006 – 20/11/2016	1.05	340,000	–	–	340,000
Zhu You Chun	21/11/2006	21/11/2006 – 20/11/2016	1.05	340,000	–	–	340,000
<i>Employees (Other than directors)</i>							
In aggregate	22/09/2006	22/09/2006 – 21/09/2016	0.93	4,412,000	–	–	4,412,000
In aggregate	21/11/2006	21/11/2006 – 20/11/2016	1.05	4,218,000	–	–	4,218,000
<i>Other Eligible Participants</i>							
In aggregate	22/09/2006	22/09/2006 – 21/09/2016	0.93	4,134,000	–	–	4,134,000
In aggregate	21/11/2006	21/11/2006 – 20/11/2016	1.05	28,612,000	–	–	28,612,000
Total				<u>42,736,000</u>	<u>–</u>	<u>–</u>	<u>42,736,000</u>
			Weighted average exercise price (HK\$)	<u>1.026</u>	<u>–</u>	<u>–</u>	<u>1.026</u>

CORPORATE GOVERNANCE

The Board considers that the Company has complied throughout the Period with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, except for the deviations on the code provisions A.2.1 and A.4.1.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company has not appointed a chief executive officer. The role of the chief executive officer was performed by Mr. Yip Wai Leung Jerry, who was the chairman of the Company during the Period. The Board believes that the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board will periodically review the merits and demerits of such management structure and will adopt such appropriate measures as may be necessary in the future taking into consideration of the nature and extent of the Group's operation.

Code provision A.4.1 stipulates that non-executive directors (including independent non-executive directors) should be appointed for a specific term subject to re-election. However, the independent non-executive directors of the Company were not appointed for a specific term but were subject to the retirement and rotation requirements in accordance with the Company's Bye-laws. The Company believes that the fixing of directors' tenure by the Company's Bye-laws and the shareholders right to re-elect retiring directors serves to safeguard the long term interests of the Company and such provisions are not less exacting than those in the Code.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own securities dealing code for the directors of the Company. Upon specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results of the Company for the Period.

PUBLICATION OF INTERIM RESULTS

This interim report is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.greenenergy.hk>).

On behalf of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 24 September 2007