



Annual Report
2014



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 Director

Mr. Yip Wai Leung Jerry (*Chairman*)

Independent Non-Executive Directors

Mr. So Yin Wai

Mr. Tam Chun Wa

Ms. Li Kit Chi Fiona

AUDIT COMMITTEE

Mr. So Yin Wai (*Chairman*)

Mr. Tam Chun Wa

Ms. Li Kit Chi Fiona

REMUNERATION COMMITTEE

Mr. Tam Chun Wa (*Chairman*)

Mr. So Yin Wai

Ms. Li Kit Chi Fiona

NOMINATION COMMITTEE

Ms. Li Kit Chi Fiona (*Chairwoman*)

Mr. Yip Wai Leung Jerry

Mr. Tam Chun Wa

COMPANY SECRETARY

Mr. Tso Sze Wai

AUDITOR

BDO Limited

LEGAL ADVISOR

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

Chairman's Statement

On behalf of the board of directors (the “**Board**”) of Green Energy Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), I am pleased to present the annual report of the Group for the financial year ended 31 December 2014 (“**FY2014**”).

PRINCIPAL BUSINESS

During FY2014 the Group has engaged in the trading of (a) bio-cleaning materials, (b) waste construction materials and provision of waste processing services, (c) renewable energy and (d) generators. An analysis of the above segments can be found in note 5 of the audited financial statements.

FINANCIAL PERFORMANCE

The Group's total revenue for FY2014 was approximately HK\$2.4 million (FY2013: HK\$1.6 million) representing an increase of approximately 43.4% as compared with that for the year ended 31 December 2013 (“**FY2013**”). The main reason for the increase was due to the increase in revenue from the waste construction material sector. Further details of the financial analysis for FY2014 have been included in the Management Discussion and Analysis section of the report.

YEAR IN REVIEW AND OUTLOOK CONTINUING OPERATIONS

(a) Bio-Cleaning Products

As in the previous financial years, all revenues in FY2014 from this sector were contributed by sales made in Hong Kong. The Group will continue to grow its business in Hong Kong and will also promote and broaden its sales to overseas markets. Plans to sell and gain market access to overseas customers have also been put in place and the Group will continue to explore business opportunities outside of Hong Kong.

(b) Waste Construction Materials

The performance in this segment has improved in FY2014. Steady growth is expected in this segment in the coming year as the Group is still in the process of building up its customer's base in Germany.

(c) Renewable energy

The Group now focus its resources on the production of biodiesel using a different type of feedstock. An order has been placed with a reputable Portuguese supplier for the fabrication and supply of a new biodiesel processing plant to be delivered to the Group. The facility will employ the most advanced type of the current industry-proven production technologies, that of esterification combined with ultrasonic transesterification. It is expected that the new plant will enhance business growth and opportunities of the Group for further expansion in the near future.

Chairman's Statement

DISCONTINUED OPERATION

Generators

The Group has decided to discontinue the operations and services in the business segment following that the Group has not succeeded in securing a contract with the service providers of telecom facilities in PRC for the supply of 15KW liquid propane-powered generator. The management are of the view that the commercial viability of this business was considered not promising and the market for an advanced electronic control unit is too price competitive.

PROPOSED ACQUISITION OF A COMPANY IN THE PROCESS OF ACQUIRING PARCELS OF LAND IN GERMANY

The Group proposed to acquire 100% equity interests of a company which is in the process of acquiring parcels of land in Sande, Germany (the "Property") from an independent third party Guzman Ventures at a consideration of \$8.5 million. The consideration will be settled by \$2.5 million by cash and the issuance of 15 million consideration shares at a price of \$0.4 per share upon completion of the proposed acquisition.

The Property directly abuts upon and is immediately adjacent to the properties currently owned and used by the Group since early 2007. By acquiring the Property, the Group will be able to further develop and expand its recycling business by capturing the space and facilities on the existing land together with the Property as a whole and the proposed acquisition is considered to be beneficial to the future development of the Group.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

The limited availability of petrol and its prices volatility have brought about the development of alternative fuels such as biodiesel. The major advantages of biodiesel are that it enhances engine life, and unlike petroleum, it does not pollute the environment. The biodiesel market is slated for a huge potential growth in the next few years not only because of the growing environmental concerns, but also because of the non-renewable sources of energy, especially petroleum. Governments across the globe are encouraging the use of biodiesel; and many countries have initiated blending of conventional diesel with a percentage of biodiesel.

In the coming decades, biofuels will be required for road, air, rail and shipping. An integrated biofuels strategy is required for meeting the competing needs of these different transport types at national and international level. Many governments around the world have now implemented ambitious targets and policies to promote biofuels. For example, the European Union has endorsed a mandatory target of a 20 per cent share of all energy from renewable sources in overall energy consumption by 2020 and a mandatory 10 per cent target (a recent plenary vote in the European Parliament yielded an agreement to cap the contribution of first-generation biofuels at 6 per cent,) to be achieved by all member states for the share of biofuels in the transport sector by 2020.

Chairman's Statement

The Group will continue the existing business activities and exercise prudent control over expenditures. Efforts will also be made to explore new business opportunities locally and overseas. The Group believe that the performance of the existing sectors will improve over time and it is hoped that future revenue will increase in coming years.

The Group will continue to seek attractive new investment opportunities with a view to generating positive cash flow and earnings for the Group. In addition to this, the Group will also seek new opportunities to further enhance its working capital by possible fund raising activities which may involve issue of new shares in and/or debt securities of the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my appreciation to all our shareholders, customers and business associates for their continued support throughout the years. I would also like to express my gratitude to our management and staff for their dedication and loyalty to the Group.

Yip Wai Leung Jerry

Chairman and Executive Director

Hong Kong, 30 March 2015

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Yip Wai Leung Jerry, aged 56, is a solicitor and a partner in the firm of J. Chan Yip, So & Partners, of which he is one of the founding partners. Mr. Yip graduated from University of London with a Bachelor Degree in Laws. He has more than 20 years of legal professional experience and his principal areas of practice include commercial work, property, finance and litigation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. So Yin Wai, aged 52, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for more than 20 years. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He had previously worked for Peat Marwick, Mitchell & Co. and Messrs. Kwan Wong Tan & Fong and been involved in the audit of a number of international and local engagements and listed companies. He is currently the sole practitioner of his own firm known as Alex So & Co (Certified Public Accountants). Apart from his auditing experiences, Mr. So also specializes in company secretarial work, tax planning and management consultancy matters. Mr. So is previously the Vice-Chairman of China Business Association. He is the Honorary Auditor of a number of voluntary organizations, including Hong Kong Parkinson's Disease Foundation, and Chartered Management Institute, Hong Kong.

Mr. Tam Chun Wa, aged 51, is currently an executive director, the chief financial officer and the company secretary of Chinasing Investment Holdings Limited, a company which shares are listed on the main board of Singapore Exchange Securities Trading Limited. Mr. Tam obtained a Master degree of Business Administration from the University of Sydney. He is also a member of Hong Kong Institute of Certified Public Accountants, CPA (Australia) and Institute of Singapore Chartered Accountants. Mr. Tam has more than 20 years in the areas of auditing, accounting, tax, investment banking and company secretarial works.

Ms. Li Kit Chi Fiona, aged 55, is a solicitor in Hong Kong who was first admitted in 1989. She was also admitted to practice law in Victoria, Melbourne, Australia in 1985 and in England and Wales in 1992. Ms. Li obtained a bachelor of laws and bachelor of economics (combined course) from Monash University in 1982 and 1984 respectively, a Chinese bachelor of laws from the Chinese University of Political Science and Law in 1995 and an executive master degree of business administration from the Chinese University of Hong Kong in 1998.

SECRETARY AND FINANCIAL CONTROLLER

Mr. Tso Sze Wai, aged 44, is the Financial Controller and Company Secretary of the Group. He is responsible for the Group's accounting and finance matters. Mr. Tso holds a bachelor degree in Commerce awarded by University of New South Wales, Australia and a postgraduate diploma in Computing in the University of Western Sydney, Australia. He is a member of the Hong Kong Institute of Certified Accountants. He has over 15 years of experience in accounting and finance. Mr. Tso joined the Group in August 2014.

Management Discussion and Analysis

FINANCIAL REVIEW REVENUE

During the year, the Group has engaged in the trading of (a) bio-cleaning materials, (b) waste construction materials and provision of waste processing services, (c) renewable energy and (d) generators. The Group's total revenue for the year ended 31 December 2014 ("FY2014") was approximately HK\$2.4 million (FY2013: approximately HK\$1.6 million) representing an increase of approximately 43.4% as compared with that for the year ended 31 December 2013 ("FY2013").

CONTINUING OPERATIONS

(a) Bio-cleaning Products

The revenue arising from activities of bio-cleaning sector for the FY2014 was approximately HK\$75,000 (FY2013: approximately HK\$104,000) representing a decrease of approximately 27.9% as compared with that for FY2013.

(b) Waste Construction Materials

The revenue arising from waste construction material sector for FY2014 was approximately HK\$2.28 million (FY2013: approximately HK\$1.29 million) representing an increase of approximately 77.0% compared with FY2013.

(c) Renewable Energy

The Company has ceased all activities in Jatropha plantation in FY2013 and begun to focus its resources on the production of biodiesel outside Hong Kong using a different type of feedstock. Therefore, no revenue was recorded for the year. However, a new project, with the production capacity of 8,000 metric tons of biodiesel per year is in progress in Portugal. The Group anticipates this project will be a new revenue growth driver in the near future.

DISCONTINUED OPERATION

(d) Generators

Since the trading of generators was discontinued on 31 December 2014 due to the unsatisfactory outcome of the tender for the supply of new orders, no revenue was recorded in FY2014 and FY2013 respectively.

Management Discussion and Analysis

EXPENDITURE

In FY2014, total operating expenditures excluding finance costs were recorded at approximately HK\$38.1 million (FY2013: approximately HK\$18.8 million).

In FY2014, (i) an equity-settled share-based payments of approximately HK\$12.7 million was recognised as two lots of options granted on 12 May 2014 and 16 June 2014 respectively, (ii) exchange loss of approximately HK\$5.3 million were recorded due to the translation of balances denominated in foreign currencies, which was mostly attributable to the drastic depreciation of Euro and Renminbi against Hong Kong dollars by the end of year 2014, while a foreign exchange gain of around HK\$1.65 million was recorded last year.

On the other hand, in FY2013, included in total operating expenditures were impairment loss on other receivables and bad debts written off approximately HK\$307,000 in total. These were related to debtors who had difficulties in repayment.

Finance costs of approximately HK\$1.6 million relate to imputed interest of convertible redeemable bonds issued and fully converted during FY2014 (FY2013: Nil).

During FY2014, the Group recorded a net loss of approximately HK\$36.2 million against a net loss of approximately HK\$15.9 million for FY2013. However, excluding the non-recurring equity-settled share-based payments amounting to approximately HK\$12.7 million, the Group has recorded a net loss of approximately HK\$23.5 million only as compared with the last year. The share-based payments was a non-cash accounting item and was charged to the profit and loss for the year but has no effect on the cash flow of the Group's operation.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had total current assets of approximately HK\$31.5 million (As at 31 December 2013: approximately HK\$6.2 million) while total current liabilities were approximately HK\$3.0 million (As at 31 December 2013: approximately HK\$3.9 million). The current ratio, an indicator to demonstrate the ability to meet the short term liabilities, was approximately 10.5 (As at 31 December 2013: approximately 1.6). Improvement in the current ratio indicates that the Group has sufficient fund to meet its liabilities as they fall due.

As at 31 December 2014, the Group had total assets of approximately HK\$44.9 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 6.7% (As at 31 December 2013: approximately 20.5%).

Management Discussion and Analysis

MATERIAL ACQUISITION

In November 2014, the Group entered into a sale and purchase agreement in relation to a proposed acquisition of a business. An announcement has been made to disclose the details of this proposed acquisition on 11 November 2014.

Save for the above, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the FY2014.

CAPITAL COMMITMENT

As at 31 December 2014 the Group had capital commitment of HK\$7,408,000 (As at 31 December 2013: HK\$2,213,000).

CONTINGENT LIABILITIES

As at 31 December 2014 the Group did not have any material contingent liabilities (As at 31 December 2013: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014 the Group had 22 employees (As at 31 December 2013: 25 employees) in Hong Kong, the PRC and Germany.

The Group offered competitive remuneration package as an incentive to staff for improvement. 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 professional qualifications and the prevailing market practice.

Directors' Report

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2014 to all the shareholders.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 31 to the financial statements.

Segmental information of the Group was disclosed in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income on page 27.

The Directors do not recommend the payment of a dividend for the year.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2014 comprised contributed surplus of HK\$56,897,000 (2013: HK\$56,897,000).

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Directors' Report

SHARE CAPITAL

Details of movements of the Company's share capital during the year are set out in note 24 to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of change in equity on page 30 and in note 25(b) to the financial statements, respectively.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Yip Wai Leung Jerry (*Chairman*)

Independent non-executive Directors

Mr. So Yin Wai

Mr. Tam Chun Wa

Ms. Li Kit Chi Fiona

In accordance with Clause 99 of the Company's Bye-Laws, Mr. So Yin Wai and Ms. Li Kit Chi, Fiona retire by rotation and being eligible, offer themselves for re-election.

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Report

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 31 December 2014, the interests or short positions of the Directors and the 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Ordinary shares of HK\$0.10 each of 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")	Settlor of a discretionary trust	222,971,436	39.00%
	Beneficial owner	340,000 *	0.06%
	Beneficial owner	330,000	0.06%
Ms. Li Kit Chi Fiona	Beneficial owner	3,612,000	0.63%
Mr. So Yin Wai	Beneficial owner	670,000 *	0.12%
	Beneficial owner	440,000	0.08%

* These underlying shares represent the shares to be issued and allotted upon the exercise of the option 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 31 December 2014 as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 28 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Mr. Yip Wai Leung Jerry had entered into a service agreement with the Company for a period of one year expiring on 31 December 2015 and the service contracts are subject to renew after expiration.

Mr. So Yin Wai, Mr. Tam Chun Wa and Ms. Li Kit Chi Fiona as the independent non-executive directors have a two year service contracts with the Company and the service contracts are subject to renew after expiration.

Save as disclosed above, no Directors who are proposed for re-election at the annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" of this Directors' Report, no contract of significance to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors as at the date of this Directors' Report are set out on page 6.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	39.7%
– five largest customers combined	74.7%
Purchase	
– the largest supplier	65.1%
– five largest suppliers combined	89.1%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

MANAGEMENT CONTRACT

There was no contracts concerning the management and administration of the whole or any substantial part of business during the year.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31 December 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:

Ordinary shares and underlying shares of the Company:

Name of shareholder	Capacity	No. of ordinary shares of HK\$0.10 each held	No. of underlying shares held	Percentage of total issued share capital
Always Adept Limited ("Always Adept") (Note 1)	Beneficial owner	66,891,428	–	11.70%
First Win Trading Limited ("First Win") (Note 1)	Beneficial owner	156,080,008	–	27.30%
Always New Limited (Note 1)	Interest of controlled corporation	222,971,436	–	39.00%
The Trustee (Note 2)	Trustee	222,971,436	–	39.00%
Chui Pui Fun ("Mrs. Yip")	Spouse interest (Note 3)	222,971,436	–	39.00%
	Spouse interest (Note 4)	330,000	340,000 (Note 4)	0.12%

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 New Zealand Professional Trustee Limited ("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.
3. Mrs. Yip is the spouse of Mr. Yip and she is deemed to be interested in the Shares in which Mr. Yip is 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.

Directors' Report

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company still considers all of the independent non-executive Directors to be independent.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report as set out on pages 17 to 24 of the annual report of the Company for the year.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the audit committee of the Company ("Audit Committee") are set out in the code provision C.3.3 of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which were in force prior to 1 January 2009.

The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scopes of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. So Yin Wai as chairman, Mr. Tam Chun Wa and Ms. Li Kit Chi Fiona as a member.

The Audit Committee had reviewed the audited results of the Group for the year.

CONNECTED TRANSACTIONS

During the year under review, the Company and the Group had connected transactions, certain details of which have been disclosed in note 30 to the financial statements and which have been disclosed in this paragraph are connected transactions or as the case may be, continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' Report

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company was adopted a share option scheme as an incentive to Directors, employees and other eligible participants, details of the scheme is set out in note 28 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year under review. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Yip Wai Leung Jerry

Chairman

Hong Kong, 30 March 2015

Corporate Governance Report

COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The board ("Board") of directors ("Directors") of the Company ensures that effective self-regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has complied with the Code Provisions under the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2014 (the "year under review"), save for the deviations discussed below. The following sections set out a discussion of the corporate governance practices adopted and observed by the Company, including any deviations therefrom, during the year under review.

A. Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own securities dealing code for the Directors. All the Directors confirmed, upon specific enquiry made by the Company on them, that they had complied with the required standard set out in the Model Code regarding their securities transactions.

B. Board of Directors

(i) Board composition

The Board currently comprises a combination of executive Director and independent non-executive Directors. As at 31 December 2014, the Board consisted the following Directors:

Executive Director

Mr. Yip Wai Leung Jerry

Independent non-executive Directors

Mr. So Yin Wai

Mr. Tam Chun Wa

Ms. Li Kit Chi Fiona

Schedules of matters reserved for the Board include:

- To formulate overall strategy of the Company and its subsidiaries (the "Group")
- To monitor its financial performance and maintains effective oversight over the management
- To control and approve transactions which are extraordinary and significant to the Group as a whole

Corporate Governance Report

B. Board of Directors – continued

(ii) Board meetings and attendance record

The Company held four meetings during the year under review. The attendance record of the Board meetings are as follows:

Members of the Board	Number of board meetings held during the Director's term of office in 2014	Number of meeting(s) attended
Chairman		
Mr. Yip Wai Leung Jerry	4	4
Independent non-executive Directors		
Mr. So Yin Wai	4	4
Mr. Tam Chun Wa	4	4
Ms. Li Kit Chi Fiona	4	4

(iii) Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors during the year under review. All independent non-executive Directors brought their wealth of experience to the Board and made active contribution to the Group. They closely monitored the developments of the Group and freely expressed their opinions at board meetings. One of the independent non-executive Directors, Mr. So Yin Wai, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for more than 20 years. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. His accounting qualification satisfies the requirements of Rule 3.10(2) of the Listing Rules.

None of the independent non-executive Directors, has any business or financial interests with the Group and each of them has confirmed their independence to the Group pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Board considers that all independent non-executive Directors were independent.

(iv) Relationship among members of the Board

There is no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. All of them are free to exercise their independent judgment.

Corporate Governance Report

B. Board of Directors – continued

(v) *Directors' Continuous Professional Development*

The Group regularly updates Directors on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties. In addition, the Company has been encouraging Directors to attend seminars on the latest development of applicable laws, rules and regulations so that they can continuously update and further improvement their relevant knowledge and skills.

According to the records provided by the Directors, the training received by each the Directors during the period from 1 January 2014 up to 31 December 2014 is summarized as follows:

	Type of continuous professional development training (notes)
Directors	
Executive Director	
Yip Wai Leung Jerry	A and B
Independent non-executive Directors	
Ms. Li Kit Chi Fiona	A and B
Mr. So Yin Wai	A and B
Mr. Tam Chun Wa	A and B

Notes:

A: Attending seminar(s) or training session(s)

B: Reading newspapers, journals and updates relating to the Company's business or Directors' duties and responsibilities, the latest development of the Listing Rules and other applicable regulatory requirements etc.

(vi) *Board Diversity Policy*

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All board appointment will be made based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and the contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board is characterized by significant diversity, in terms of gender, professional and educational background and skills.

Corporate Governance Report

C. Chairman and chief executive officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Yip Wai Leung Jerry, who was also the chairman of the Company. The Board believes that vesting 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.

D. Remuneration of Directors

The Company established a remuneration committee on 21 December 2005. Members of the remuneration committee as at 31 December 2014 comprised Mr. So Yin Wai, Mr. Tam Chun Wa and Ms. Li Kit Chi Fiona. Mr. Tam Chun Wa is the chairman of the remuneration committee. All votes in the remuneration committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the remuneration committee are as follows:

- To determine the remuneration policy of the Group
- To determine the remuneration of executive Directors regarding their remuneration
- To review annually and take note of the remuneration trends of the Group and obtain reliable and up-to-date information about remuneration packages of other closely comparable companies

Corporate Governance Report

D. Remuneration of Directors – continued

It is the Company's policy that the remuneration package of each Director shall be determined by reference to their experience, qualification and the time expected to be devoted by them on the affairs of the Company.

The remuneration committee held one meeting during the year under review.

Members of the Remuneration Committee	Number of meeting(s) held during the committee member's term of office in 2014	Number of meeting(s) attended
Mr. So Yin Wai	1	1
Mr. Tam Chun Wa	1	1
Ms. Li Kit Chi Fiona	1	1

The Company has adopted a share option scheme on 5 June 2006, which serves as an incentive to attract, reward and motivate eligible staffs etc.

Details of the share option scheme are set out in note 28 to the financial statements.

E. Nomination of Directors

The Company established a nomination committee on 21 December 2005. Members of the nomination committee as at 31 December 2014 comprised Mr. Tam Chun Wa, Mr. Yip Wai Leung Jerry and Ms. Li Kit Chi Fiona. Ms. Li Kit Chi Fiona was the chairwoman of the nomination committee.

The main duties of the nomination committee are as follows:

- To review the structure, size and composition of the Board regularly and to make recommendations to the Board with regard to any changes required
- To evaluate the balance of skills, knowledge and experience of the Board
- To identify and nominate any candidate for the Board's approval
- To make recommendations for the appointment and removal of the Chairman or any Director
- To make recommendations to the Board on the re-appointment of any non-executive Director at the conclusion of his specified term of office

Corporate Governance Report

E. Nomination of Directors – continued

The Group will consider the background, experience and qualification of any proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director of the Company.

The nomination committee held one meeting during the year under review.

Members of the Nomination Committee	Number of meeting(s) held during the committee member's term of office in 2014	Number of meeting(s) attended
Mr. Yip Wai Leung Jerry	1	1
Mr. Tam Chun Wa	1	1
Ms. Li Kit Chi Fiona	1	1

F. Auditor's remuneration

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the remuneration paid/payable to the Company's auditor, BDO Limited, is set out as follows:

Services rendered	Fees paid/payable HK\$
Audit services	540,000

G. Audit committee

As at 31 December 2014, the audit committee of the Company ("Audit Committee") comprised three independent non-executive Directors, namely Mr. Tam Chun Wa, Mr. So Yin Wai and Ms. Li Kit Chi Fiona. Mr. So Yin Wai is the chairman of the Audit Committee. Mr. So Yin Wai has the appropriate professional qualifications of accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

Meetings of the Audit Committee are held not less than twice a year to review and discuss the interim and annual financial statements respectively. Additional meetings may also be held by the committee from time to time to discuss special projects or other issues which the Audit Committee considers necessary. The external auditor of the Group may request a meeting of the Audit Committee to be convened if they consider that it is necessary.

Corporate Governance Report

G. Audit committee – continued

The main duties of the Audit Committee are as follows:

- To monitor the works of the external auditor
- To review the Group's interim and annual financial statements before submission to the Board
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditor may wish to discuss
- To review the Group's statement on internal control system prior to endorsement by the Board
- To consider the major findings of any internal investigation and the management's response

The Audit Committee held three meetings during the year under review. The attendance record of the Audit Committee meetings for the year under review is as follows:

Members of the Audit Committee	Number of meetings held during the committee member's term of office in 2014	Number of meeting(s) attended
Mr. So Yin Wai	3	3
Mr. Tam Chun Ma	3	3
Ms. Li Kit Chi Fiona	3	3

Throughout the year under review, the Audit Committee discharged its responsibilities by reviewing and discussing the financial results and internal control system of the Group.

Internal Control:

Pursuant to the CG Code, the Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's asset.

The Board has reviewed the efficiency of the Group's internal control systems, including financial operation and compliance control and risk management procedure. The Company has not set up a specialized internal control department yet, but it has required its accounts department to specifically take up the responsibility of reviewing the internal control system of the Group. The Board believes that the Group is responsible to improve the internal control system continuously in order to give hand to the risk of the deficiency in the operating system, if any, with an aim to achieve the Group's objectives.

During the year under review, the Company complied with the code provision C.2.1 of the CG Code. During the year under review, the Board conducted a full review of the effectiveness of the internal control system of the Group and discussed the assessment with the management.

Corporate Governance Report

H. Directors' and officers' liability insurance

Insurance cover has been arranged for Directors' and officers' liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. Such insurance has also been renewed before 29 March 2015 with a term from one year until 28 March 2016.

I. COMPANY SECRETARY

Mr. Tso Sze Wai has been the Company Secretary of the Company since 28 August 2014. Mr. Tso reports to the chairman of the Company and is responsible for advising the Board on corporate governance matters. Mr. Tso has confirmed that he has taken no less than 15 hours of relevant professional training during the year under review.

J. Directors' and auditor's acknowledgement

The Directors acknowledge their responsibility for preparing the financial statements for the year under review.

The external auditor of the Company acknowledge their reporting responsibilities in the auditor's report on the financial statements for the year under review.

By order of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 30 March 2015

Independent Auditor's Report



Tel : +852 2218 8288
Fax : +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

TO THE SHAREHOLDERS OF GREEN ENERGY GROUP LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Green Energy Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 27 to 99, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants

Lee Ming Wai

Practising Certificate Number P05682

Hong Kong, 30 March 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000 (Re-presented)
Continuing operations			
Revenue	6	2,357	1,642
Changes in inventories of finished goods		(472)	(442)
Other income	7	571	2,262
Staff costs		(5,889)	(6,078)
Depreciation		(1,804)	(2,475)
Other expenses		(25,002)	(6,320)
Impairment loss on other receivables		-	(230)
Bad debts written off		-	(28)
Reversal of write-down/(Write-down) of inventories to net realisable value		52	(61)
Finance costs	8	(1,610)	-
Loss before income tax	9	(31,797)	(11,730)
Income tax credit/(expense)	11	965	(837)
Loss for the year from continuing operations		(30,832)	(12,567)
Discontinued operations			
Loss for the year from discontinued operations	10	(5,366)	(3,349)
Loss for the year	12	(36,198)	(15,916)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of foreign operations		4,168	(1,389)
Other comprehensive income for the year		4,168	(1,389)
Total comprehensive income for the year		(32,030)	(17,305)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share from continuing and discontinued operations			
– Basic and diluted	14	(7.29)	(3.50)
Loss per share from continuing operations			
– Basic and diluted	14	(6.21)	(2.76)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	5,237	7,680
Intangible assets	16	–	–
Deposit for acquisition of investment	19(a)	2,500	–
Deposit for acquisition of property, plant and equipment	19	5,655	5,256
		13,392	12,936
Current assets			
Inventories	17	362	360
Trade receivables	18	135	25
Prepayments, deposits and other receivables	19	5,543	1,858
Cash and cash equivalents	21	25,505	3,966
		31,545	6,209
Current liabilities			
Accruals and other payables		2,188	2,089
Provision for income tax		853	1,838
		3,041	3,927
Net current assets		28,504	2,282
Total assets less current liabilities/Net assets		41,896	15,218
EQUITY			
Share capital	24	57,175	45,500
Reserves	25(a)	(15,279)	(30,282)
Total equity		41,896	15,218

On behalf of the Board

Yip Wai Leung Jerry
Executive Director

So Yin Wai
Independent Non-Executive Director

Statement of Financial Position

For the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	31	–	1
Current assets			
Prepayments, deposits and other receivables	19	795	337
Amounts due from subsidiaries	20(a)	30,420	13,113
Cash and cash equivalents	21	10,840	875
		42,055	14,325
Current liabilities			
Amount due to a subsidiary	20(b)	–	852
Accruals and other payables		700	700
		700	1,552
Net current assets		41,355	12,773
Net assets		41,355	12,774
EQUITY			
Share capital	24	57,175	45,500
Reserves	25(b)	(15,820)	(32,726)
Total equity		41,355	12,774

On behalf of the Board

Yip Wai Leung Jerry
Executive Director

So Yin Wai
Independent Non-Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Notes	Share capital HK\$'000	Share premium* HK\$'000	Convertible redeemable bonds equity reserves* HK\$'000	Contributed surplus* HK\$'000	Exchange reserve* HK\$'000	Share option reserve* HK\$'000	General reserves* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000
At 1 January 2013		45,500	219,763	-	56,897	2,225	28,367	71	(320,300)	32,523
Lapse of vested share options		-	-	-	-	-	(226)	-	226	-
Transactions with owners		-	-	-	-	-	(226)	-	226	-
Loss for the year		-	-	-	-	-	-	-	(15,916)	(15,916)
Other comprehensive income										
Exchange difference on translation of financial statements of foreign operations		-	-	-	-	(1,389)	-	-	-	(1,389)
Total comprehensive income for the year		-	-	-	-	(1,389)	-	-	(15,916)	(17,305)
At 31 December 2013 and 1 January 2014		45,500	219,763	-	56,897	836	28,141	71	(335,990)	15,218
Issue of convertible redeemable bonds	23	-	-	3,603	-	-	-	-	-	3,603
Recognition of equity-settled share-based payment	28	-	-	-	-	-	12,692	-	-	12,692
Shares issued upon conversion of convertible redeemable bonds	23	7,500	22,760	(3,603)	-	-	-	-	-	26,657
Shares issued upon exercise of share options	24	4,175	22,432	-	-	-	(10,851)	-	-	15,756
Lapse of vested share options		-	-	-	-	-	(847)	-	847	-
Transactions with owners		11,675	45,192	-	-	-	994	-	847	58,708
Loss for the year		-	-	-	-	-	-	-	(36,198)	(36,198)
Other comprehensive income										
Exchange difference on translation of financial statements of foreign operations		-	-	-	-	4,168	-	-	-	4,168
Total comprehensive income for the year		-	-	-	-	4,168	-	-	(36,198)	(32,030)
At 31 December 2014		57,175	264,955	-	56,897	5,004	29,135	71	(371,341)	41,896

* The aggregate balances underlying these accounts at the reporting date of deficit of HK\$15,279,000 (2013: HK\$30,282,000) are included as reserves in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000 (Re-presented)
Cash flows from operating activities		
Loss before income tax from continuing operations	(31,797)	(11,730)
Loss before income tax from discontinued operations	(5,366)	(3,349)
	(37,163)	(15,079)
Adjustments for:		
Interest income	(16)	(2)
Finance costs	1,610	–
Depreciation of property, plant and equipment	1,889	2,619
Loss/(Gain) on disposal of property, plant and equipment	279	(51)
Equity-settled share-based payments	12,692	–
Bad debts written off	–	77
Write off of long outstanding payables	–	(615)
(Reversal of write-down)/Write-down of inventories to net realisable value	(52)	61
Impairment loss on other receivables	–	230
Net exchange loss/(gain)	4,929	(1,647)
Operating losses before movements in working capital	(15,832)	(14,407)
Decrease in inventories	49	280
(Increase)/Decrease in trade receivables	(124)	63
(Increase)/Decrease in prepayments, deposits and other receivables	(1,203)	196
Decrease in trade payables	–	(29)
Increase/(Decrease) in accruals and other payables	126	(161)
<i>Net cash used in operating activities</i>	(16,984)	(14,058)
Cash flows from investing activities		
Interest received	16	2
Increase in loan receivables	19(b) (2,500)	–
Deposit paid for acquisition of investment	19(a) (2,500)	–
Purchases of property, plant and equipment	(988)	(4,447)
Proceeds from disposals of property, plant and equipment	322	286
<i>Net cash used in investing activities</i>	(5,650)	(4,159)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000 (Re-presented)
Cash flows from financing activities			
Net proceeds from issue of convertible redeemable bonds	23	28,650	–
Proceeds from exercise of share options	24	15,756	–
<i>Net cash generated from financing activities</i>		44,406	–
Net increase/(decrease) in cash and cash equivalents		21,772	(18,217)
Effect of foreign exchange rate changes		(233)	33
Cash and cash equivalents at 1 January		3,966	22,150
Cash and cash equivalents at 31 December		25,505	3,966
Analysis of balances of cash and cash equivalents			
Bank balances and cash		25,505	3,966

Notes to the Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

Green Energy Group Limited ("the Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 4C Derrick Industrial Building, 49 Wong Chuk Hang Road, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 31. The Company together with its subsidiaries are collectively referred to as the "Group" hereinafter.

The Company's parent is Always New Limited which was incorporated in the British Virgin Islands and the directors of the Company (the "Directors") consider its ultimate parent is New Zealand Professional Trustee Limited which was incorporated in New Zealand.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – first effective on 1 January 2014

In the current year, the Group has applied for the first time the following new standards and amendments issued by the Hong Kong Certified Public Accountants, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets

The adoption of these amendments has no material impact on the financial statements of the Group.

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

(b) New/Revised HKFRSs – issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. Among them, HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

(b) New/Revised HKFRSs – issued but are not yet effective – Continued

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

(b) New/Revised HKFRSs – issued but are not yet effective – Continued

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Directors so far concluded that the application of these new pronouncements will have no material impact on the Group’s financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

(a) *Statement of compliance*

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial statements have been prepared under historical cost convention.

(b) *Functional and presentation currency*

The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

(c) *Critical accounting estimates and judgements*

It should be noted that accounting estimates and assumptions are used in preparation of these financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.2 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments, in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of twelve months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.2 Business combination and basis of consolidation – Continued

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interest is adjusted to reflect the changes in their relative interests in the subsidiaries.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.4 Property plant and equipment

Property, plant and equipment, other than freehold land, including buildings held for use in the production or supply of goods and services, or for administrative purposes are stated at cost less accumulated depreciation and any impairment losses. They are depreciated to write off their cost net of estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Buildings	20 – 50 years
Furniture, fixtures and equipment	3 – 10 years
Leasehold improvements	Over the shorter of terms of the leases and 5 years
Motor vehicles	5 years

Freehold land is not depreciated and stated at cost less any impairment.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repairs and maintenance are recognised as an expense in profit or loss during the year in which they are incurred.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. See note 3.10 for the Group's accounting policies on impairment of non-financial assets.

Gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Sub-leasing income from operating leases is recognised in profit or loss on straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on straight-line method over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.6 Intangible assets

Intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment (note 3.10) whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but reviewed for impairment annually either individually or at the cash-generating unit (“CGU”) level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.6 Intangible assets – Continued

(i) *Acquired intangible assets*

Intangible assets acquired separately are mainly distribution rights and are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line method over their useful lives of 10 to 12 years.

(ii) *Internally generated intangible assets (research and development costs)*

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. Amortisation expense is recognised in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

3.7 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.8 Financial instruments

(i) *Financial assets*

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using effective interest method, less any identified impairment losses.

(ii) *Impairment loss on financial assets*

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.8 Financial instruments – Continued

(ii) *Impairment loss on financial assets – Continued*

An impairment loss on loans and receivables is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of loans and receivables is reduced through the use of an allowance account. When any part of financial assets is determined as uncollectible, it is written off against the allowance account for the relevant financial assets.

Impairment losses on loans and receivables are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables and amount due to a subsidiary are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.8 Financial instruments – Continued

(iv) *Effective interest method*

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.9 Convertible Redeemable bonds

The convertible redeemable bonds issued by the Group (note 23) 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. 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 bonds. The liability component is subsequently measured at amortised cost using effective interest method until extinguished on conversion or redemption. 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 bonds 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 accumulated losses.

Transaction costs that related to the issuance of the convertible redeemable bonds 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.

3.10 Impairment of non-financial assets

Intangible assets having indefinite useful lives are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets including property, plant and equipment, other intangible assets with finite useful lives and interests in subsidiaries are tested for impairment whenever there are indications that the assets' carrying amounts may not be recoverable.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.10 Impairment of non-financial assets – Continued

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

3.11 Foreign currency

Transactions entered into by the Company/group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.11 Foreign currency – Continued

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on disposal.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.13 Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services. Provided it is probable that the economic benefits will flow to the Group and income and costs, if applicable, can be measured reliably, revenue and other income are recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Sub-leasing income under operating lease is recognised on a straight-line basis over the term of the relevant lease.

Service income is recognised when services are provided.

Interest income is recognised on time-proportion basis using effective interest method.

3.14 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.14 Income taxes – Continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3.15 Employee benefits

(i) *Defined contribution retirement plan*

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) *Short-term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(iii) *Share-based payments*

Where equity instruments such as share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.15 Employee benefits – Continued

(iii) *Share-based payments – Continued*

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised.

For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the vested share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.16 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group;
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.17 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.18 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the chief operating decision-maker i.e. the most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are disclosed in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of property, plant and equipment

Property, plant and equipment of the Group are reviewed by the Directors for possible impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant level of estimates relating to the amount of revenues generated, selling prices and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

(ii) Impairment of loans and receivables

The Directors assesses the impairment of loans and receivables on a regular basis. This assessment is based on the evaluation of collectability of the receivables and the recoverable amount of the underlying collateral. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these loans and receivables, including their current creditworthiness and individual past collection history. If the financial conditions of the debtors were to deteriorate, resulting in impairment as to their ability to make payments, additional impairment losses may be required.

Notes to the Financial Statements

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

(iii) Net realisable value of inventories

The Directors review the conditions of inventories at the end of each reporting period, and make allowances for obsolete and slow-moving inventory items identified that are no longer suitable for sales in the market. These estimates are based on current market conditions and historical experience of selling goods of similar nature. It could change significantly as a result of change in market condition. The Directors reassess the estimates at the end of each reporting period and make allowance for obsolete items.

(iv) Share-based payments

Share options granted during the year were measured at fair value on the date of grant (note 28). In assessing the fair values of the share options, the generally accepted option pricing models were used to calculate the fair values of the share options. The option pricing models require the input of subjective assumptions, including the expected volatility and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair values of the share options.

5. SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker (i.e. most senior executive management) for the purposes of resources allocation and performance assessment, the Group is currently organised into the following operating segments:

Continuing operations

Bio-cleaning materials	–	Trading of bio-cleaning materials
Waste construction materials and waste processing services	–	Trading of waste construction materials and provision of waste processing services
Renewable energy	–	Production and trading of biodiesel

Discontinued operations

Generators	–	Trading of generators (discontinued during the year (note 10)) and the relevant information are re-presented accordingly)
Recyclable plastic materials and relevant services	–	Trading of recyclable plastic materials and provision of relevant services (discontinued during 2013 (note 10))

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Reportable segment results exclude interest income, finance costs and corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of corporate assets, including bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include accruals and other payables and other liabilities directly attributable to the business activities of operating segments, and exclude corporate liabilities and tax liabilities.

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Segment information about these businesses is presented below:

Segment revenue and results

2014

	Continuing operations				Discontinued operations			Total HK\$'000
	Bio-cleaning materials HK\$'000	Waste construction materials and waste processing services HK\$'000	Renewable energy HK\$'000	Sub-total HK\$'000	Generators HK\$'000	Recyclable plastic materials and relevant services HK\$'000	Sub-total HK\$'000	
REVENUE								
Sales to external customers	75	2,282	-	2,357	-	-	-	2,357
RESULTS								
Segment results	(172)	(73)	(3,384)	(3,629)	(5,393)	-	(5,393)	(9,022)
Unallocated corporate expenses								(17,738)
Share-based payments to non-employee participants (note 28)								(9,391)
Finance costs								(1,610)
Other income								598
Loss before income tax								(37,163)

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Segment revenue and results – Continued

2013

	Continuing operations				Discontinued operations			
	Bio-cleaning materials HK\$'000	Waste construction materials and waste processing services HK\$'000	Renewable energy HK\$'000	Sub-total HK\$'000	Generators HK\$'000	Recyclable plastic materials and relevant services HK\$'000	Sub-total HK\$'000	Total HK\$'000
REVENUE								
Sales to external customers	104	1,289	249	1,642	-	2	2	1,644
RESULTS								
Segment results	(295)	(3,611)	(3,550)	(7,456)	(2,394)	(955)	(3,349)	(10,805)
Unallocated corporate expenses								(6,538)
Other income								2,264
Loss before income tax								(15,079)

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Segment assets, segment liabilities and other segment information

2014

	Continuing operations				Discontinued operations			Total HK\$'000
	Bio-cleaning materials HK\$'000	Waste construction materials and waste processing services HK\$'000	Renewable energy HK\$'000	Sub-total HK\$'000	Generators HK\$'000	Recyclable plastic materials and relevant services HK\$'000	Sub-total HK\$'000	
ASSETS								
Segment assets	453	7,178	9,495	17,126	-	-	-	17,126
Unallocated cash and cash equivalents								23,093
Loan receivable								2,500
Unallocated corporate assets								2,218
Consolidated total assets								<u>44,937</u>
LIABILITIES								
Segment liabilities	-	148	1	149	-	-	-	149
Unallocated corporate liabilities								2,039
Tax liabilities								853
Consolidated total liabilities								<u>3,041</u>

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Segment assets, segment liabilities and other segment information – Continued

	Continuing operations					Discontinued operations			Total HK\$'000
	Bio-cleaning materials HK\$'000	Waste construction materials and waste processing services HK\$'000	Renewable energy HK\$'000	Corporate HK\$'000	Sub-total HK\$'000	Generators HK\$'000	Recyclable plastic materials and relevant services HK\$'000	Sub-total HK\$'000	
OTHER INFORMATION									
Additions to non-current assets	-	2,508	399	246	3,153	335	-	335	3,488
Depreciation	1	374	1,064	365	1,804	85	-	85	1,889
Reversal of write-down of inventories to net realisable value	-	-	52	-	52	-	-	-	52
Loss on disposal of property, plant and equipment	-	-	-	274	274	5	-	5	279
Share-based payments (note 28)	-	-	-	9,391	9,391	3,301	-	3,301	12,692

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Segment assets, segment liabilities and other segment information – Continued

2013

	Continuing operations				Discontinued operations			
	Waste construction materials and waste	Bio-cleaning materials processing services	Renewable energy	Sub-total	Generators	Recyclable plastic materials and relevant services	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	371	4,381	8,303	13,055	602	-	602	13,657
Unallocated cash and cash equivalents								1,680
Unallocated corporate assets								3,808
Consolidated total assets								19,145
LIABILITIES								
Segment liabilities	-	179	24	203	205	-	205	408
Unallocated corporate liabilities								1,681
Tax liabilities								1,838
Consolidated total liabilities								3,927

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Segment assets, segment liabilities and other segment information – Continued

	Continuing operations					Discontinued operations			Total HK\$'000
	Bio-cleaning materials HK\$'000	processing services HK\$'000	Renewable energy HK\$'000	Corporate HK\$'000	Sub-total HK\$'000	Generators HK\$'000	Recyclable plastic materials and relevant services HK\$'000	Sub-total HK\$'000	
OTHER INFORMATION									
Additions to non-current assets	2	-	3,915	494	4,411	-	36	36	4,447
Depreciation	2	1,018	1,088	367	2,475	128	16	144	2,619
Write-down of inventories to net realisable value	-	-	61	-	61	-	-	-	61
Loss/(Gain) on disposal of property, plant and equipment	-	112	72	-	184	-	(235)	(235)	(51)
Impairment loss on other receivables	-	-	230	-	230	-	-	-	230
Bad debts written off	-	-	-	28	28	49	-	49	77

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION – Continued

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China ("PRC") (excluding Hong Kong) and Germany. The Group's revenue from external customers by geographical markets, determined based on the location of customers, and information about its non-current assets by geographical location, determined based on the location of the assets, are detailed below:

	Revenue from		Non-current assets	
	external customers			
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	75	355	7,063	7,474
The PRC (excluding Hong Kong)	–	–	367	1,110
Germany	2,282	1,289	5,962	4,352
	2,357	1,644	13,392	12,936

Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	2014	2013
	HK\$'000	HK\$'000
Customer A [#]	NA ¹	249
Customer B [^]	NA ¹	201
Customer C [^]	417	162
Customer D [^]	936 ²	NA
	1,353	612

¹ Customer A and customer B individually contribute less than 10% of total revenue of the Group in 2014.

² Customer D contributed less than 10% of total revenue of the Group in 2013.

[#] Included in the segment of renewable energy and is located in Hong Kong.

[^] Included in the segment of waste construction materials and waste processing services and is located in Germany.

Notes to the Financial Statements

For the year ended 31 December 2014

6. REVENUE

Revenue derived from the principal activities of the Group, which is also the turnover, is recognised during the year as follows:

	2014 HK\$'000	2013 HK\$'000 (Re-presented)
Continuing operations		
Trading of bio-cleaning materials	75	104
Trading of waste construction materials	1,746	668
Trading of biodiesel	–	249
Provision of waste processing services	536	621
	2,357	1,642
Discontinued operation		
Provision of relevant services in respect of recyclable plastic materials (note 10)	–	2
	2,357	1,644

Notes to the Financial Statements

For the year ended 31 December 2014

7. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000 (Re-presented)
Continuing operations		
Interest income	16	–
Write off of long outstanding payables	–	615
Net exchange gain	–	1,647
Sub-leasing income	544	–
Sundry income	11	–
	<hr/> 571	<hr/> 2,262
Discontinued operations (note 10)		
Interest income	–	2
Gain on disposal of property, plant and equipment	–	235
Sundry income	27	–
	<hr/> 27	<hr/> 237
	<hr/> 598	<hr/> 2,499

8. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Interest expenses on convertible redeemable bonds (note 23)	1,610	–

Notes to the Financial Statements

For the year ended 31 December 2014

9. LOSS BEFORE INCOME TAX

	2014 HK\$'000	2013 HK\$'000
Loss before income tax for continuing and discontinued operations has been arrived at after charging/(crediting):		
Depreciation for property, plant and equipment (note (i))	1,889	2,619
Auditor's remuneration (note (ii))	628	632
Minimum lease payments for operating leases in respect of land and buildings (note (iii))	1,783	1,833
Research and development expenditure	23	132
Loss/(Gain) on disposal of property, plant and equipment	279	(51)
Bad debts written off	–	77
Net exchange loss/(gain)	5,258	(1,647)
Staff costs including Directors' remuneration (note(iv))		
Salaries and allowances	6,553	7,171
Retirement benefit – defined contribution scheme	398	324
Equity-settled share-based payments to employees (note 28)	3,301	–
	10,252	7,495

Notes:

- (i) The balance includes depreciation incurred by the discontinued operations of HK\$85,000 (2013: HK\$144,000)(note 10).
- (ii) The balance includes auditor's remuneration incurred by the discontinued operations of HK\$13,000 (2013: HK\$9,000)(note 10).
- (iii) The balance included minimum lease payments for operating leases in respect of land and buildings incurred by the discontinued operations of HK\$98,000 (2013: HK\$628,000)(note 10).
- (iv) The balance includes staff costs incurred by the discontinued operations of HK\$4,363,000 (2013: HK\$1,417,000)(note 10).

Notes to the Financial Statements

For the year ended 31 December 2014

10. DISCONTINUED OPERATIONS

During the year, due to the unsatisfactory performance of the business of generators and that the commercial viability of this business is not promising, the Directors discontinued the business on 31 December 2014. During last year, due to the unsatisfactory performance of the business of recycle plastic materials and relevant services, and that the Directors considered it was unlikely there will be improvement in that business sector as a result of stringent government policy for import of recyclable plastic materials to the PRC from Hong Kong, the Directors discontinued that business on 30 June 2013. The results of the above-mentioned business segments are as follows:

	Generators		Recyclable plastic materials and relevant services		Total discontinued operations	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue (note 6)	-	-	-	2	-	2
Other income (note 7)	27	2	-	235	27	237
Staff costs	(4,363)	(958)	-	(459)	(4,363)	(1,417)
Depreciation	(85)	(128)	-	(16)	(85)	(144)
Bad debts written off	-	(49)	-	-	-	(49)
Other operating expenses	(945)	(1,261)	-	(717)	(945)	(1,978)
Loss before income tax	(5,366)	(2,394)	-	(955)	(5,366)	(3,349)
Income tax	-	-	-	-	-	-
Loss for the year from discontinued operations	(5,366)	(2,394)	-	(955)	(5,366)	(3,349)
Operating cash flows					(1,861)	(3,505)
Investing cash flows					49	(361)
Financing cash flows					2,077	45
Total cash inflows/(outflows)					265	(3,821)

For the purpose of presenting the discontinued operation of generators, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period. As the business of recyclable plastic materials and relevant services was discontinued on 30 June 2013, the comparative consolidated statement of comprehensive income and related notes included the results from the business of generators for the year ended 31 December 2013 and the results from the business of recyclable plastic materials and relevant services for the period from 1 January 2013 to 30 June 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

11. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit/(expense) in the consolidated statement of comprehensive income represents:

	2014 HK\$'000	2013 HK\$'000
Current tax		
– Hong Kong profits tax		
Over-provision in previous years	–	(134)
– PRC enterprise income tax		
Provision for the year	–	971
Over-provision in previous years	(965)	–
Income tax (credit)/expense	(965)	837

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

PRC enterprise income tax is calculated at 25% (2013: 25%) on the estimated assessable profits for the year.

No provision for corporate income tax has been made for the subsidiaries operated in Germany as these subsidiaries incurred a loss for taxation purposes for both years.

Reconciliation between income tax (credit)/expense and accounting loss at applicable tax rates is as follows:

	2014 HK\$'000	2013 HK\$'000
Loss before income tax	(37,163)	(15,079)
Tax on profit at the rates applicable to the jurisdictions concerned	(6,321)	(1,037)
Tax effect of non-deductible expenses	3,839	355
Tax effect of non-taxable income/revenue	(419)	(618)
Tax effect of tax losses not recognised	2,834	2,452
Tax effect of other temporary differences not recognised	67	(181)
Over-provision in previous years	(965)	(134)
Income tax (credit)/expense	(965)	837

Notes to the Financial Statements

For the year ended 31 December 2014

12. LOSS FOR THE YEAR

The consolidated loss for the year includes a loss of HK\$30,127,000 (2013: HK\$19,122,000) which has been dealt with in the financial statements of the Company.

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

The emoluments paid or payable to each of the Directors were as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2014				
Executive director				
Mr. Yip Wai Leung Jerry	-	1,440	17	1,457
Independent non-executive directors				
Mr. So Yin Wai	120	-	-	120
Ms. Li Kit Chi Fiona	120	-	-	120
Mr. Tam Chun Wa	120	-	-	120
	360	1,440	17	1,817

Notes to the Financial Statements

For the year ended 31 December 2014

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS – Continued

(a) Directors' remuneration – Continued

	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2013				
Executive director				
Mr. Yip Wai Leung Jerry	–	1,440	15	1,455
Independent non-executive directors				
Mr. So Yin Wai	120	–	–	120
Ms. Li Kit Chi Fiona	120	–	–	120
Mr. Tam Chun Wa	120	–	–	120
	360	1,440	15	1,815

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2013: one) was a director of the Company, whose emoluments are reflected in the analysis presented in note (a) above. The emoluments of the remaining four (2013: four) individuals, are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,591	1,770
Retirement benefit scheme contributions	130	130
	1,721	1,900

Notes to the Financial Statements

For the year ended 31 December 2014

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS – Continued

(b) Five highest paid individuals – Continued

Their emoluments were within the following band:

	Number of individuals	
	2014	2013
Nil to HK\$1,000,000	4	4

(c) Senior management's remuneration

The emoluments paid or payable to the members of the senior management were within the following bands:

	Number of individuals	
	2014	2013
Nil to HK\$1,000,000	4	4
HK\$1,000,000 to HK\$1,500,000	1	1
	5	5

The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective group companies and individual employees. During both years, no emoluments were paid by the Group to the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, there was no arrangement under which the Directors waived or agreed to waive any remuneration during both years.

14. LOSS PER SHARE

For continuing and discontinued operations

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

	2014	2013
	HK\$'000	HK\$'000
Loss		
Loss for the year	(36,198)	(15,916)

Notes to the Financial Statements

For the year ended 31 December 2014

14. LOSS PER SHARE – Continued

For continuing and discontinued operations – Continued

	2014 '000	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	496,477	455,002

For continuing operations

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

	2014 HK\$'000	2013 HK\$'000 (Re-presented)
Loss		
Loss from continuing operations	(30,832)	(12,567)

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.

For discontinued operations

Basic loss per share for the discontinued operations is HK cents 1.08 (2013: HK cents 0.74) per share, based on loss for the year from the discontinued operations of HK\$5,366,000 (2013: HK\$3,349,000) 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 basic loss per share as the share options (note 28) and convertible redeemable bonds (note 23) outstanding during the year had an anti-dilutive effect on the basic loss per share for both years.

Notes to the Financial Statements

For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Farmland infrastructure HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST							
At 1 January 2013	6,569	1,173	6,294	4,909	20,256	1,659	40,860
Exchange realignment	309	55	67	86	474	23	1,014
Additions	-	-	458	-	100	-	558
Disposal	-	-	(2,307)	(4,098)	(1,342)	(204)	(7,951)
At 31 December 2013 and 1 January 2014	6,878	1,228	4,512	897	19,488	1,478	34,481
Exchange realignment	(878)	(157)	(56)	(18)	(1,235)	(40)	(2,384)
Additions	-	-	196	-	58	335	589
Disposal	-	-	(1,277)	(879)	(936)	(247)	(3,339)
At 31 December 2014	6,000	1,071	3,375	-	17,375	1,526	29,347
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	4,048	172	5,475	4,909	15,285	1,234	31,123
Exchange realignment	190	9	49	86	423	18	775
Depreciation for the year	-	30	225	-	2,205	159	2,619
Written back on disposal	-	-	(2,195)	(4,098)	(1,342)	(81)	(7,716)
At 31 December 2013 and 1 January 2014	4,238	211	3,554	897	16,571	1,330	26,801
Exchange realignment	(542)	(29)	(45)	(18)	(1,171)	(37)	(1,842)
Depreciation for the year	-	29	249	-	1,511	100	1,889
Written back on disposal	-	-	(765)	(879)	(903)	(191)	(2,738)
At 31 December 2014	3,696	211	2,993	-	16,008	1,202	24,110
NET CARRYING AMOUNT							
At 31 December 2014	2,304	860	382	-	1,367	324	5,237
At 31 December 2013	2,640	1,017	958	-	2,917	148	7,680

The Group's freehold land and buildings are situated outside Hong Kong.

Notes to the Financial Statements

For the year ended 31 December 2014

16. INTANGIBLE ASSETS

	Group Distribution rights <i>HK\$'000</i>
Cost	
At 1 January 2013, 31 December 2013 and 31 December 2014	26,800
Accumulated amortisation and impairment	
At 1 January 2013, 31 December 2013 and 31 December 2014	26,800
Net carrying amount	
At 31 December 2014	–
At 31 December 2013	–

The Group holds two exclusive distribution rights granted from third parties to distribute those third parties' cleaning materials in specific Asian countries and generators in countries other than the PRC (excluding Hong Kong) for a period of twelve years commencing from 1 January 2005 and a period of ten years commencing from 5 November 2007 respectively. The Group has an option to renew the distribution rights of cleaning materials and generators for a term of six years and five years respectively, subject to the terms of agreement.

The exclusive distribution rights have finite useful lives and are subject to amortisation. Amortisation is charged to profit or loss using straight-line method to allocate the acquisition cost over their estimated useful lives. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.

The Directors reviewed the carrying amounts of the Group's exclusive distribution rights and considered that it is uncertain whether future economic benefits will be derived and therefore, the distribution rights were fully impaired in previous years.

Notes to the Financial Statements

For the year ended 31 December 2014

17. INVENTORIES

	Group	
	2014 HK\$'000	2013 HK\$'000
Bio-cleaning materials	283	315
Bio-fuel materials	38	45
Consumables	41	–
	<hr/>	<hr/>
	362	360

18. TRADE RECEIVABLES

	Group	
	2014 HK\$'000	2013 HK\$'000
Trade receivables	135	25

The Group allows a credit period of 14 days (2013: 14 days) to certain of its trade customers. The following is an ageing analysis of trade receivables based on invoice date at the end of the reporting period:

	Group	
	2014 HK\$'000	2013 HK\$'000
Based on invoice date		
0 – 90 days	134	22
Over 365 days	1	3
	<hr/>	<hr/>
	135	25

Notes to the Financial Statements

For the year ended 31 December 2014

18. TRADE RECEIVABLES – Continued

The following is an ageing analysis of trade receivables based on due date which are past due but not impaired at the end of the reporting period:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Based on due date		
Not yet past due	24	22
0 – 90 days past due	110	–
Over 365 days past due	1	3
	<hr/>	<hr/>
	135	25

Certain trade receivables are past due at the reporting date but not provided for impairment as the Directors are of the opinion that there has not been a significant change in credit quality of the debtors and the balances are still considered fully recoverable.

Notes to the Financial Statements

For the year ended 31 December 2014

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Prepayments	2,463	349	780	327
Deposits for acquisition of property, plant and equipment	5,655	5,256	-	-
Deposit for acquisition of investment (note (a))	2,500	-	-	-
Loan receivable (note (b))	2,500	-	-	-
Other deposits and receivables	580	1,509	15	10
	13,698	7,114	795	337
Classified under non-current assets	(8,155)	(5,256)	-	-
	5,543	1,858	795	337

Notes:

- (a) On 11 November 2014, the Group entered into an agreement (the "Agreement") with the shareholder (the "Vendor") of a company incorporated in the British Virgin Islands (the "Target Company") pursuant to which the Group has conditionally agreed to acquire the entire equity interest in the Target Company at a consideration of HK\$8,500,000. The Target Company has a wholly-owned subsidiary incorporated in Germany which is in the process of completing the legal formalities necessary for the acquisition of parcels of land in Germany, which is a condition to the acquisition. The Group intends to use the parcels of land to further develop and expand its business of waste construction materials and waste processing services.

The consideration shall be satisfied by i) cash of HK\$2,500,000 as refundable deposit payable upon signing of the Agreement; and ii) the balance of HK\$6,000,000 to be settled by allotment and issue of 15,000,000 ordinary shares at an issue price of HK\$0.40 each upon completion of the acquisition. As at 31 December 2014, the refundable deposit of HK\$2,500,000 has been paid to the Vendor. The acquisition has not been completed up to the date of approval of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – Continued

Notes: – Continued

- (b) The loan is interest-bearing at 2% per annum and is repayable on 31 December 2015. It is secured by a first fixed legal charge over the entire issued share capital of the borrower and the deposit of the title deeds and documents of two properties located in Hong Kong which are owned by the borrower.

The below table reconciled the impairment loss of other receivables for the year:

	Group	
	2014	2013
	HK\$'000	HK\$'000
At 1 January	230	–
Impairment loss recognised	–	230
At 31 December	230	230

As 31 December 2014, a deposit of the Group amounting to HK\$230,000 (2013: HK\$230,000) was individually determined to be impaired. The impaired deposit related to balance which is expected to be irrecoverable as it had been long outstanding despite various collection actions being taken. Thus, the management assessed that the collectability of the deposit is remote. Consequently, a specific impairment loss for the full amount of HK\$230,000 (2013: HK\$230,000) was made. The Group does not hold any collateral over the balance.

Notes to the Financial Statements

For the year ended 31 December 2014

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2014 HK\$'000	2013 HK\$'000
Amounts due from subsidiaries	192,038	165,814
Less: provision for impairment	(161,618)	(152,701)
	<hr/>	<hr/>
	30,420	13,113

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Movements in the provision for impairment on amounts due from subsidiaries are as follows:

	Company	
	2014 HK\$'000	2013 HK\$'000
At 1 January	152,701	138,491
Provided for the year	8,917	14,210
	<hr/>	<hr/>
At 31 December	161,618	152,701

(b) Amount due to a subsidiary

Amount due to a subsidiary is unsecured, interest-free and repayable on demand.

21. CASH AND CASH EQUIVALENTS

The Group's and the Company's bank balances and cash at the reporting date are mainly denominated in HK\$.

Notes to the Financial Statements

For the year ended 31 December 2014

22. DEFERRED TAX

As at 31 December 2014, the Group and the Company have not recognised deferred tax assets in respect of estimated cumulative tax losses of HK\$124,919,000 and HK\$36,113,000 respectively (2013: HK\$109,016,000 and HK\$29,414,000 respectively) and the Group has not recognised deductible temporary differences of HK\$227,000 (2013: HK\$713,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant group entities. The tax losses have no expiry date under current tax legislation.

23. 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 will mature in one year from the issue date on 4 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.

The bonds have two components – liability and equity components. On initial recognition, the fair value of the liability component of the convertible redeemable bonds was determined using the prevailing market interest of similar non-convertible bond with the Company's redemption option. The difference between the net issue price 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 net proceeds from the issue of the convertible redeemable bonds after the direct transaction costs of HK\$1,350,000 are HK\$28,650,000.

Subsequently during the year ended 31 December 2014, the bonds were fully converted at the conversion price of HK\$0.4 per share, resulting in the issue of 75,000,000 new shares of HK\$0.1 each and the transfer of a sum of HK\$3,603,000 and HK\$26,657,000 respectively from convertible redeemable bonds equity reserve and convertible redeemable bonds (liability component) to share capital and share premium.

Notes to the Financial Statements

For the year ended 31 December 2014

23. CONVERTIBLE REDEEMABLE BONDS – Continued

The movements of the liability and equity components of the convertible redeemable bonds are set out as below:

	Liability component	Equity component	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Value on initial recognition less direct transaction cost	25,047	3,603	28,650
Imputed interest expense recognised (note 8)	1,610	–	1,610
Conversion of convertible redeemable bonds	(26,657)	(3,603)	(30,260)
At 31 December 2014	–	–	–

24. SHARE CAPITAL

	Number of shares	Share capital
	<i>'000</i>	<i>HK\$'000</i>
Authorised:		
<i>Ordinary shares of HK\$0.10 each</i>		
At 1 January 2013, 31 December 2013 and 31 December 2014	4,000,000	400,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.10 each</i>		
At 1 January 2013 and 31 December 2013	455,002	45,500
Conversion of convertible redeemable bonds (note 23)	75,000	7,500
Exercise of share options	41,750	4,175
At 31 December 2014	571,752	57,175

During the year ended 31 December 2014, 41,750,000 options were exercised at the exercise prices ranging from HK\$0.36 to HK\$0.42 per share, resulting in the issue of 41,750,000 new shares of HK\$0.1 each and the transfer of a sum of HK\$10,851,000 from share option reserve to share premium. Proceeds generated from exercising the share options amounted to HK\$15,756,000.

Notes to the Financial Statements

For the year ended 31 December 2014

25. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity. For nature of the reserves, please refer to note (c) below.

(b) Company

		Convertible redeemable bonds	Contributed	Share	Accumulated	Total
	Share premium	equity reserve	surplus	option reserve	losses	
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	219,763	-	56,897	28,367	(318,631)	(13,604)
Loss and total comprehensive income for the year	-	-	-	-	(19,122)	(19,122)
Lapse of vested share options	-	-	-	(226)	226	-
At 31 December 2013 and 1 January 2014	219,763	-	56,897	28,141	(337,527)	(32,726)
Loss and total comprehensive income for the year	-	-	-	-	(30,127)	(30,127)
Recognition of equity-settled share-based payments	28	-	-	12,692	-	12,692
Issued of convertible redeemable bonds	23	-	3,603	-	-	3,603
Shares issued upon conversion of convertible redeemable bonds	23	22,760	(3,603)	-	-	19,157
Shares issued upon exercise of share options	24	22,432	-	(10,851)	-	11,581
Lapse of vested share options	-	-	-	(847)	847	-
At 31 December 2014	264,955	-	56,897	29,135	(366,807)	(15,820)

For both years, no dividend was paid or proposed, nor has any dividend been proposed since the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 December 2014

25. RESERVES – Continued

(c) Nature and purpose of reserves

(i) *Share premium*

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be applied:

- (a) in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares;
- (b) in writing off
 - (i) the preliminary expenses of the Company; or
 - (ii) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
- (c) in providing for the premiums payable on redemption of any shares or of any debentures of the Company.

(ii) *Convertible redeemable bonds equity reserve*

Convertible redeemable bonds equity reserve represents the equity component of the convertible redeemable bonds issued in June 2014 (note 23), which represents the difference between the net issue price 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 upon initial recognition of the convertible redeemable bonds.

(iii) *Contributed surplus*

Contributed surplus represents the remaining balance of the aggregate amount of credit arising from the capital reduction and the share premium cancellation after credit transfer to accumulated losses pursuant to the implementation of restructuring proposal on 27 April 2004 and to a resolution passed at a special general meeting on 1 December 2003.

(iv) *Share option reserve*

Share option reserve arises from granting of share options to the grantees which are recognised in accordance with the accounting policy adopted for share-based payments in note 3.15(iii).

Notes to the Financial Statements

For the year ended 31 December 2014

25. RESERVES – Continued

(c) Nature and purpose of reserves – Continued

(v) General reserves

In accordance with the PRC regulations, the general reserves retained by a subsidiary in the PRC are non-distributable.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.11.

26. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessor

At the end of the reporting period, the Group had total future minimum rent receivable under non-cancellable operating lease in respect of land and building is as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	408	–

Lease for land and building is negotiated for a term of one year at fixed rental.

(b) The Group as lessee

At the reporting date, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	1,176	1,681
In the second to fifth year, inclusive	45	1,150
	1,221	2,831

Leases for land and building are negotiated for an average term of two to three years at fixed rental.

The Company had no significant operating lease arrangement as at 31 December 2014 (2013: Nil).

Notes to the Financial Statements

For the year ended 31 December 2014

27. CAPITAL COMMITMENTS

The Group had the following outstanding capital commitments at the end of reporting period:

	2014 HK\$'000	2013 HK\$'000
Contracted but not provided for, in respect of:		
– Acquisition of property, plant and equipment	1,408	2,213
– Acquisition of the entire equity interest in the Target Company (note 19(a))	6,000	–
	<hr/> 7,408	<hr/> 2,213

28. SHARE-BASED PAYMENTS

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 approved to adopt a new share option scheme (the "Share Option Scheme"), which is an entity-settled share option scheme.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Under the Share Option Scheme, which is valid for a period of ten years, the board of Directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

Notes to the Financial Statements

For the year ended 31 December 2014

28. SHARE-BASED PAYMENTS – Continued

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under this scheme and any other share option of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting this scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any twelve-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the Directors at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Notes to the Financial Statements

For the year ended 31 December 2014

28. SHARE-BASED PAYMENTS – Continued

Details of the specific categories of the share options are as follows:

Date of grant	Exercisable period	Exercise price HK\$	Closing price immediate before the date on which options were granted
			HK\$
22 September 2006	22 September 2006 to 21 September 2016	0.930	0.910
21 November 2006	21 November 2006 to 20 November 2016	1.050	1.020
29 September 2008	29 September 2008 to 28 September 2018	0.395	0.395
7 July 2009	7 July 2009 to 6 July 2019	0.420	0.360
20 December 2011	20 December 2011 to 19 December 2021	0.360	0.360
12 May 2014	12 May 2014 to 11 May 2024	0.388	0.365
16 June 2014	16 June 2014 to 15 June 2024	0.378	0.370

Share options do not confer rights on the holders to receive dividends or to vote at shareholders' meetings.

Notes to the Financial Statements

For the year ended 31 December 2014

28. SHARE-BASED PAYMENTS – Continued

The movements of the share options granted under the Share Option Scheme are as follows:

2014

	Date of grant	Exercisable period	Exercise price per share	Number of options				Outstanding at 31/12/2014
				Outstanding at 01/01/2014	Granted	Exercised	Lapsed	
Directors	21/11/2006	21/11/2006 – 20/11/2016	1.050	680,000	–	–	–	680,000
	29/09/2008	29/09/2008 – 28/09/2018	0.395	330,000	–	–	–	330,000
	20/12/2011	20/12/2011 – 19/12/2021	0.360	880,000	–	(880,000)	–	–
Employees	22/09/2006	22/09/2006 – 21/09/2016	0.930	2,004,000	–	–	–	2,004,000
	21/11/2006	21/11/2006 – 20/11/2016	1.050	3,418,000	–	–	–	3,418,000
	07/07/2009	07/07/2009 – 06/07/2019	0.420	2,100,000	–	(2,100,000)	–	–
	20/12/2011	20/12/2011 – 19/12/2021	0.360	15,960,000	–	(5,840,000)	–	10,120,000
	12/05/2014	12/05/2014 – 11/05/2024	0.388	–	16,000,000	(6,500,000)	–	9,500,000
Other eligible participants	22/09/2006	22/09/2006 – 21/09/2016	0.930	3,284,000	–	–	–	3,284,000
	21/11/2006	21/11/2006 – 20/11/2016	1.050	24,050,000	–	–	–	24,050,000
	20/12/2011	20/12/2011 – 19/12/2021	0.360	14,990,000	–	(5,430,000)	(4,430,000)	5,130,000
	12/05/2014	12/05/2014 – 11/05/2024	0.388	–	4,000,000	(4,000,000)	–	–
	16/06/2014	16/06/2014 – 15/06/2024	0.378	–	25,000,000	(17,000,000)	–	8,000,000
Total				67,696,000	45,000,000	(41,750,000)	(4,430,000)	66,516,000
Exercisable at the end of the year								66,516,000
Weighted average exercise price ("HK\$")				0.693	0.382	0.377	0.360	0.704

Notes to the Financial Statements

For the year ended 31 December 2014

28. SHARE-BASED PAYMENTS – Continued 2013

	Date of grant	Exercisable period	Exercise price per share	Number of options				Outstanding at 31/12/2013
				Outstanding at 01/01/2013	Granted	Exercised	Lapsed	
Directors	21/11/2006	21/11/2006 – 20/11/2016	1.050	680,000	-	-	-	680,000
	29/09/2008	29/09/2008 – 28/09/2018	0.395	330,000	-	-	-	330,000
	20/12/2011	20/12/2011 – 19/12/2021	0.360	880,000	-	-	-	880,000
Employees	22/09/2006	22/09/2006 – 21/09/2016	0.930	2,004,000	-	-	-	2,004,000
	21/11/2006	21/11/2006 – 20/11/2016	1.050	3,618,000	-	-	(200,000)	3,418,000
	07/07/2009	07/07/2009 – 06/07/2019	0.420	2,100,000	-	-	-	2,100,000
	20/12/2011	20/12/2011 – 19/12/2021	0.360	16,460,000	-	-	(500,000)	15,960,000
Other eligible participants	22/09/2006	22/09/2006 – 21/09/2016	0.930	3,284,000	-	-	-	3,284,000
	21/11/2006	21/11/2006 – 20/11/2016	1.050	24,050,000	-	-	-	24,050,000
	20/12/2011	20/12/2011 – 19/12/2021	0.360	14,990,000	-	-	-	14,990,000
Total				68,396,000	-	-	(700,000)	67,696,000
Exercisable at the end of the year								67,696,000
Weighted average exercise price ("HK\$")				0.692	-	-	0.557	0.693

The weighted average remaining contractual life of the share options outstanding at 31 December 2014 was approximately 5.03 years (2013: 5.36 years).

During the year ended 31 December 2014, a total of 45,000,000 share options were granted to certain employees and other non-employee participants. The estimated fair value of the options granted during the year amounted to HK\$12,692,000 which was determined based on the fair value of the option issued on the date of grant. Share options granted to non-employee participants are for their past contribution to the Group in respect of providing services similar to those rendered by its employees. The Group has recognised equity-settled share-based payments of HK\$12,692,000 in the consolidated statement of comprehensive income, among which HK\$3,301,000 is recognised as staff cost and HK\$9,391,000 is recognised as other expenses. The corresponding amount of HK\$12,692,000 has been credited to share option reserve. No share options were granted during the year ended 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

28. SHARE-BASED PAYMENTS – Continued

The fair values of the share options granted were calculated using both the Black-Scholes option pricing model and the Binomial option pricing model. These models are commonly used models to estimate fair value of share options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables and certain assumptions. The inputs into the valuation models were as follows:

	16 June 2014	12 May 2014	20 December 2011	7 July 2009	29 September 2008	21 November 2006	22 September 2006
Fair value per option	HK\$0.324	HK\$0.206 and HK\$0.320	HK\$0.191 and HK\$0.209	HK\$0.181	HK\$0.163	HK\$0.650	HK\$0.625
Weighted average share price	HK\$0.370	HK\$0.365	HK\$0.360	HK\$0.392	HK\$0.395	HK\$1.030	HK\$0.930
Exercise price	HK\$0.378	HK\$0.388	HK\$0.360	HK\$0.420	HK\$0.395	HK\$1.050	HK\$0.930
Expected volatility	94.65%	95.38%	107.80%	119.75%	128.30%	86.49%	84.87%
Expected life	10 years	10 years	10 years	10 years	10 years	5 years	5 years
Risk-free rate	2.055%	2.050%	1.376%	2.565%	3.800%	3.800%	3.815%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Early exercise behaviour	Nil	Nil and 220% of exercise price	220% and 280% of the exercise price	150% of the exercise price	150% of the exercise price	Nil	Nil
Valuation model used	Binomial	Binomial	Binomial	Binomial	Binomial	Black-Scholes	Black-Scholes

Expected volatility was determined by using the historical volatility of the Company's share price over the past years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the year ended 31 December 2014, 41,750,000 options were exercised and the weighted average closing price of the Company's share immediately before the dates of which the options were exercised was approximately HK\$0.52. No share options were exercised during the year ended 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

28. SHARE-BASED PAYMENTS – Continued

At the end of the reporting period, the Company had 66,516,000 share options outstanding under the Share Option Scheme, which represented approximately 11.6% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 66,516,000 additional ordinary shares of the Company and additional share capital of HK\$6,652,000 and share premium of HK\$40,152,000 (before issue expenses). An amount of HK\$29,135,000 will be transferred from the share option reserve to the share premium account upon the exercise in full of the outstanding share options.

At the date of approval of these financial statements, the Company had 44,506,000 share options outstanding under the Share Option Scheme, which represented approximately 7.5% of the Company's shares in issue as at that date.

29. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme, Mandatory Provident Fund Scheme (the "MPF Scheme"), established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

Both of the employees' and the Group's contributions are calculated at 5% of the employee's monthly relevant income, with the mandatory cap of HK\$25,000 (HK\$30,000 after 1 June 2014), and the Group will make 5% top-up contribution if an employee's monthly basic salary exceeds HK\$25,000 (HK\$30,000 after 1 June 2014).

The employees of the Company's subsidiaries established in the PRC excluding Hong Kong are members of state-managed retirement benefit schemes operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The subsidiaries established in Germany are required to make contributions to the local defined contribution scheme on a monthly basis pursuant to the local laws and regulations.

For the year ended 31 December 2014, the Group made contributions to the retirement benefit schemes of HK\$398,000 (2013: HK\$324,000). There were no forfeited contributions available for offset against existing contributions during the year and prior year.

Notes to the Financial Statements

For the year ended 31 December 2014

30. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

During the year, the Group entered into the following transactions with related parties:

	2014 HK\$'000	2013 HK\$'000
(i) Legal and professional fees paid to a solicitor firm in which the executive director of the Company is a partner	1,200	960
(ii) Management service fee paid to a related company in which the executive director of the Company is director and shareholder	140	–

(b) Compensation of key management personnel of the Group

Members of key management personnel of the Group during the year comprised only of the Directors of the Company whose remuneration is set out in note 13(a).

31. INTERESTS IN SUBSIDIARIES

	Company	
	2014 HK\$'000	2013 HK\$'000
Unlisted share, at cost	–	1
Share options granted to grantees of the Company's subsidiaries	32,736	29,435
	32,736	29,436
Less: Impairment loss	(32,736)	(29,435)
	–	1

Notes to the Financial Statements

For the year ended 31 December 2014

31. INTERESTS IN SUBSIDIARIES – Continued

Particulars of the Company's subsidiaries as at 31 December 2014 are as follows:

Company name	Place of incorporation and registration/operation	Issued share capital/paid up capital	Attributable equity interests	Principal activities
<i>Held directly by the Company:</i>				
China Billion Limited	British Virgin Islands	US\$1	100%	Investment holding
<i>Held indirectly by the Company:</i>				
Almoray Limited	British Virgin Islands	US\$1	100%	Investment holding
Gold Stand Holdings Limited	British Virgin Islands	US\$1	100%	Investment holding
Jackwell Limited	British Virgin Islands	US\$1	100%	Investment holding
Privilege Sino Limited	British Virgin Islands	US\$100	100%	Investment holding
Proven Best Limited	British Virgin Islands	US\$1	100%	Investment holding
Provost Profits Limited	British Virgin Islands	US\$1	100%	Investment holding
Biofuel Limited	Hong Kong	HK\$1	100%	Investment holding and manufacturing of renewable energy
Dongguan Innovative Power Equipment Limited^	PRC	US\$1,800,000	100%	Dormant
Dubaplain Limited	British Virgin Islands	US\$1	100%	Investment holding
EnviroEnergy GmbH	Germany	EUR500,000	100%	Holding freehold land
EnviroPower GmbH	Germany	EUR100,000	100%	Trading of waste construction materials and waste processing provision

Notes to the Financial Statements

For the year ended 31 December 2014

31. INTERESTS IN SUBSIDIARIES – Continued

Company name	Place of incorporation and registration/operation	Issued share capital/paid up capital	Attributable equity interests	Principal activities
<i>Held indirectly by the Company: – Continued</i>				
Gain Asset Limited	Hong Kong	HK\$1	100%	Management services to group companies
Green Energy Finance Limited	Hong Kong	HK\$1	100%	Dormant
Green Energy Resources Limited	Hong Kong	HK\$1	100%	Trading of bio-cleaning materials and investment holding
Green Energy Trading Limited	Hong Kong	HK\$1	100%	Subleasing of premises
Green Energy Waste Management Limited	Hong Kong	HK\$1	100%	Dormant
Jensen Power Equipment Limited	Hong Kong	HK\$1	100%	Dormant
ReKRETE International Limited	British Virgin Islands	US\$1	100%	Investment holding
ReKRETE (Asia) Limited	Hong Kong	HK\$10,000	100%	Trading of bio-cleaning materials
UniSort Asia Limited	Hong Kong	HK\$1	100%	Dormant
Green Energy Investments Limited	Hong Kong	HK\$1	100%	Investment holding

^ Wholly foreign owned enterprise

None of the subsidiaries had issued any debt securities at the end of the year.

Notes to the Financial Statements

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32. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, issue of new shares and shares buy-backs as well as the issue of new debts.

(b) Financial instruments

(i) Categories of financial instruments

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Financial assets				
Loans and receivables				
– Trade receivables	135	25	–	–
– Deposits and other receivables	5,580	1,509	15	10
– Amounts due from subsidiaries	–	–	30,420	13,113
	5,715	1,534	30,435	13,123
Cash and cash equivalents	25,505	3,966	10,840	875
	31,220	5,500	41,275	13,998
Financial liabilities at amortised cost				
– Accruals and other payables	2,188	2,089	700	700
– Amount due to a subsidiary	–	–	–	852
	2,188	2,089	700	1,552

Notes to the Financial Statements

For the year ended 31 December 2014

32. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, other payables and bank balances and cash. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, the PRC excluding Hong Kong and Germany. The functional currency of the Company and its subsidiaries are either HK\$, Renminbi ("RMB") or Euro. The Group is exposed to currency risk arising from fluctuations on foreign currencies, primarily from those bank balances denominated in US\$ and Euro, against the respective functional currency of the respective Group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Summary of exposure

At the end of the reporting period, the Group's foreign currency denominated financial assets and liabilities, translated into HK\$ at the respective rates at that date, are as follows:

	2014			2013		
	Financial assets HK\$'000	Financial liabilities HK\$'000	Net exposure HK\$'000	Financial assets HK\$'000	Financial liabilities HK\$'000	Net exposure HK\$'000
US\$	1,339	-	1,339	864	-	864
Euro	5,374	-	5,374	-	-	-

At the end of the reporting period, the Company does not have foreign currency denominated financial assets and liabilities (2013: Nil).

Notes to the Financial Statements

For the year ended 31 December 2014

32. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Currency risk – Continued

Currency exchange rate sensitivity analysis

The following table indicates the approximate change in the Group's loss for the year and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower. A positive number below indicates a increase in loss and accumulated losses where (i) RMB (functional currency) strengthens against US\$ and (ii) HKD (functional currency) strengthen against Euro. For a weakening of (i) RMB against US\$ and (ii) HKD against Euro, there would be an equal and opposite impact on the loss for the year and accumulated losses.

	2014		2013	
	Increase in foreign exchange rates	Effect on loss for the year and accumulated losses HK\$'000	Increase in foreign exchange rates	Effect on loss for the year and accumulated losses HK\$'000
(i) US\$	3%	40	3%	26
(ii) Euro	3%	161	3%	–

The assumed changes have no significant impact on the Group's other components of equity.

The sensitivity analysis above has been determined assuming that the change in currency exchange rates had occurred at the beginning of the year and had been applied to the abovementioned financial instruments at that date and throughout the year constantly. The percentage increase or decrease represents management's assessment of a reasonably possible change in currency exchange rates over the period until the next annual reporting date.

Notes to the Financial Statements

For the year ended 31 December 2014

32. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) *Financial risk management objectives and policies – Continued*

Credit risk

To minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt/loan receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To reduce credit risk related to loan receivable, the Group have obtained collateral as mentioned in note 19 (b). In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group also has significant concentration of credit risk on trade and loan receivables which consist of a few customers/lenders only spread across limited industries and geographical areas.

Interest rate risk

The Group's interest-bearing assets are mainly represented by loan receivable and bank balances. For the year ended 31 December 2014, interest income arising from loan receivable and banks amounted to HK\$16,000 and HK\$1,000 respectively (2013: Nil and HK\$2,000). Apart from this, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group had no bank borrowings or other interest-bearing financial liabilities as at 31 December 2014 and 31 December 2013. As such, the Group is not exposed to interest-rate risk from long-term borrowings and has not used any interest rate swaps to hedge its exposure to interest rate risk.

Notes to the Financial Statements

For the year ended 31 December 2014

32. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) *Financial risk management objectives and policies – Continued*

Liquidity risk

In the management of the liquidity risk, the Directors monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The financial liabilities of the Group and the Company are either repayable on demand or due for settlement within twelve months from the respective reporting date. The total contractual undiscounted cash flows of the respective financial liabilities of the Group and the Company approximate their carrying amount at the reporting date. Based on the assessment of the Directors, liquidity risk encountered by the Group and the Company is not significant.

(iii) *Fair value measurement*

The Directors consider that the carrying amounts of the Group's and Company's financial assets and financial liabilities carried at amortised cost approximate to their fair values due to short-term maturities of these financial instruments.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2015.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	Year ended 31 December									
	2014		2013		2012		2011		2010	
	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000
Results										
Revenue	2,357	-	1,642	2	854	123	2,518	990	1,492	731
(Loss)/profit attributable to owners of the Company	(30,832)	(5,366)	(12,567)	(3,349)	2,023	(3,437)	(46,863)	(9,350)	(12,071)	(5,809)
Assets and liabilities										
Total assets	44,937	-	18,543	602	35,625	767	33,528	483	79,328	1,051
Total liabilities	(3,041)	-	(3,722)	(205)	(3,851)	(18)	(3,659)	(138)	(3,645)	(52)
Total equity attributable to owners of the Company	41,896	-	14,821	397	31,774	749	29,869	345	75,683	999

During the year ended 31 December 2014 and 2013, the Group ceased its generators and recyclable plastic materials and relevant services business respectively.