



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

INTERIM REPORT 2009



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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

AUDITORS

Hopkins CPA Limited

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

979

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|---------------------------------|
| | | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 |
| Turnover | 3 | 1,795 | 1,930 |
| Other revenue | 3 | 97 | 1,734 |
| Construction contract costs | | - | (470) |
| Cost of goods sold | | (414) | (1,368) |
| Staff costs | | (3,820) | (4,748) |
| Depreciation and amortisation expenses | | (2,588) | (2,037) |
| Other operating expenses | | (5,136) | (6,793) |
| Operating loss | 5 | (10,066) | (11,752) |
| Finance costs | 4 | - | (93) |
| Loss before income tax | | (10,066) | (11,845) |
| Income tax | 6 | - | (678) |
| Loss for the period | | (10,066) | (12,523) |
| Other Comprehensive Income | | | |
| Exchange differences on translating foreign operations | | (170) | (262) |
| Total comprehensive income for the period | | (10,236) | (12,785) |
| Loss attributable to: | | | |
| Equity holders of the Company | | (10,066) | (12,523) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | (10,236) | (12,785) |
| Dividend | 7 | - | - |
| Loss per share | | | |
| - Basic | 8 | (2.93) cents | (3.64) cents |
| - Diluted | | N/A | N/A |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 Jun 2009

| | Notes | At 30 June 2009 (Unaudited) HK\$'000 | At 31 December 2008 (Audited) HK\$'000 |
|--|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 24,731 | 25,333 |
| Other intangible assets | | 4,199 | 5,042 |
| | | <u>28,930</u> | <u>30,375</u> |
| Current assets | | | |
| Inventories | 9 | 926 | 950 |
| Trade receivables | 10 | 540 | 89 |
| Prepayments, deposits and other receivables | | 2,940 | 1,561 |
| Bank and cash balances | | 37,215 | 49,320 |
| | | <u>41,621</u> | <u>51,920</u> |
| Less: Current liabilities | | | |
| Trade payables | 11 | 1,041 | 1,748 |
| Accruals and other payables | | 1,999 | 2,791 |
| Tax payable | | 2,923 | 2,932 |
| | | <u>5,963</u> | <u>7,471</u> |
| Net current assets | | <u>35,658</u> | <u>44,449</u> |
| Total assets less current liabilities | | <u>64,588</u> | <u>74,824</u> |
| Capital and reserves | | | |
| Share capital | 12 | 34,358 | 34,358 |
| Reserves | | 30,230 | 40,466 |
| Total equity | | <u>64,588</u> | <u>74,824</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

| | Reserves | | | | | | | |
|---|---------------------------|---------------------------|---------------------------------|---|--|------------------------------|--------------------------------|-------------------|
| | 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 | Total HK\$'000 |
| Balance at 1 January 2008 | 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) |
| Balance at 30 June 2008 | 34,358 | 163,829 | 56,897 | 408 | 27,522 | 71 | (184,000) | 99,085 |
| Balance at 1 January 2009 | 34,358 | 163,829 | 56,897 | 391 | 31,551 | 71 | (212,273) | 74,824 |
| Exchange differences arising on translation of foreign operations | - | - | - | (170) | - | - | - | (170) |
| Transfer upon lapse of share options | - | - | - | - | (3,888) | - | 3,888 | - |
| Loss for the period | - | - | - | - | - | - | (10,066) | (10,066) |
| Balance at 30 June 2009 | 34,358 | 163,829 | 56,897 | 221 | 27,663 | 71 | (218,451) | 64,588 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

| | For the six months ended 30 June | |
|--|-------------------------------------|---------------------------------|
| | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 |
| Net cash used in operating activities | (10,901) | (10,619) |
| Net cash used in investing activities | <u>(1,204)</u> | <u>(1,086)</u> |
| Net decrease in cash and cash equivalents | (12,105) | (11,705) |
| Cash and cash equivalents at 1 January | <u>49,320</u> | <u>79,068</u> |
| Cash and cash equivalents at 30 June | <u>37,215</u> | <u>67,363</u> |
| Analysis of the balances of cash and cash equivalents | | |
| Bank and cash balances | <u>37,215</u> | <u>67,363</u> |



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. 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 2008.

In the current interim period, the Group has applied, for the first time, the following amendments and interpretations (“New HKFRSs”) issued by the HKICPA, which are effective from 1 January 2009.

HKFRS 8 Operating Segments

HKFRS 8 requires segmental information to be disclosed on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

HKAS 1 (revised) Presentation of Financial Statements

The revised HKAS 1 introduces a number of changes to the presentation of the accounts, including a requirement for those exchange differences in translating foreign operations to be presented in a statement of comprehensive income.

The following amendments and interpretations issued by HKICPA which are or have become effective and did not have any material impact on the accounting policies of the Group.

| | |
|----------------------------------|---|
| HKFRSs (Amendments) | Improvements to HKFRSs |
| HKAS 23 | Borrowing Cost |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation |
| HKFRS 1 and HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| HKFRS 2 (Amendments) | Share-based Payment – Vesting Conditions and Cancellations |
| HKFRS 7 (Amendments) | Improving Disclosure about Financial Statements |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes |
| HK(IFRIC) – Int 15 | Agreements for the Construction of Real Estate |
| HK(IFRIC) – Int 16 | Hedges of a Net Investment in a Foreign Operation |

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact of these new or revised standards, amendments or interpretations and so far anticipate that the application of these new or revised standards, amendments or interpretations will have no material financial impact on the results and the financial position of the Group.

| | |
|--------------------|--|
| HKAS 27 (Revised) | Consolidate and Separate Financial Statements ¹ |
| HKFRS 3 (Revised) | Business Combinations ¹ |
| HK(IFRIC) – Int 17 | Distributions of Non-cash Assets to Owners ¹ |
| HK(IFRIC) – Int 18 | Transfers of Assets from Customers ² |

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

² Effective for transfer of assets from customers received on or after 1 July 2009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

3. REVENUE AND SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and rewards that are different from those of the other operating segments. A summary of the operating segments is as follows:

| | | |
|------------------------------|---|---|
| Construction contracts | – | Provision of construction works |
| Bio-cleaning materials | – | Trading of bio-cleaning materials |
| Generators | – | Trading of generators |
| Recyclable plastic materials | – | Trading of recyclable plastic materials and re-compressing services |
| Waste construction materials | – | Trading of crushed and screened waste construction materials |

| | For the six months ended 30 June | |
|----------------------------------|----------------------------------|-------------------------|
| | 2009 | 2008 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Turnover | 1,795 | 1,930 |
| Other revenue | | |
| Interest income on bank deposits | 67 | 387 |
| Others | 30 | 1,347 |
| | <u>97</u> | <u>1,734</u> |
| Total revenue | <u>1,892</u> | <u>3,664</u> |

Primary reporting format – business segments

For the six months ended 30 June 2009

| | Construction contracts (Unaudited) HK\$'000 | Bio-cleaning materials (Unaudited) HK\$'000 | Generators (Unaudited) HK\$'000 | Recyclable plastic materials (Unaudited) HK\$'000 | Waste construction materials (Unaudited) HK\$'000 | Eliminations (Unaudited) HK\$'000 | Consolidated (Unaudited) HK\$'000 |
|-----------------------------|---|---|---------------------------------------|---|---|---|---|
| REVENUE | | | | | | | |
| Sales to external customers | – | 258 | 5 | 1,070 | 462 | – | 1,795 |
| Intersegment sales | – | – | – | – | 82 | (82) | – |
| | <u>–</u> | <u>258</u> | <u>5</u> | <u>1,070</u> | <u>544</u> | <u>(82)</u> | <u>1,795</u> |
| Results | | | | | | | |
| Segment results | <u>(146)</u> | <u>(931)</u> | <u>(2,843)</u> | <u>(780)</u> | <u>(2,499)</u> | | (7,199) |
| Unallocated expenses | | | | | | | (2,964) |
| Other revenue | | | | | | | <u>97</u> |
| | | | | | | | <u>(10,066)</u> |
| Finance cost | | | | | | | – |
| Loss before income tax | | | | | | | <u>(10,066)</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

3. REVENUE AND SEGMENT INFORMATION (Continued) Primary reporting format – business segments (Continued) For the six months ended 30 June 2008

| | Construction contracts (Unaudited) HK\$'000 | Bio-cleaning materials (Unaudited) HK\$'000 | Generators (Unaudited) HK\$'000 | Recyclable plastic materials (Unaudited) HK\$'000 | Waste construction materials (Unaudited) HK\$'000 | Eliminations (Unaudited) HK\$'000 | Consolidated (Unaudited) HK\$'000 |
|-----------------------------|---|---|---------------------------------------|---|---|---|---|
| REVENUE | | | | | | | |
| Sales to external customers | 106 | 944 | 668 | 212 | – | – | 1,930 |
| Intersegment sales | – | – | – | – | – | – | – |
| | <u>106</u> | <u>944</u> | <u>668</u> | <u>212</u> | <u>–</u> | <u>–</u> | <u>1,930</u> |
| Results | | | | | | | |
| Segment results | <u>(2,538)</u> | <u>(1,196)</u> | <u>(1,631)</u> | <u>(1,499)</u> | <u>(1,475)</u> | | (8,339) |
| Unallocated expenses | | | | | | | (5,147) |
| Other revenue | | | | | | | <u>1,734</u> |
| | | | | | | | (11,752) |
| Finance cost | | | | | | | <u>(93)</u> |
| Loss before income tax | | | | | | | <u>(11,845)</u> |

The following table presents assets and liabilities by segment of the Group as at 30 June 2009 and 31 December 2008:

At 30 June 2009

| | Construction contracts (Unaudited) HK\$'000 | Bio-cleaning materials (Unaudited) HK\$'000 | Generators (Unaudited) HK\$'000 | Recyclable plastic materials (Unaudited) HK\$'000 | Waste construction materials (Unaudited) HK\$'000 | Consolidated (Unaudited) HK\$'000 |
|-----------------------------------|---|---|---------------------------------------|---|---|---|
| ASSETS | | | | | | |
| Segment assets | 29 | 4,476 | 4,226 | 4,300 | 16,673 | 29,704 |
| Unallocated corporate assets | | | | | | <u>40,847</u> |
| Consolidated total assets | | | | | | <u><u>70,551</u></u> |
| LIABILITIES | | | | | | |
| Segment liabilities | 1,001 | 6 | 24 | 3 | 413 | 1,447 |
| Unallocated corporate liabilities | | | | | | <u>4,516</u> |
| Consolidated total liabilities | | | | | | <u><u>5,963</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

3. REVENUE AND SEGMENT INFORMATION (Continued) Primary reporting format – business segments (Continued) At 31 December 2008

| | Construction contracts (Audited) HK\$'000 | Bio-cleaning materials (Audited) HK\$'000 | Generators (Audited) HK\$'000 | Recyclable plastic materials (Audited) HK\$'000 | Waste construction materials (Audited) HK\$'000 | Consolidated (Audited) HK\$'000 |
|-----------------------------------|--|--|-------------------------------------|---|---|---------------------------------------|
| ASSETS | | | | | | |
| Segment assets | 30 | 4,873 | 3,965 | 4,400 | 17,304 | 30,572 |
| Unallocated corporate assets | | | | | | 51,723 |
| Consolidated total assets | | | | | | <u>82,295</u> |
| LIABILITIES | | | | | | |
| Segment liabilities | 1,020 | – | 630 | 2 | 329 | 1,981 |
| Unallocated corporate liabilities | | | | | | 5,490 |
| Consolidated total liabilities | | | | | | <u>7,471</u> |

Secondary reporting format – geographical segments

| | Revenue For the six months ended 30 June | | Non-current assets | |
|---|--|---------------------------------|---|---|
| | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 | At 30 June 2009 (Unaudited) HK\$'000 | At 31 December 2008 (Audited) HK\$'000 |
| Hong Kong | 1,333 | 1,824 | 9,823 | 11,157 |
| The People's Republic of China ("PRC") | – | 106 | 2,883 | 2,191 |
| Germany | 462 | – | 16,224 | 17,027 |
| | <u>1,795</u> | <u>1,930</u> | <u>28,930</u> | <u>30,375</u> |

4. FINANCE COSTS

| | For the six months ended 30 June | |
|--------------------------------------|----------------------------------|---------------------------------|
| | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 |
| Interest on bank loans and overdraft | – | 93 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

5. LOSS BEFORE INCOME TAX

| | For the six months ended 30 June | |
|--|----------------------------------|--------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Loss before income tax has been arrived at after charging (crediting) the following items: | | |
| Depreciation and amortisation expenses | 2,588 | 2,037 |
| Staff costs | 3,820 | 4,748 |
| Interest income | (67) | (387) |
| | <u>2,588</u> | <u>2,037</u> |

6. INCOME TAX

| | For the six months ended 30 June | |
|----------------|----------------------------------|-------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| PRC income tax | — | 678 |
| | <u>—</u> | <u>678</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 2009 (six months ended 30 June 2008: 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\$10,066,000 (six months ended 30 June 2008: HK\$12,523,000) and on the weighted average number of 343,576,176 (six months ended 30 June 2008: 343,576,176) ordinary shares in issue during the Period.

9. INVENTORIES

| | At 30 June | At 31 December |
|------------------------------|-------------|----------------|
| | 2009 | 2008 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Bio-cleaning materials | 447 | 467 |
| Generators | 244 | 165 |
| Recyclable plastic materials | 235 | 318 |
| | <u>926</u> | <u>950</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

10. TRADE RECEIVABLES

The following is an ageing analysis of trade receivables at the balance sheet date:

| | At 30 June 2009 (Unaudited) HK\$'000 | At 31 December 2008 (Audited) HK\$'000 |
|--------------|---|---|
| 0 to 90 days | 540 | 89 |
| | <u>540</u> | <u>89</u> |
| | <u><u>540</u></u> | <u><u>89</u></u> |

11. TRADE PAYABLES

The following is an ageing analysis of trade payables at the balance sheet date:

| | At 30 June 2009 (Unaudited) HK\$'000 | At 31 December 2008 (Audited) HK\$'000 |
|--------------------|---|---|
| 0 to 90 days | 302 | 690 |
| 91 to 180 days | – | 68 |
| more than 180 days | 739 | 990 |
| | <u>1,041</u> | <u>1,748</u> |
| | <u><u>1,041</u></u> | <u><u>1,748</u></u> |

12. SHARE CAPITAL

| | Number of shares '000 | Par value HK\$'000 |
|--|-----------------------------|-----------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.10 each at 31 December 2008 and 30 June 2009 | <u>4,000,000</u> | <u>400,000</u> |
| Issued and fully paid: | | |
| Ordinary shares of HK\$0.10 each at 31 December 2008 and 30 June 2009 | <u>343,576</u> | <u>34,358</u> |

13. LEASE COMMITMENTS

| | At 30 June 2009 (Unaudited) HK\$'000 | At 31 December 2008 (Audited) HK\$'000 |
|--|---|---|
| Within one year | 1,464 | 1,665 |
| In the second to fifth years inclusive | 184 | 666 |
| | <u>1,648</u> | <u>2,331</u> |
| | <u><u>1,648</u></u> | <u><u>2,331</u></u> |

BUSINESS REVIEW

Operating results

The turnover of the Group for the six months ended 30 June 2009 (the "Period") was approximately HK\$1.8 million (six months ended 30 June 2008: HK\$1.9 million) representing a decrease of 5.3% as compared with the corresponding period in 2008.

The net loss for the Period was approximately HK\$10.1 million (six months ended 30 June 2008: HK\$12.5 million) representing a decrease of 19.2%.

Contract works

During the Period, the Group has withdrawn its resources from the construction sector entirely, because such business activities are considered to be incompatible with the Group's main business focus in waste management/recycling and energy related projects. As a result, the turnover attributable to the construction sector for the Period has declined from HK\$106,000 for the six months ended 30 June 2008 to zero for the Period.

Bio-cleaning products

The turnover arising from the sale of bio-cleaning products has declined from approximately HK\$944,000 for the six months ended 30 June 2008 to approximately HK\$258,000 for the Period representing a reduction of 72.7%, primarily due to the onset of the global financial crisis at the beginning of the final quarter of 2008. The Group will continue to put its efforts in promoting and marketing these environmental products and to minimize operating expenses.

Recyclable plastic materials and relevant services

Again, because of the financial turmoil on a worldwide scale as outlined in the preceding paragraph and thereby resulting in an unpredictably downward spiral and fluctuations in the prices of recyclable plastic materials, the Group's activities in trading recyclable plastics has virtually been brought to a complete standstill.

During the Period the total revenue arising from of the activities of this sector was approximately HK\$1,070,000 (six months ended 30 June 2008: HK\$212,000), of which the trading of recyclable plastic material accounted for approximately HK\$297,000 (six months ended 30 June 2008: HK\$212,000), while the re-compressing and other related services have achieved a turnover of approximately HK\$773,000 (six months ended 30 June 2008: Nil). It is expected that the income arising from such services will continue to grow, because the Group has managed to build up significant business goodwill and reputation in the industry and maintain good working relationship with many loyal customers.

Generators

Our intelligent microprocessor control device generators are still under research and development process. The management is anxious to perfect the technologies associated with the microprocessors prior to launching such on the market. As a result, the turnover arising from this sector was approximately HK\$5,000 only.

Waste construction materials

The main business focus of this sector involves the collection and recycling of waste construction materials. The turnover arising from this sector was HK\$462,000 (six months ended 30 June 2008: Nil) and it is expected that income arising from such activities will improve in the next six months.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 June 2009, the Group had total current assets of approximately HK\$41.6 million (At 31 December 2008: HK\$51.9 million) and total current liabilities approximately HK\$6.0 million (At 31 December 2008: HK\$7.5 million). The current ratio of the Group was 693% (At 31 December 2008: 692%). The Group has sufficient fund to settle its debts.

At 30 June 2009, the Group had total assets of approximately HK\$70.6 million (At 31 December 2008: HK\$82.3 million). The gearing ratio, calculated by dividing the total debts over its total assets was 8.5% (At 31 December 2008: 9.1%).

CAPITAL COMMITMENTS

During the Period, the Group had commitment on capital expenditure approximately HK\$856,000 (six months ended 30 June 2008: HK\$663,000) which was contracted for but not provided in the condensed consolidated financial statement.

CONTINGENT LIABILITIES

At 30 June 2009, the Group did not have any material contingent liabilities.

FUTURE PROSPECTS

The Directors will continue to carry on the existing business activities and impose serious control over expenditures.

On 24 August, 2009 the Group made an announcement about a new business venture associated with the cultivation of *Jatropha* and the construction of a pilot plant for the production of biofuel and other biochemical by-products in the PRC. This project involves (1) significant site formation works on the land required for the cultivation of *Jatropha* (2) the design and construction of a pilot plant for the production of biodiesel from harvested *Jatropha* fruit and the manufacture of a wide range of biochemical by-products including glycerine (for application in the manufacture of soaps, health supplements and organic fertilizers and (3) marketing of biodiesel and related by-products arising from the extraction and refinery processes.

EMPLOYEE

At 30 June 2009, the Group had 30 employees (six months ended 30 June 2008: 30 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.

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

As at 30 June 2009, the interests or positions of the Directors and chief executive in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

A. Interest in shares in the Company

| Name of Director/ chief executive | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the company |
|--|-------------------------------------|--|---|
| Mr. 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 shares held | Percentage of the issued share capital of the company |
|--------------------------------------|---------------------------|-------------------------------------|---|
| Mr. Yip | Beneficial owner (Note 2) | 670,000 | 0.20% |
| | Spouse interest (Note 3) | 330,000 | 0.10% |
| Mr. So Yin Wai | Beneficial owner (Note2) | 670,000 | 0.20% |
| Mr. Chan Kai Yung, Ronney | Beneficial owner (Note2) | 670,000 | 0.20% |
| Ms. Zhu You Chun | Beneficial owner (Note2) | 670,000 | 0.20% |

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 held by First Win and Always Adept by virtue of the SFO.
- These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to the directors or chief executive pursuant to the share option scheme of the Company.
- These underlying Shares represent Shares to be issued and allotted upon the exercise of the options granted by the Company to Ms. Chui Pui Fun ("Mrs. Yip") pursuant to the share option scheme of the Company.

Other than as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 June 2009 as recorded in the register required to be kept 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 Companies.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of certain Directors, the following shareholders had interests or short positions in the shares and underlying shares of the Company:

A. Interest in shares in the Company

| Name of Director/ chief executive | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the company |
|--------------------------------------|---------------------------------------|--|---|
| 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% |
| Mrs. Yip | Spouse Interest (Note 3) | 222,971,436 | 64.90% |

B. Interest in underlying shares in the Company

| Name of Shareholder | Capacity | Number of underlying shares held | Percentage of the issued share capital of the company |
|---------------------|---------------------------|-------------------------------------|---|
| Mrs. Yip | Spouse Interest (Note 4) | 670,000 | 0.20% |
| | Beneficial owner (Note 5) | 330,000 | 0.10% |

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.
5. These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to Mrs. Yip pursuant to the share option scheme of the Company.

Save as disclosed above, as at 30 June 2009, no other person (other than Directors or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to 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 2009 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 2009 | Granted during the Period | Exercised/Cancelled/Lapsed | As at 30 June 2009 |
| Directors | | | | | | | |
| Yip Wai Leung Jerry | 21/11/2006 | 21/11/2006 – 20/11/2016 | 1.050 | 340,000 | – | – | 340,000 |
| | 29/09/2008 | 29/09/2009 – 28/09/2018 | 0.395 | 330,000 | – | – | 330,000 |
| Chan Kai Yung Ronney | 21/11/2006 | 21/11/2006 – 20/11/2016 | 1.050 | 340,000 | – | – | 340,000 |
| | 29/09/2008 | 29/09/2009 – 28/09/2018 | 0.395 | 330,000 | – | – | 330,000 |
| So Yin Wai | 21/11/2006 | 21/11/2006 – 20/11/2016 | 1.050 | 340,000 | – | – | 340,000 |
| | 29/09/2008 | 29/09/2009 – 28/09/2018 | 0.395 | 330,000 | – | – | 330,000 |
| Zhu You Chun | 21/11/2006 | 21/11/2006 – 20/11/2016 | 1.050 | 340,000 | – | – | 340,000 |
| | 29/09/2008 | 29/09/2009 – 28/09/2018 | 0.395 | 330,000 | – | – | 330,000 |
| Employees (Other than directors) | | | | | | | |
| In aggregate | 22/09/2006 | 22/09/2006 – 21/09/2016 | 0.930 | 2,744,000 | – | (1,590,000) | 1,154,000 |
| In aggregate | 21/11/2006 | 21/11/2006 – 20/11/2016 | 1.050 | 3,618,000 | – | – | 3,618,000 |
| In aggregate | 29/09/2008 | 29/09/2009 – 28/09/2018 | 0.395 | 8,830,000 | – | (1,000,000) | 7,830,000 |
| Other Eligible Participants | | | | | | | |
| In aggregate | 22/09/2006 | 22/09/2006 – 21/09/2016 | 0.930 | 4,134,000 | – | – | 4,134,000 |
| In aggregate | 21/11/2006 | 21/11/2006 – 20/11/2016 | 1.050 | 28,612,000 | – | (4,200,000) | 24,412,000 |
| In aggregate | 29/09/2008 | 29/09/2008 – 28/09/2018 | 0.395 | 23,040,000 | – | – | 23,040,000 |
| Total | | | | <u>73,658,000</u> | <u>–</u> | <u>(6,790,000)</u> | <u>66,868,000</u> |
| | | | Weighted average exercise price (HK\$) | <u>0.744</u> | <u>–</u> | <u>–</u> | <u>0.725</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.

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 AND REPORT

This interim results announcement and the interim report are published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.greenenergy.hk).

On behalf of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 23 September 2009