



Interim Report 2010



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. Fan Xiaomin

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

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

4C Derrick Industrial Building,
49 Wong Chuk Hang Road, 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 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Hong Kong

STOCK CODE

979

WEBSITE

<http://www.greenenergy.hk>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|---------------------------------|
| | | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| Turnover | 3 | 1,322 | 1,795 |
| Other revenue | 3 | 2,862 | 97 |
| Cost of goods sold | | (207) | (414) |
| Staff costs | | (3,820) | (3,820) |
| Depreciation and amortisation expenses | | (1,758) | (2,588) |
| Other operating expenses | | (8,866) | (5,136) |
| Operating loss | 5 | (10,467) | (10,066) |
| Finance cost | 4 | <u>-</u> | <u>-</u> |
| Loss before income tax | | (10,467) | (10,066) |
| Income tax | 6 | <u>-</u> | <u>-</u> |
| Loss for the period | | (10,467) | (10,066) |
| Other Comprehensive Income | | | |
| Exchange differences on translating foreign operations | | <u>1,597</u> | <u>(170)</u> |
| Total comprehensive income for the period | | <u>(8,870)</u> | <u>(10,236)</u> |
| Loss attributable to: | | | |
| Equity holders of the Company | | <u>(10,467)</u> | <u>(10,066)</u> |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | <u>(8,870)</u> | <u>(10,236)</u> |
| Dividend | 7 | - | - |
| Loss per share | | | |
| - Basic | 8 | <u>(2.37) cents</u> | <u>(2.93) cents</u> |
| - Diluted | | <u>N/A</u> | <u>N/A</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

| | Notes | At 30 June 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|--|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 14,782 | 17,740 |
| Goodwill | | – | – |
| Biological assets | | 3,112 | 2,965 |
| Other intangible assets | | – | – |
| | | <u>17,894</u> | <u>20,705</u> |
| Current assets | | | |
| Inventories | 9 | 1,103 | 945 |
| Trade receivables | 10 | 628 | 89 |
| Prepayments, deposits and other receivables | 11 | 21,562 | 18,739 |
| Loan receivables | 12 | 30,241 | – |
| Bank balances and cash | | 14,424 | 19,649 |
| | | <u>67,958</u> | <u>39,422</u> |
| Current liabilities | | | |
| Trade payables | 13 | 44 | 871 |
| Accruals and other payables | | 378 | 2,047 |
| Tax payable | | 188 | 987 |
| | | <u>610</u> | <u>3,905</u> |
| Net current assets | | <u>67,348</u> | <u>35,517</u> |
| Total assets less current liabilities | | <u>85,242</u> | <u>56,222</u> |
| Capital and reserves | | | |
| Share capital | 14 | 44,303 | 37,438 |
| Reserves | | 40,939 | 18,784 |
| Total equity | | <u>85,242</u> | <u>56,222</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---------------------------|---------------------------------|---|--|------------------------------|--------------------------------|-------------------|
| | 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 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 |
| Balance at 1 January 2010 | 37,438 | 178,132 | 56,897 | 494 | 28,768 | 71 | (245,578) | 56,222 |
| Exchange differences arising on translation of foreign operations | - | - | - | 1,597 | - | - | - | 1,597 |
| Shares issued upon exercised of share options | 3,265 | 16,137 | - | - | (5,812) | - | - | 13,590 |
| Shares issued upon placing shares | 3,600 | 20,700 | - | - | - | - | - | 24,300 |
| Loss for the period | - | - | - | - | - | - | (10,467) | (10,467) |
| Balance at 30 June 2010 | 44,303 | 214,969 | 56,897 | 2,091 | 22,956 | 71 | (256,045) | 85,242 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

| | For the six months ended 30 June | |
|--|-------------------------------------|---------------------------------|
| | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| Net cash used in operating activities | (46,300) | (10,901) |
| Net cash used in investing activities | (1,074) | (1,204) |
| Net cash used in financing activities | <u>38,440</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | (8,934) | (12,105) |
| Effect of foreign exchange rate changes | 3,709 | - |
| Cash and cash equivalents at 1 January | <u>19,649</u> | <u>49,320</u> |
| Cash and cash equivalents at 30 June | <u><u>14,424</u></u> | <u><u>37,215</u></u> |
| Analysis of the balances of cash and cash equivalents | | |
| Bank and cash balances | <u><u>14,424</u></u> | <u><u>37,215</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

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

These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2009. They have been prepared on the historical cost basis.

The accounting policies and methods of computation applied in preparation of these interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2009. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current Period, did not have any significant effect on the financial position or performance of the Group.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current Period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group’s revenue which represents revenue from trading of bio-cleaning materials, trading of generators, trading of recyclable plastic materials and relevant services, trading of waste construction materials and waste processing provision.

| | For the six months ended 30 June | |
|-----------------------------------|----------------------------------|---------------------------------|
| | 2010 (Unaudited) HK\$’000 | 2009 (Unaudited) HK\$’000 |
| Turnover | <u>1,322</u> | <u>1,795</u> |
| Other revenue | | |
| Interest income | 551 | 67 |
| Gain on discontinued a subsidiary | 2,251 | – |
| Others | <u>60</u> | <u>30</u> |
| | <u>2,862</u> | <u>97</u> |
| Total revenue | <u><u>4,184</u></u> | <u><u>1,892</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

For the six months ended 30 June 2010

| | Construction contracts (Unaudited) HK\$'000 | Bio-cleaning materials (Unaudited) HK\$'000 | Generators (Unaudited) HK\$'000 | Recyclable plastic materials and relevant services (Unaudited) HK\$'000 | Waste construction materials and waste processing provision (Unaudited) HK\$'000 | Eliminations (Unaudited) HK\$'000 | Consolidated (Unaudited) HK\$'000 |
|-----------------------------|---|---|---------------------------------------|---|--|---|---|
| REVENUE | | | | | | | |
| Sales to external customers | - | 121 | - | 385 | 816 | - | 1,322 |
| Intersegment sales | - | - | - | - | - | - | - |
| | <u>-</u> | <u>121</u> | <u>-</u> | <u>385</u> | <u>816</u> | <u>-</u> | <u>1,322</u> |
| Results | | | | | | | |
| Segment results | <u>-</u> | <u>(225)</u> | <u>(1,311)</u> | <u>(1,109)</u> | <u>(4,581)</u> | | (7,226) |
| Unallocated expenses | | | | | | | (6,103) |
| Other revenue | | | | | | | <u>2,862</u> |
| | | | | | | | <u>(10,467)</u> |
| Finance cost | | | | | | | - |
| Loss before income tax | | | | | | | <u>(10,467)</u> |

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 and relevant services (Unaudited) HK\$'000 | Waste construction materials and waste processing provision (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 2010

3. REVENUE AND SEGMENT INFORMATION (Continued) Segment revenue and results (Continued)

The following table presents assets and liabilities by segment of the Group as at 30 June 2010 and 31 December 2009:

At 30 June 2010

| | Construction contracts (Unaudited) HK\$'000 | Bio-cleaning materials (Unaudited) HK\$'000 | Generators (Unaudited) HK\$'000 | Recyclable plastic materials and relevant services (Unaudited) HK\$'000 | Waste construction materials and waste processing provision (Unaudited) HK\$'000 | Consolidated (Unaudited) HK\$'000 |
|-----------------------------------|--|--|---------------------------------------|---|---|---|
| ASSETS | | | | | | |
| Segment assets | – | 515 | 905 | 1,769 | 7,681 | 10,870 |
| Unallocated corporate assets | | | | | | 74,982 |
| Consolidated total assets | | | | | | <u>85,852</u> |
| LIABILITIES | | | | | | |
| Segment liabilities | – | – | 26 | 2 | 180 | 208 |
| Unallocated corporate liabilities | | | | | | 402 |
| Consolidated total liabilities | | | | | | <u>610</u> |

At 31 December 2009

| | Construction contracts (Unaudited) HK\$'000 | Bio-cleaning materials (Unaudited) HK\$'000 | Generators (Unaudited) HK\$'000 | Recyclable plastic materials and relevant services (Unaudited) HK\$'000 | Waste construction materials and waste processing provision (Unaudited) HK\$'000 | Consolidated (Audited) HK\$'000 |
|-----------------------------------|--|--|---------------------------------------|---|---|---------------------------------------|
| ASSETS | | | | | | |
| Segment assets | – | 652 | 1,411 | 2,040 | 10,494 | 14,597 |
| Unallocated corporate assets | | | | | | 45,530 |
| Consolidated total assets | | | | | | <u>60,127</u> |
| LIABILITIES | | | | | | |
| Segment liabilities | – | 129 | 123 | 2 | 305 | 559 |
| Unallocated corporate liabilities | | | | | | 3,346 |
| Consolidated total liabilities | | | | | | <u>3,905</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

4. FINANCE COST

For the six months ended 30 June
2010 2009
(Unaudited) (Unaudited)
HK\$'000 **HK\$'000**

Interest on bank loans and overdraft

 - -

5. LOSS BEFORE INCOME TAX

For the six months ended 30 June
2010 2009
(Unaudited) (Unaudited)
HK\$'000 **HK\$'000**

Loss before income tax has been arrived at after charging
 (crediting) the following items:

Depreciation and amortisation expenses

1,758 2,588

Staff costs

3,820 3,820

Interest income

(551) (67)

 - -

6. INCOME TAX

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the six months ended 30 June 2010 and 2009.

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 2010 (six months ended 30 June 2009: 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\$10,467,000 (six months ended 30 June 2009: HK\$10,066,000) and on the weighted average number of 442,081,370 (six months ended 30 June 2009: 343,576,176) ordinary shares in issue during the Period.

9. INVENTORIES

At 30 June At 31 December
2010 2009
(Unaudited) (Audited)
HK\$'000 **HK\$'000**

Bio-cleaning materials

340 390

Generators

370 435

Recyclable plastic materials

393 120

 - -

 - -

1,103 **945**

1,103 **945**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

10. TRADE RECEIVABLES

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 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|------------------------------------|---|---|
| Trade receivables | 1,259 | 720 |
| Less: Allowance for doubtful debts | <u>(631)</u> | <u>(631)</u> |
| | <u>628</u> | <u>89</u> |

The Group allows a credit period of 90 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts at the ended of the reporting period:

| | At 30 June 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|-------------|---|---|
| 0 – 90 days | <u>628</u> | <u>89</u> |

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | At 30 June 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|--------------------------------|---|---|
| Prepayments | 23 | 456 |
| Deposits and other receivables | <u>21,539</u> | <u>18,283</u> |
| | <u>21,562</u> | <u>18,739</u> |

Deposits and other receivables at 30 June 2010 includes a refundable deposit of HK\$17 million (31 December 2009: HK\$17 million) paid to Myleader Limited ("The Vendor") in respect of the acquisition of shares of Global Emerging Resources Limited ("the Target company") and all loans due from the Vendor. Detail can be found in the announcement dated 24 December 2009 which posted in the Company and the Stock Exchange websites.

In the event that a sale and purchase agreement is not signed by the parties thereto within the exclusivity period on 22 January 2010, and which was extended to 22 July 2010, the deposit (without interest) shall be returned to the Company immediately after the expiry of the exclusivity period. Such deposit was further extended to 22 September 2010 with an extension fee HK\$750,000 on 20 July 2010.

12. LOAN RECEIVABLES

| | At 30 June 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|--|---|---|
| | <u>30,241</u> | <u>–</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

12. LOAN RECEIVABLES (Continued)

Loan receivable at 30 June 2010 includes a loan of HK\$30 million (31 December 2009: Nil) advanced to Gioberto Limited by way of expressing the Company's interest in the proposed acquisition of Gioberto Limited. Details of the loan can be found in (i) the announcements of the Company date 18 February 2010 and 1 June 2010 and the circular of the Company dated 31 March 2010 in relation to the Facility Agreement; and (ii) the announcements of the Company dated 22 July 2010 and 9 August 2010 and the circular of the Company dated 24 August 2010 in relation to, among other matters, the extension of the Original Maturity Date that remain posted on the websites maintained by the Company and Stock Exchange.

13. TRADE PAYABLES

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

| | At 30 June 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|-----------------|---|---|
| 0 to 90 days | 36 | 321 |
| 91 to 180 days | - | 34 |
| 181 to 365 days | 8 | - |
| Over 365 days | - | 516 |
| | <u>44</u> | <u>871</u> |

14. SHARE CAPITAL

| | Number of shares '000 | Par value HK\$'000 |
|---|-----------------------------|-----------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.10 each at 31 December 2009 and 30 June 2010 | <u>4,000,000</u> | <u>400,000</u> |
| Issued and fully paid: | | |
| Ordinary shares of HK\$0.10 each at 1 January 2010 | 374,376 | 37,438 |
| Exercise of share options | 32,656 | 3,265 |
| Placing of new shares | <u>36,000</u> | <u>3,600</u> |
| Ordinary shares of HK\$0.10 each at 30 June 2010 | <u>443,032</u> | <u>44,303</u> |

15. LEASE COMMITMENTS

| | At 30 June 2010 (Unaudited) HK\$'000 | At 31 December 2009 (Audited) HK\$'000 |
|--|---|---|
| Within one year | 1,361 | 1,025 |
| In the second to fifth years inclusive | 2,237 | 489 |
| After five years | <u>475</u> | <u>487</u> |
| | <u>4,073</u> | <u>2,001</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating results

The turnover of the Group for the six months ended 30 June 2010 (the "Period") was approximately HK\$1.3 million (six months ended 30 June 2009 : HK\$1.8 million) representing a decrease of 27.8% as compared with the corresponding period in 2009.

The net loss for the Period was approximately HK\$10.5 million (six months ended 30 June 2009: HK\$10.1 million) representing a decrease of 4.0%.

Bio-cleaning materials

The turnover arising from the sale of bio-cleaning materials has declined from approximately HK\$258,000 for the six months ended 30 June 2009 to approximately HK\$121,000 for the Period representing a reduction of 53.1%, primarily due to the loss of a major China customer during the Period. 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

During the Period, the total turnover arising from the activities of this sector was approximately HK\$385,000 (six months ended 30 June 2009: HK\$1,070,000), of which the trading of recyclable plastic materials accounted for approximately HK\$123,000 (six months ended 30 June 2009: HK\$297,000), while the re-compressing and other related services have achieved a turnover of approximately HK\$262,000 ((six months ended 30 June 2009: HK\$773,000). Such significant decreased in turnover mainly due to the down turn of the re-compressing and other relevant services, in which one of the major customers terminated its services with the Company.

Generators

Members of our technical staff are still engaged in researching and developing power generators equipped with Electronic Fuel Injection, Computer Controlled Carburetion, Digital Inverter and Multi-Fuel capabilities. Such program has not been finalized and/or ready for commercial launch. The Company has reservation about the continuing commercial viability of our activities in this sector and its ability to generate positive income in the near future.

Waste construction materials and waste processing provision

The main business focus of this sector involves the collection and recycling of waste construction materials and the provision of waste management services. The turnover arising from this sector was HK\$816,000 (six months ended 30 June 2009: HK\$462,000), and the growth is quite promising.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 June 2010, the Group had total current assets of approximately HK\$68.0 million (31 December 2009: HK\$39.4 million) and total current liabilities approximately HK\$0.6 million (31 December 2008: HK\$3.9 million). The current ratio of the Group was 113.3 (31 December 2009: 10.1). The Group has sufficient fund to settle its debts.

At 30 June 2010, the Group had total assets of approximately HK\$85.9 million (31 December 2009: HK\$60.1 million). The gearing ratio, calculated by dividing the total debts over its total assets was 0.7% (31 December 2009: 6.5%).

CAPITAL COMMITMENTS

During the Period, the Group had no significant capital commitment (six months ended 30 June 2009: HK\$856,000) was contracted for but not provided in the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

At 30 June 2010, the Group did not have any material contingent liabilities (six months ended 30 June 2009: Nil).

FUTURE PROSPECTS

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

The company will continue its focus on renewable energy business, such as Jatropha plantation and biodiesel business, as to which the company has started commercial cultivation since last year. The Company will continue to seek co-operation from other interested parties in this field.

During the Period, the Company has negotiated with two separate companies for the purpose of acquiring mining rights in The Philippines. No formal sale and purchase agreement has been signed in respect of such transactions. Details of both transactions appear in the Company's announcements dated 24 December 2009, 22 January 2010, 18 February 2010, 1 June 2010, 22 July 2010, 9 August 2010 and the circular dated 31 March 2010 and 24 August 2010 that remain posted on the websites maintained by the Company and the Stock Exchange.

EMPLOYEE

As at 30 June 2010, the Group had 28 employees (six months ended 30 June 2010: 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.

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 2010, 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 | 50.33% |
| | Beneficial owner | 330,000 | 0.07% |
| | Spouse interest | 330,000 | 0.07% |

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) | 340,000 | 0.08% |
| Mr. So Yin Wai | Beneficial owner (Note2) | 670,000 | 0.15% |
| Mr. Chan Kai Yung, Ronney | Beneficial owner (Note2) | 670,000 | 0.15% |
| Ms. Zhu You Chun | Beneficial owner (Note2) | 670,000 | 0.15% |

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.

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 2010 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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, 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 | 15.10% |
| First Win (Note 1) | Beneficial owner | 156,080,008 | 35.23% |
| Always New Limited (Note 1) | Interest of controlled corporation | 222,971,436 | 50.33% |
| The Trustee (Note 2) | Trustee | 222,971,436 | 50.33% |
| Mrs. Yip | Spouse Interest (Note 3) | 222,971,436 | 50.33% |
| | Spouse Interest (Note 3) | 330,000 | 0.07% |
| | Beneficial owner | 330,000 | 0.07% |

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) | 340,000 | 0.08% |

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 above, as at 30 June 2010, 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.

OTHER INFORMATION

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 2010 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 2010 | Granted during the Period | Exercised/Cancelled/Lapsed | As at 30 June 2010 |
| Directors | | | | | | | |
| Yip Wai Leung Jerry | 21/11/2006 | 21/11/2006 - 20/11/2016 | 1.050 | 340,000 | - | - | 340,000 |
| Chan Kai Yung Ronney | 21/11/2006 | 21/11/2006 - 20/11/2016 | 1.050 | 340,000 | - | - | 340,000 |
| | 29/09/2008 | 29/09/2008 - 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 | 29/09/2008 - 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 | 29/09/2008 - 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 | 2,004,000 | - | - | 2,004,000 |
| In aggregate | 21/11/2006 | 21/11/2006 - 20/11/2016 | 1.050 | 3,618,000 | - | - | 3,618,000 |
| In aggregate | 29/09/2008 | 29/09/2008 - 28/09/2018 | 0.395 | 5,000,000 | - | (5,000,000) | - |
| In aggregate | 07/07/2009 | 07/07/2009 - 06/07/2019 | 0.420 | 8,700,000 | - | (6,600,000) | 2,100,000 |
| Other Eligible Participants | | | | | | | |
| In aggregate | 22/09/2006 | 22/09/2006 - 21/09/2016 | 0.930 | 3,284,000 | - | - | 3,284,000 |
| In aggregate | 21/11/2006 | 21/11/2006 - 20/11/2016 | 1.050 | 24,412,000 | - | - | 24,412,000 |
| In aggregate | 07/07/2009 | 07/07/2009 - 06/07/2019 | 0.420 | 21,056,000 | - | (21,056,000) | - |
| Total | | | | <u>70,424,000</u> | <u>-</u> | <u>(32,656,000)</u> | <u>37,768,000</u> |
| | | | Weighted average exercise price (HK\$) | <u>0.719</u> | <u>-</u> | <u>-</u> | <u>0.981</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

The interim report is 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, 27 August 2010