



**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

I n t e r i m   R e p o r t   2 0 0 8

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## CORPORATE INFORMATION

### DIRECTORS

*Executive Director*

Mr. Yip Wai Leung Jerry (*Chairman*)

*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. Tam Pei Qiang

### QUALIFIED ACCOUNTANT

Mr. Tam Pei Qiang

### AUDITORS

Deloitte Touche Tohmatsu

### 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

21 New Henry House, 10 Ice House Street, Central, 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 2008

		For the six months ended 30 June	
	Note	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<b>Turnover</b>	3	<b>1,930</b>	14,288
Other revenue	3	<b>1,734</b>	1,835
Construction contract costs		<b>(470)</b>	(11,924)
Cost of goods sold		<b>(1,368)</b>	(1,472)
Staff costs		<b>(4,748)</b>	(2,231)
Depreciation and amortisation expenses		<b>(2,037)</b>	(1,208)
Other operating expenses		<b>(6,793)</b>	(5,462)
Operating loss		<b>(11,752)</b>	(6,174)
Finance costs	4	<b>(93)</b>	(33)
<b>Loss before income tax</b>	5	<b>(11,845)</b>	(6,207)
Income tax	6	<b>(678)</b>	(69)
<b>Loss for the period</b>		<b><u>(12,523)</u></b>	<b><u>(6,276)</u></b>
Attributable to: Equity holders of the Company		<b><u>(12,523)</u></b>	<b><u>(6,276)</u></b>
<b>Dividend</b>	7	<b><u>-</u></b>	<b><u>-</u></b>
Loss per share			
– Basic	8	<b><u>(3.64) cents</u></b>	<b><u>(1.84) cents</u></b>
– Diluted		<b><u>N/A</u></b>	<b><u>N/A</u></b>

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

		At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
<b>Non-current assets</b>			
Land		7,791	7,393
Property, plant and equipment		14,374	13,613
Other intangible asset		<u>11,765</u>	<u>12,608</u>
		<u>33,930</u>	<u>33,614</u>
<b>Current assets</b>			
Inventories	9	1,340	1,438
Amounts due from customers for contract works	10	141	7,050
Accounts receivable	11	1,196	3,545
Prepayments, deposits and other receivables		3,806	2,219
Bank and cash balances		<u>67,363</u>	<u>79,068</u>
		<u>73,846</u>	<u>93,320</u>
<b>Less: Current liabilities</b>			
Accounts payable	12	1,734	3,879
Accruals and other payables		4,392	7,169
Tax payable		<u>2,565</u>	<u>4,016</u>
		<u>8,691</u>	<u>15,064</u>
<b>Net current assets</b>		<u>65,155</u>	<u>78,256</u>
<b>Total assets less current liabilities</b>		<u>99,085</u>	<u>111,870</u>
<b>Capital and reserves</b>			
Share capital	13	34,358	34,358
Reserves		<u>64,727</u>	<u>77,512</u>
<b>TOTAL EQUITY</b>		<u>99,085</u>	<u>111,870</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	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 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>
<b>Balance at 1 January 2008</b>	34,358	163,829	56,897	670	27,522	71	(171,477)	111,870
Exchange differences arising on translation of foreign operations	-	-	-	(262)	-	-	-	(262)
Loss for the period							(12,523)	(12,523)
<b>Balance at 30 June 2008</b>	<u>34,358</u>	<u>163,829</u>	<u>56,897</u>	<u>408</u>	<u>27,522</u>	<u>71</u>	<u>(184,000)</u>	<u>99,085</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash used in operating activities	(10,619)	(12,429)
Net cash used in investing activities	(1,086)	(8,154)
Decrease in cash and cash equivalents	(11,705)	(20,583)
Cash and cash equivalents at 1 January	79,068	119,813
Cash and cash equivalents at 30 June	<u>67,363</u>	<u>99,230</u>
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<u>67,363</u>	<u>99,230</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

## 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 adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that affect the Group and are adopted for the first time for the current period's financial statements.

HK(IFRIC) – Int 11

HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC) – Int 12

Service Concession Arrangement

The adoption of the above new and revised standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statement.

## 3. REVENUE AND SEGMENT INFORMATION

In the six months ended 30 June 2007, the Group was organised into two operating divisions, construction contracts and trading of bio-cleaning materials. In the second half of 2007, following the expansion of the Group's distribution and trading of recyclable plastic materials and waste recycling and management operations. The Group recognised its segment information into three operating divisions – construction contracts, distributions and trading and waste recycling. These divisions are on the basis on which the group reports its primary segment information.

Construction contracts	–	Provision of construction works
Distributions and trading	–	Trading of bio-cleaning materials, recyclable plastic materials and generators
Waste recycling	–	Provision of waste recycling and management

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Turnover	<u>1,930</u>	<u>14,288</u>
Other revenue		
Interest income on bank deposits	387	1,809
Others	<u>1,347</u>	<u>26</u>
	<u>1,734</u>	<u>1,835</u>
Total revenue	<u><u>3,664</u></u>	<u><u>16,123</u></u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

## 3. REVENUE AND SEGMENT INFORMATION (Continued) Primary reporting format – business segments

	Turnover		Segment results	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
			For the six months ended 30 June	
Construction contracts	106	12,753	(2,538)	701
Distributions and trading	1,824	1,535	(4,326)	(2,639)
Waste recycling	–	–	(1,475)	(759)
	<u>1,930</u>	<u>14,288</u>		
Total segment results			(8,339)	(2,697)
Unallocated costs			(5,147)	(5,312)
Other revenue			1,734	1,835
			<u>(11,752)</u>	<u>(6,174)</u>
Finance costs			(93)	(33)
Loss before income tax			(11,845)	(6,207)
Income tax			(678)	(69)
Loss for the period attributable to equity holders of the Company			<u>(12,523)</u>	<u>(6,276)</u>

## 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
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Audited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Audited) HK\$'000
Hong Kong	1,824	1,535	17,680	10,027	2,294	11,851
The People's Republic of China ("PRC")	106	12,753	1,386	10,782	2	–
Germany	–	–	16,066	15,686	65	15,874
	<u>1,930</u>	<u>14,288</u>	<u>35,132</u>	<u>36,495</u>	<u>2,361</u>	<u>27,725</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

## 4. FINANCE COSTS

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest on bank loans	93	33

## 5. LOSS BEFORE INCOME TAX

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Loss before income tax has been arrived at after charging/(crediting) the following items:	(11,845)	(6,207)
Depreciation and amortisation expenses	2,037	1,208
Staff costs	4,748	2,231
Interest income	(387)	(1,809)

## 6. INCOME TAX

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
PRC income tax	678	69
	<u>678</u>	<u>69</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 2008 (2007: 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\$12,523,000 (six months ended 30 June 2007: HK\$6,276,000) and on the weighted average number of 343,576,176 (six months ended 30 June 2007: 341,908,176) ordinary shares in issue during the Period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

## 9. INVENTORIES

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Bio-cleaning materials	500	887
Generators	105	–
Recyclable plastics materials	735	551
	<u>1,340</u>	<u>1,438</u>

## 10. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Costs incurred plus attributable profit less foreseeable losses	124	102,403
Less: Progress billings	–	(95,353)
	<u>124</u>	<u>7,050</u>

## 11. ACCOUNTS RECEIVABLE

The Group allows a credit period of 90 days to its trade creditors. The ageing analysis is as follows:

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Not yet due	–	2,349
0 to 90 days	54	183
91 to 180 days	–	–
more than 180 days	1,142	1,013
	<u>1,196</u>	<u>3,545</u>

## 12. ACCOUNTS PAYABLE

The ageing analysis is as follows:

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Not yet due	–	2,713
0 to 90 days	179	770
91 to 180 days	269	–
more than 180 days	1,286	396
	<u>1,734</u>	<u>3,879</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

## 13. SHARE CAPITAL

	<b>At 30 June 2008 (Unaudited) HK\$'000</b>	At 31 December 2007 (Audited) HK\$'000
Authorised: 4,000,000,000 ordinary shares of HK\$0.10 each	<b><u>4,000,000</u></b>	<u>4,000,000</u>

	<b>Turnover At 30 June 2008 (Unaudited)</b>		<b>Segment results At 31 December 2007 (Audited)</b>	
	<b>No. of Shares '000</b>	<b>HK\$'000</b>	<b>No. of Shares '000</b>	<b>HK\$'000</b>
Issued and fully paid:				
At beginning of period/year	<b>343,576</b>	<b>34,358</b>	341,908	34,191
Exercise of share option	<u>–</u>	<u>–</u>	<u>1,668</u>	<u>167</u>
At the end of period/year	<b><u>343,576</u></b>	<b><u>34,358</u></b>	<b><u>343,576</u></b>	<b><u>34,358</u></b>

## 14. LEASE COMMITMENTS

	<b>At 30 June 2008 (Unaudited) HK\$'000</b>	At 31 December 2007 (Audited) HK\$'000
Within one year	<b>1,764</b>	1,229
In the second to fifth years inclusive	<b><u>1,361</u></b>	<u>1,410</u>
	<b><u>3,125</u></b>	<u>2,639</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Operating results

The turnover of the Group for the Period was approximately HK\$1.9 million (2007: HK\$14.3 million) representing a decrease of 86.7% as compared with the corresponding period in 2007.

The net loss for the Period was approximately HK\$12.5 million (2007: HK\$6.3 million) representing an increase of 98.4%.

### Contract works

In view of the Group's new business direction and in anticipation of the adverse impact of austerity measures adopted by the PRC authorities to curb overheating of the economy, and the tight controlling policies implemented by the PRC government in property sector, the Board has decided to shift its business focus from the construction sector and to a business in the recycling and waste-to-energy projects.

The turnover attributable to the construction sector for the Period was approximately HK\$106,000, a decreased of 99.2% in turnover compared with the corresponding period in 2007.

### Trading of bio-cleaning materials

The turnover of this sector has increased 286.9% from approximately HK\$244,000 to approximately HK\$944,000 in the Period. Such significant improvement indicates that more and more customers begin to recognize the advantage of our products. It is anticipated that sales will continue to grow as our product image and advantage are made known to the customers.

### Trading of recyclable plastic materials

This business began in March 2007, and it slowed down when the Group decided to set up a warehouse and re-compressing services for the plastic material in Hong Kong. The restructuring has been finalized in the second quarter of 2008. As a result, the turnover arising from this sector only contributed approximately HK\$212,000 (2007: HK\$1,291,000) to the Group's revenue during the Period. The re-compressing services is now in full operation and begins to generate revenue in the third quarter of 2008.

### Trading of generators

On 5 November, 2007 a distribution agreement was entered into with a Chongqing manufacturer of power generators and other equipment. During the Period, the turnover arising from this sector was approximately HK\$668,000.

The Group has set up an assembly facility in Dongguan, PRC, with a view to re-engineering conventional gas generators such that they are equipped with intelligent microprocessor control device. It is proposed that our multi-fuel/gas power generators be launched in the market in the last quarter of 2008. It is expected that the activities arising from this sector will become our main source of income.

## FINANCIAL REVIEW

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008 the Group had total current assets of approximately HK\$73.8 million (As at 31 December 2007: HK\$93.3 million) and total current liabilities approximately HK\$8.7 million (As at 31 December 2007: HK\$15.1 million). The current ratio of the Group was 8.48 (As at 31 December 2007: 6.18). The Group has sufficient fund to settle its debts.

As at 30 June 2008 the Group had total assets of approximately HK\$107.8 million (As at 31 December 2007: HK\$126.9 million). The gearing ratio, calculated by dividing the total liabilities over its total assets was 8.1% (As at 31 December 2007: 11.9%).

The carrying amount of the Group's monetary assets and monetary liabilities are denominated in Hong Kong dollars, hence, there is no significant foreign currency exposure, and there is no financial instrument for hedging purpose.

### CAPITAL COMMITMENTS

During the Period, the Group had commitments on capital expenditure in respect of acquisition of property, plant and equipment of approximately HK\$106,577,000 (2007: Nil) of which approximately HK\$663,000 (2007: Nil) was contracted for but not provided in the condensed consolidated financial statement.

### CONTINGENT LIABILITIES

As at 30 June 2008 the Group did not have any material contingent liabilities.

### FUTURE PROSPECTS

The Directors will put more effort on the new businesses sectors, such as trading of bio-cleaning materials, recyclable plastic materials and generators.

The Group has set up a generator assembly company in Dongguan, PRC and this company will focus on the state-of-the-arts power generators equipped with Electronic Fuel Injection (FEI), Computer Controlled Carburetion, Digital Inverter and Multi-Fuel capacity. These microprocessor controlled intelligent multi-fuel generators can overcome the general deficiencies of conventional gas generators – loss of power and difficult to start.

The market response to our own product has been very positive when the Company introduced them to the potential buyers in South Africa, Pakistan, India.

It is expected that the new company will commence business in the last quarter of this year. The Board expects such new innovative and powerful products can generate attractive income to the Group.

### EMPLOYEEE

As at 30 June 2008 the Group had 30 employees (2007: 41 employees) in Hong Kong, the PRC and Germany.

The Group offered competitive remuneration package as an incentive to staff for improvements. The Company has a share option scheme in place as a mean to encourage and reward the eligible employees' (including directors of the Company) contributions to the Group's results and business development based on their individual performance.

The employees' remuneration, promotion and salary are assessed by reference to work performance, working experiences and professions and the prevailing market practice.

## 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 2008, 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 of ordinary shares	Approximate shareholding percentage
Yip Wai Leung Jerry ("Mr. Yip") (Note 1)	Settlor of a discretionary trust	222,971,436	64.90%

#### (B) INTEREST IN UNDERLYING SHARES IN THE COMPANY

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

Notes:

- 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 in the Company 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 exercise price HK\$1.05 per share. No option was exercised during the Period.

Save as disclosed above, as at 30 June 2008, 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 2008, 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 Section 336 of the SFO:

#### (A) INTEREST IN SHARES IN THE COMPANY

Name of shareholder	Capacity	Number of ordinary shares held	Approximate shareholding percentage
Always Adept (Note 1)	Beneficial owner	66,891,428	19.47%
First Win (Note 1)	Beneficial owner	156,080,008	45.43%
Always New Limited (Note 1)	Interest of controlled corporation	222,971,436	64.90%
The Trustee (Note 2)	Trustee	222,971,436	64.90%
Chui Pui Fun ("Mrs. Yip") (Note 3)	Interest of spouse	222,971,436	64.90%



## OTHER INFORMATION

### (B) INTEREST IN UNDERLYING SHARES IN THE COMPANY

Name of shareholder	Capacity	Number of underlying ordinary shares held	Approximate shareholding percentage
Mrs. Yip	Interest of spouse (Note 3)	340,000 (Note 4)	0.1%

Notes:

1. 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 share capital of Always New Limited, which held the entire issued share capital of each of Always Adept and 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 in the Company held by First Win and Always Adept 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 in the Company 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 and underlying shares in the Company 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 2008, 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 of 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 2008	Granted during the Period	Exercised/Cancelled/Lapsed	As at 30 June 2008
Directors	21/11/2006	21/11/2006 – 20/11/2016	1.05	1,360,000	-	-	1,360,000
<i>Employees (Other than directors)</i>							
In aggregate	22/09/2006	22/09/2006 – 21/09/2016	0.93	2,744,000	-	-	2,744,000
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
In aggregate	19/12/2007	19/12/2007 – 18/12/2017	1.32	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total				<u>42,068,000</u>	<u>-</u>	<u>-</u>	<u>42,068,000</u>
		Weighted average exercise price (HK\$)		<u>1.037</u>	<u>-</u>	<u>-</u>	<u>1.037</u>

## OTHER INFORMATION

### 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.

On 16 June 2008, the Company terminated the service contract entered into with the then chief executive officer of the Company who was appointed on 23 November 2007. During the Period, after 16 June 2008, 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 listed 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 ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company’s website ([www.greenenergy.hk](http://www.greenenergy.hk)).

On behalf of the Board  
**Yip Wai Leung Jerry**  
Chairman

Hong Kong, 19 September 2008