



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 1 4



CONTENTS

2

Corporate Information

3

Condensed Consolidated Statement of Comprehensive Income

4

Condensed Consolidated Statement of Financial Position

5

Condensed Consolidated Statement of Changes in Equity

6

Condensed Consolidated Statement of Cash Flows

7


Notes to the Condensed Consolidated Financial Statements

15

Management Discussion and Analysis

17

Other Information



CORPORATE INFORMATION

DIRECTORS

Executive Director

Mr. Yip Wai Leung Jerry (*Chairman*)

Independent Non-Executive Directors

Ms. Li Kit Chi Fiona

Mr. So Yin Wai

Mr. Tam Chun Wa

AUDIT COMMITTEE

Mr. So Yin Wai (*Chairman*)

Ms. Li Kit Chi Fiona

Mr. Tam Chun Wa

REMUNERATION COMMITTEE

Mr. Tam Chun Wa (*Chairman*)

Ms. Li Kit Chi Fiona

Mr. So Yin Wai

NOMINATION COMMITTEE

Ms. Li Kit Chi Fiona (*Chairwoman*)

Mr. Tam Chun Wa

Mr. Yip Wai Leung Jerry

COMPANY SECRETARY

Mr. Tso Sze Wai

AUDITORS

BDO 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**

Codan Services Limited

Clarendon House,

2 Church 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 2014

	Notes	For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations			
Revenue	3	1,044	773
Other income		163	2
Change in inventories of finished goods		(196)	(324)
Provision for prepayment and deposit		–	(1,125)
Depreciation and amortisation expenses		(1,075)	(1,354)
Staff costs		(6,640)	(3,107)
Other operating expenses		(14,871)	(4,008)
Loss before income tax from continuing operations	4(a)	(21,575)	(9,143)
Income tax	5	–	–
Loss for the period from continuing operations		(21,575)	(9,143)
Discontinued operation			
Loss for the period from discontinued operation	4(b)	–	(956)
Loss for the period		(21,575)	(10,099)
Other Comprehensive Income			
<i>Item that may be reclassified subsequently of profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		568	305
Total comprehensive income for the period		(21,007)	(9,794)
Loss attributable to owners of the Company			
– continuing operations		(21,575)	(9,143)
– discontinued operation		–	(956)
Total comprehensive income attributable to: Owners of the Company			
– continuing operations		(21,007)	(8,838)
– discontinued operation		–	(956)
Loss per share from continuing operations and discontinued operation			
– Basic and diluted (HK cents)	7	(4.68)	(2.22)
Loss per share from continuing operations			
– Basic and diluted (HK cents)		(4.68)	(2.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,794	7,680
Deposit for acquisition of property, plant and equipment		5,656	5,256
		<u>12,450</u>	<u>12,936</u>
Current assets			
Inventories	8	359	360
Trade receivables	9	288	25
Prepayments, deposits and other receivables	10	685	1,858
Cash and cash equivalents		28,359	3,966
		<u>29,691</u>	<u>6,209</u>
Current liabilities			
Trade payables	11	154	–
Accruals and other payables		1,433	2,089
Provision for income tax		1,812	1,838
Convertible redeemable bonds	12	25,047	–
		<u>28,446</u>	<u>3,927</u>
Net current assets		<u>1,245</u>	<u>2,282</u>
Total assets less current liabilities/net assets		<u>13,695</u>	<u>15,218</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	13	46,386	45,500
Reserves		(32,691)	(30,282)
Total equity		<u>13,695</u>	<u>15,218</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014



	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Convertible redeemable bond- equity reserves HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Share-based payment reserves HK\$'000	General reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2013	45,500	219,763	-	56,897	2,225	28,367	71	(320,300)	32,523
Loss for the period	-	-	-	-	-	-	-	(10,099)	(10,099)
Other comprehensive income									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	305	-	-	-	305
Total comprehensive income for the period	-	-	-	-	305	-	-	(10,099)	(9,794)
Balance at 30 June 2013	45,500	219,763	-	56,897	2,530	28,367	71	(330,399)	22,729
Balance at 1 January 2014	45,500	219,763	-	56,897	836	28,141	71	(335,990)	15,218
Issuance of convertible redeemable bond	-	-	3,603	-	-	-	-	-	3,603
Shares issued upon exercised of share options	886	3,997	-	-	-	(1,694)	-	-	3,189
Recognition of equity-settled share based payments	-	-	-	-	-	12,692	-	-	12,692
Lapse of vested share options	-	-	-	-	-	(847)	-	847	-
Transactions with owners	886	3,997	3,603	-	-	10,151	-	847	19,484
Loss for the period	-	-	-	-	-	-	-	(21,575)	(21,575)
Other comprehensive income									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	568	-	-	-	568
Total comprehensive income for the period	-	-	-	-	568	-	-	(21,575)	(21,007)
Balance at 30 June 2014	46,386	223,760	3,603	56,897	1,404	38,292	71	(356,718)	13,695

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Cash flows from operating activities		
Loss before income tax from continuing operations	(21,575)	(9,143)
Loss before income tax from discontinued operation	-	(956)
Adjustments for:		
Interest income	-	(2)
Depreciation and amortisation expenses	1,075	1,370
Loss on disposal of fixed assets	58	-
Provision for prepayment and deposit	-	1,125
Share base payments	12,692	-
Operating (loss)/profit before working capital changes	(7,750)	(7,606)
Increase in trade receivables	(263)	(86)
Decrease in prepayments, deposits and other receivables	1,173	134
Decrease in inventories	1	275
Increase/(decrease) in trade payables	154	(20)
Decrease in accruals and other payables	(656)	(1,082)
Net cash used in operating activities	(7,341)	(8,385)
Cash flows from investing activities		
Deposit for acquisition of property, plant and equipment	(400)	(2,126)
Purchase of property, plant and equipment	(92)	(368)
Proceeds from disposals of property, plant and equipment	127	235
Interest received	-	2
Net cash used in investing activities	(365)	(2,257)
Cash flows from financing activities		
Proceeds from issuance of convertible redeemable bonds	28,650	-
Proceeds from exercise of share options	3,190	-
Net cash generated from financing activities	31,840	-
Net increase/(decrease) in cash and cash equivalents	24,134	(10,642)
Cash and cash equivalents at 1 January	3,966	22,150
Effect of foreign exchange rate changes	259	115
Cash and cash equivalents at 30 June	28,359	11,623
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	28,359	11,623



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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 2013. 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 2013 with the exception of the accounting policy in connection with convertible redeemable bonds which are applicable to the Group in the current period. 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.

CONVERTIBLE REDEEMABLE BONDS

The convertible redeemable bond issued by the Group (Note 12) contain both the liability and equity components which are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond containing derivative features where applicable. The equity component of the convertible bonds is then the residual after deducting the fair value of the liability component from the proceeds from the issuance of the convertible redeemable bond.

The liability component is subsequently measured at amortised cost using effective interest method until extinguished on conversion or redemption. Interest expense is recognised in accordance with the Group’s accounting policy for borrowing costs. The equity component is recognised in convertible redeemable bonds equity reserve until either the convertible redeemable bonds are converted or redeemed.

If the convertible redeemable bonds are converted, the convertible redeemable bond equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the share issued. If the convertible redeemable bonds are redeemed, the convertible redeemable bonds equity reserve is released directly to retained profits/accumulated losses.

Transaction costs that related to the issuance of the convertible redeemable bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period using the effective interest method.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

3. REVENUE AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations		
Trading of biodiesel	-	249
Trading of bio-cleaning materials	4	101
Trading of waste construction materials	-	-
Provision of waste processing services	1,040	423
	<u>1,044</u>	<u>773</u>
Discontinued operation		
Provision of relevant services in respect of recyclable plastic materials	-	2
	<u>1,044</u>	<u>775</u>

Segment revenue and results

For the six months ended 30 June 2014

	Continuing operations				Discontinued operation		Total (Unaudited) HK\$'000
	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	Waste construction materials and waste processing provision (Unaudited) HK\$'000	Consolidated continuing operations (Unaudited) HK\$'000	Recyclable plastic materials and relevant services (Unaudited) HK\$'000	
REVENUE							
Sales to external customers	-	4	-	1,040	1,044	-	1,044
Results							
Segment results	(1,357)	(99)	(4,257)	(7)	(5,720)	-	(5,720)
Unallocated expenses							(16,018)
Other revenue							163
Loss before income tax							<u>(21,575)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2013

	Continuing operations				Discontinued operation		Total (Unaudited) HK\$'000
	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	Waste construction materials and waste processing provision (Unaudited) HK\$'000	Consolidated continuing operations (Unaudited) HK\$'000	Recyclable plastic materials and relevant services (Unaudited) HK\$'000	
REVENUE							
Sales to external customers	249	101	-	423	773	2	775
Results							
Segment results	(2,716)	(179)	(995)	(732)	(4,622)	(956)	(5,578)
Unallocated expenses							(4,523)
Other revenue							2
Loss before income tax							(10,099)

The following table presents assets and liabilities by segment of the Group as at 30 June 2014 and 31 December 2013:

As at 30 June 2014

	Continuing operations				Discontinued operation		Total (Unaudited) HK\$'000
	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	Waste construction materials and waste processing provision (Unaudited) HK\$'000	Consolidated continuing operations (Unaudited) HK\$'000	Recyclable plastic materials and relevant services (Unaudited) HK\$'000	
ASSETS							
Segment assets	7,272	368	529	4,309	12,478	-	12,478
Unallocated cash and cash equivalents							23,869
Unallocated corporate assets							5,794
Consolidated total assets							42,141
LIABILITIES							
Segment liabilities	-	-	201	129	330	-	330
Unallocated corporate liabilities							26,304
Tax liabilities							1,812
Consolidated total liabilities							28,446

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

As at 31 December 2013

	Continuing operations				Discontinued operation		Total (Audited) HK\$'000
	Renewable energy (Audited) HK\$'000	Bio-cleaning materials (Audited) HK\$'000	Generators (Audited) HK\$'000	Waste construction materials and waste processing provision (Audited) HK\$'000	Consolidated continuing operations (Audited) HK\$'000	Recyclable plastic materials and relevant services (Audited) HK\$'000	
ASSETS							
Segment assets	8,303	371	602	4,381	13,657	-	13,657
Unallocated cash and cash equivalents							1,680
Unallocated corporate assets							3,808
							<u>19,145</u>
Unallocated cash and cash equivalents							
Consolidated total assets							<u>19,145</u>
LIABILITIES							
Segment liabilities	24	-	205	179	408	-	408
Unallocated corporate liabilities							1,681
Tax liabilities							1,838
							<u>3,927</u>
Consolidated total liabilities							<u>3,927</u>

4. LOSS BEFORE INCOME TAX

(a) Continuing Operations

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Loss before income tax has been arrived at after charging (crediting) the following items:		
Staff costs including director's remuneration		
Salaries and allowances	3,339	3,107
Equity-settled share-based payment to employees	3,301	-
	6,640	3,107
Exchange differences	691	318
Interest income	-	(2)
Loss and disposal of fixed assets	58	-
Equity-settled share-based payment to non-employees	9,391	-
	<u>9,391</u>	<u>3,423</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014



4. LOSS BEFORE INCOME TAX (Continued)

(b) Discontinued operation

On 30 June 2013, due to the expiry of the lease land, the Company could not find a suitable place to continue this recyclable material and relevant services business, and the board and management consider there will be no significant change or improvement in this sector, and agreed it is not worth to put further money and resource in this sector after the expiry of the lease land. The Company decides to discontinue this segment.

	For the six months ended 30 June 2014 (Unaudited) HK\$'000	For the six months ended 30 June 2013 (Unaudited) HK\$'000
Turnover	-	2
Cost of goods sold	-	(1)
Staff costs	-	(459)
Depreciation and amortisation expenses	-	(16)
Other operation expenses	-	(717)
	<hr/>	<hr/>
Loss before tax	-	(1,191)
Income tax expense	-	-
	<hr/>	<hr/>
	-	(1,191)
Gain on disposal of plant and equipment	-	235
	<hr/>	<hr/>
Loss for the period from discontinued operations	<u>-</u>	<u>(956)</u>

5. 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 2014 and 2013.

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.

6. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company for the period. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted loss per share for the period ended 30 June 2014 has not been disclosed, as the share options outstanding and the convertible redeemable bond during that period have an anti-dilutive effect on the basic loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

7. LOSS PER SHARE (Continued)

The calculations of basic and diluted loss per share from continuing and discontinued operations are based on:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Loss		
Loss for the period	<u>(21,575)</u>	<u>(10,099)</u>
	Number of shares	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	461,463,612	455,002,176
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>N/A</u>	<u>N/A</u>
	<u>N/A</u>	<u>N/A</u>

For continuing operations

The calculation of basic loss per share from continuing operations is based on the following data:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Loss		
Loss from continuing operations	<u>(21,575)</u>	<u>(9,143)</u>

The denominator is the weighted average number of ordinary shares used for the calculation of basic loss per share for continuing and discontinued operations as detailed above.

No adjustment has been made to the above basis loss per share as the outstanding share options had an anti-dilutive effect for both periods.

For discontinued operation

Basic loss per share for the discontinued operation is HK cents nil (six months ended 30 June 2013: approximately HK cents 0.21) per share, based on loss for the period from the discontinued operation is nil (six months ended 30 June 2013: approximately HK\$955,000) and the denominator being the weighted average number of ordinary shares used for the calculation of basic loss per share for continuing and discontinued operations as detailed above.

No adjustment has been made to the basis loss per share for discontinued operation as the outstanding share options had an anti-dilutive effect on the basic loss per share for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014



8. INVENTORIES

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Bio-fuel materials	45	45
Bio-cleaning materials	314	315
	<u>359</u>	<u>360</u>

9. TRADE RECEIVABLES

The Group allows a credit period of 90 days to its trade customers. The following is an ageing analysis (based on due date) of trade receivables net of allowance for doubtful debts at the end of the reporting period:

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
0 – 90 days	288	22
180 – 365 days	–	–
Over 365 days	–	3
	<u>288</u>	<u>25</u>

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Prepayments	43	349
Deposits and other receivables	642	1,509
	<u>685</u>	<u>1,858</u>

11. TRADE PAYABLES

The following is an ageing analysis of trade payables (based on invoice date) at the balance sheet date:

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
0 to 90 days	154	–
91 – 180 days	–	–
180 – 365 days	–	–
Over 365 days	–	–
	<u>154</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

12. CONVERTIBLE REDEEMABLE BONDS

The Company issued one-year 5% convertible redeemable bonds at a total nominal value of HK\$30,000,000 on 4 June 2014. The bonds matures one year from the issue date on 5 June 2015 and can be converted into ordinary shares of the Company at the holder's option at initial conversion price of HK\$0.4 per share after the date of issuance up to and including the maturity date. The maximum number of shares to be converted upon full conversion of the bonds is 75,000,000.

The bonds may be redeemed by the Company during the period commencing on the date immediately following the expiry of restriction period to and including the maturity date at a redemption amount equal to 100% of the principal amount of the outstanding bonds together with all interest accrued thereon. Restriction period is defined as the six-months period commencing from the date of issue of the bonds.

On initial recognition, the fair value of the liability component of the convertible redeemable bonds is determined using the prevailing market interest of similar non-convertible bond with the Company's redemption option. The difference between the fair value of the convertible redeemable bonds and the fair value assigned to the liability component, representing the option for conversion of the convertible redeemable bonds into equity, is included in equity as convertible redeemable bonds equity reserve. The effective interest rate of the liability component is 25.76%.

The movement of the liability and equity components of the convertible redeemable bonds is set out as below:

	Liability component (unaudited) HK\$'000	Equity component (unaudited) HK\$'000
Fair value on initial recognition	26,227	3,773
Direct transaction costs	(1,180)	(170)
	<u>25,047</u>	<u>3,603</u>
Carrying amount as at 30 June 2014	<u>25,047</u>	<u>3,603</u>

The net proceeds from the issue of the convertible redeemable bonds after the direct transaction costs of HK\$1,350,000 is HK\$28,650,000.

13. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2013, 31 December 2013 and 30 June 2014	<u>4,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1 January 2013 and 31 December 2013	455,002	45,500
Exercise of share options (note (a))	8,860	886
	<u>463,862</u>	<u>46,386</u>
At 30 June 2014	<u>463,862</u>	<u>46,386</u>

Note:

- (a) For the period ended 30 June 2014, 8,860,000 options were exercised at the exercise price of HK\$0.36 per share, resulting in the issue of 8,860,000 new shares of HK\$0.1 each and the transfer of a sum of HK\$1,694,000 from share option reserve to share premium.



BUSINESS REVIEW

Operating Results

The turnover of the Group for the six months ended 30 June 2014 (the "Period") was approximately HK\$1.04 million (six months ended 30 June 2013: approximately HK\$0.78 million), representing an increase of approximately 33.33% as compared with the corresponding period in 2013.

The net loss for the Period was approximately HK\$21.6 million (six months ended 30 June 2013: the net loss was approximately HK\$10.0 million). However, excluding the equity-settled share base payment amounting to approximately HK\$12.7 million, the Group has recorded a net loss of approximately HK\$8.9 million for the period ended June 2014, representing a decrease of approximately 11% as compared with the corresponding period in last year. The share base payment was a non-cash accounting item and was charged to the profit and loss for the Period but has no effect on the cash flow of the Group's operation.

Segment Information

(a) Renewable Energy

The Group has ceased all activities in Jatropa and focused its resources on the production of biodiesel outside Hong Kong and therefore has not recorded revenue for the Period. The project, with the production capacity of 8,000 metric tons and the ability to combine both acid esterification and transesterification process in the conversion of oil feedstock into fatty acid methyl esters or biodiesel, is in progress in Portugal. The Group anticipates that this plant will be a new revenue growth driver in the near future.

(b) Bio-cleaning materials

The turnover arising from the sale of bio-cleaning materials has declined from approximately HK\$101,000 for the six months ended 30 June 2013 to approximately HK\$4,000 for the six months ended 30 June 2014, a decrease of approximately 96%. It was mainly due to no sizable orders were secured for the period ended 30 June 2014. The Group will continue to put effort in promoting and marketing environmental products and to tight control over its operating expenses.

(c) Waste construction materials and waste processing provision.

The key element of this sector involves the collecting and recycling of waste construction materials and the sale of recycled construction materials. The turnover arising from this sector has increased from approximately HK\$423,000 for the six months ended 30 June 2013 to approximately HK\$1,040,000 for the six months ended 30 June 2014, representing an increase of approximately 145.9%. The demand for waste construction material is slowly picking up following the completion on the extension of the local government railway works in Germany.

(d) Generators

The development of 15KW liquid propane-powered generator has been completed and the generators have been launched in the market. Our products target on the service providers of telecom facilities in the PRC where most installations are scattered in remote areas. We are awaiting the tender results from a target customer.

(e) Discontinued plastic materials and relevant service

The Group has discontinued the recyclable material and relevant service business following the expiry of the lease in financial year ended 31 December 2013. The main reason for the discontinuation was because of the stringent control asserted by Chinese authorities over the importation of recyclable plastic materials into the PRC, The management were of the view that the continuing commercial viability of this business segment was considered to be not promising, As a result of the above, no revenue was recorded from this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2014 the Group had total current assets of approximately HK\$29.7 million (As at 31 December 2013: approximately HK\$6.2 million) and the total current liabilities were approximately HK\$28.4 million (As at 31 December 2013: approximately HK\$3.9 million). The current ratio of the Group was approximately 1.04 (As at 31 December 2013: approximately 1.6). The Group has sufficient fund to settle its debts.

As at 30 June 2014 the Group had total assets of approximately HK\$42.2 million (As at 31 December 2013: approximately HK\$19.1 million). The gearing ratio, calculated by dividing the total debts over its total assets, was approximately 67.3% (As at 31 December 2013: approximately 20.4%).

CAPITAL COMMITMENTS

As at 30 June 2014, the Group had capital commitment of Euro138,000 (As at 30 June 2013: Euro345,000).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any material contingent liabilities (As at 30 June 2013: Nil).

FUTURE PROSPECTS

The management expects the Group's existing core businesses remains challenging. The Group is of the view that improving operation efficiency is the key to achieve a turnaround in profitability. Therefore, the Group prioritizes on the reallocation of resources and manpower. On the other hand, the Group will continue to undergo a strategic review to examine the options regarding the restructuring of its business and has cautiously been exploring viable investment and acquisition opportunities that can enhance shareholders' value and support our future growth.

As mentioned in the Company's announcement dated at 15 July 2014, the Group has engaged a consultant to provide consultancy service. Such engagement allows the Group to further explore new investment opportunities. The major task of the consultant is to secure an offer on the sale of a controlling interest by shareholders in any companies whose shares are listed on recognized stock exchange in the United Kingdom.

EMPLOYEES

As at 30 June 2014 the Group had 22 employees (As at 30 June 2013: 23 employees) in Hong Kong, the PRC and Germany.

The Group offered competitive remuneration package as an incentive to staff for career advancement and improvements. The Company has in place a share option scheme 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 professional qualifications 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 2014, 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 Beneficial owner	222,971,436 330,000	48.07% 0.07%
Ms. Li Kit Chi Fiona	Beneficial owner	3,612,000	0.78%

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	0.07%
Mr. So Yin Wai	Beneficial owner (Note 2)	1,110,000	0.24%
Mr. Tam Chun Wa	Beneficial owner (Note 2)	440,000	0.09%

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 2014 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 2014, 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	14.42%
First Win (Note 1)	Beneficial owner	156,080,008	33.65%
Always New Limited (Note 1)	Interest of controlled corporation	222,971,436	48.07%
The Trustee (Note 2)	Trustee	222,971,436	48.07%
Mrs. Yip	Spouse Interest (Note 3)	222,971,436	48.07%
	Spouse Interest (Note 3)	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	0.07%

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 2014, 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 2014 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 2014	Granted during the Period	Exercised/Cancelled/Lapsed	As at 30 June 2014
Directors							
Yip Wai Leung Jerry	21/11/2006	21/11/2006 - 20/11/2016	1.050	340,000	-	-	340,000
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
	20/11/2011	20/11/2011 - 19/11/2021	0.360	440,000	-	-	440,000
Tam Chun Wa	20/11/2011	20/11/2011 - 19/11/2021	0.360	440,000	-	-	440,000
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	3,418,000	-	-	3,418,000
In aggregate	07/07/2009	07/07/2009 - 06/07/2019	0.420	2,100,000	-	-	2,100,000
In aggregate	20/11/2011	20/11/2011 - 19/11/2021	0.360	15,960,000	-	4,430,000	11,530,000
In aggregate	12/05/2014	12/05/2014 - 11/05/2024	0.388	-	16,000,000	-	16,000,000
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	24,050,000	-	-	24,050,000
In aggregate	20/11/2011	20/11/2011 - 19/11/2021	0.360	14,990,000	-	8,860,000	6,130,000
In aggregate	12/05/2014	12/05/2014 - 11/05/2024	0.388	-	4,000,000	-	4,000,000
In aggregate	16/06/2014	16/06/2014 - 15/06/2024	0.378	-	25,000,000	-	25,000,000
Total				<u>67,696,000</u>	<u>45,000,000</u>	<u>13,290,000</u>	<u>99,406,000</u>
			Weighted average exercise price (HK\$)	<u>0.693</u>	<u>0.382</u>	<u>0.360</u>	<u>0.548</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.

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.

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, 29 August 2014