

Interim Report
2015



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



CONTENTS

2	Corporate Information
3	Condensed Consolidated Statement of Comprehensive Income
4	Condensed Consolidated Statement of Financial Position
5	Condensed Consolidated Statement of Changes in Equity
6	Condensed Consolidated Statement of Cash Flows
7	Notes to the Condensed Consolidated Financial Statements
17	Management Discussion and Analysis
19	Other Information

DIRECTORS**Executive Director**

Mr. Yip Wai Leung Jerry (*Chairman*)

Independent Non-Executive Directors

Ms. Li Kit Chi Fiona

Mr. So Yin Wai

Mr. Tam Chun Wa

AUDIT COMMITTEE

Mr. So Yin Wai (*Chairman*)

Ms. Li Kit Chi Fiona

Mr. Tam Chun Wa

REMUNERATION COMMITTEE

Mr. Tam Chun Wa (*Chairman*)

Ms. Li Kit Chi Fiona

Mr. So Yin Wai

NOMINATION COMMITTEE

Ms. Li Kit Chi Fiona (*Chairwoman*)

Mr. Tam Chun Wa

Mr. Yip Wai Leung Jerry

COMPANY SECRETARY

Mr. Tso Sze Wai

AUDITORS

BDO Limited

LEGAL ADVISORS

Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House
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Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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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

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Hong Kong

STOCK CODE

979

WEBSITE

<http://www.greenenergy.hk>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

03

For the six months ended 30 June 2015

		For the six months ended 30 June	
	Notes	2015 (Unaudited) HK\$'000	2014 (Unaudited) (Re-presented) HK\$'000
Continuing operations			
Revenue	3	570	1,044
Other income		956	137
Change in inventories of finished goods		(95)	(196)
Depreciation		(678)	(1,034)
Staff costs		(3,014)	(2,933)
Exchange differences		(3,748)	(691)
Other operating expenses		(6,635)	(13,618)
Finance costs	13	(2,237)	–
Loss before income tax from continuing operations	4(a)	(14,881)	(17,291)
Income tax	5	–	–
Loss for the period from continuing operations		(14,881)	(17,291)
Discontinued operation			
Loss for the period from discontinued operation	4(b)	–	(4,284)
Loss for the period		(14,881)	(21,575)
Other Comprehensive Income			
<i>Item that may be reclassified subsequently of profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		2,198	568
Total comprehensive income for the period		(12,683)	(21,007)
Loss attributable to owners of the Company			
– continuing operations		(14,881)	(17,291)
– discontinued operation		–	(4,284)
Total comprehensive income attributable to: Owners of the Company		(12,683)	(16,723)
– continuing operations		(12,683)	(16,723)
– discontinued operation		–	(4,284)
Loss per share from continuing operations and discontinued operation			
– Basic and diluted (HK cents)	7	(2.46)	(4.68)
Loss per share from continuing operations			
– Basic and diluted (HK cents)		(2.46)	(3.75)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	9,503	5,237
Deposit for acquisition of investment		–	2,500
Deposit for acquisition of property, plant and equipment		5,655	5,655
		<u>15,158</u>	<u>13,392</u>
Current assets			
Inventories	9	380	362
Trade receivables	10	174	135
Prepayments, deposits and other receivables	11	3,836	5,543
Cash and cash equivalents		100,684	25,505
		<u>105,074</u>	<u>31,545</u>
Current liabilities			
Trade payables	12	1	–
Accruals and other payables		1,562	2,188
Provision for income tax		853	853
Convertible redeemable bonds	13	28,776	–
		<u>31,192</u>	<u>3,041</u>
Net current assets		<u>73,882</u>	<u>28,504</u>
Total assets less current liabilities/net assets		<u>89,040</u>	<u>41,896</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	14	66,603	57,175
Reserves		22,437	(15,279)
Total equity		<u>89,040</u>	<u>41,896</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

05

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Convertible redeemable bonds equity reserves HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Share-based payment reserves HK\$'000	General reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2015	57,175	264,955	-	56,897	5,004	29,135	71	(371,341)	41,896
Issuance of convertible redeemable bond	-	-	12,223	-	-	-	-	-	12,223
Shares issued upon exercised of share options	4,708	38,425	-	-	-	(16,536)	-	-	26,597
Issue of shares – acquisition of subsidiaries	1,500	(290)	-	-	-	-	-	-	1,210
Share issued upon conversion of convertible redeemable bonds	3,220	21,688	(5,111)	-	-	-	-	-	19,797
Transactions with owners	<u>9,428</u>	<u>59,823</u>	<u>7,112</u>	<u>-</u>	<u>-</u>	<u>(16,536)</u>	<u>-</u>	<u>-</u>	<u>59,827</u>
Loss for the period	-	-	-	-	-	-	-	(14,881)	(14,881)
Other comprehensive income									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	2,198	-	-	-	2,198
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,198</u>	<u>-</u>	<u>-</u>	<u>(14,881)</u>	<u>(12,683)</u>
Balance at 30 June 2015	<u>66,603</u>	<u>324,778</u>	<u>7,112</u>	<u>56,897</u>	<u>7,202</u>	<u>12,599</u>	<u>71</u>	<u>(386,222)</u>	<u>89,040</u>
Balance at 1 January 2014	45,500	219,763	-	56,897	836	28,141	71	(335,990)	15,218
Issuance of convertible redeemable bond	-	-	3,603	-	-	-	-	-	3,603
Shares issued upon exercised of share options	886	3,997	-	-	-	(1,694)	-	-	3,189
Recognition of equity-settled share-based payments	-	-	-	-	-	12,692	-	-	12,692
Lapse of vested share options	-	-	-	-	-	(847)	-	847	-
Transactions with owners	<u>886</u>	<u>3,997</u>	<u>3,603</u>	<u>-</u>	<u>-</u>	<u>10,151</u>	<u>-</u>	<u>847</u>	<u>19,484</u>
Loss for the period	-	-	-	-	-	-	-	(21,575)	(21,575)
Other comprehensive income									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	568	-	-	-	568
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568</u>	<u>-</u>	<u>-</u>	<u>(21,575)</u>	<u>(21,007)</u>
Balance at 30 June 2014	<u>46,386</u>	<u>223,760</u>	<u>3,603</u>	<u>56,897</u>	<u>1,404</u>	<u>38,292</u>	<u>71</u>	<u>(356,718)</u>	<u>13,695</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) (re-represented) HK\$'000
Cash flows from operating activities		
Loss before income tax from continuing operations	(14,881)	(17,291)
Loss before income tax from discontinued operation	-	(4,284)
Adjustments for:		
Interest income	(25)	-
Finance costs	2,237	-
Depreciation	678	1,075
Loss on disposal of fixed assets	-	58
Share-based payments	-	12,692
Operating loss before working capital changes	(11,991)	(7,750)
Increase in trade receivables	(39)	(263)
Decrease in prepayments, deposits and other receivables	1,773	1,173
(Increase)/decrease in inventories	(19)	1
Increase in trade payables	1	154
Decrease in accruals and other payables	(888)	(656)
Net cash used in operating activities	(11,163)	(7,341)
Cash flows from investing activities		
Deposit for acquisition of property, plant and equipment	-	(400)
Purchase of property, plant and equipment	(174)	(92)
Proceeds from disposals of property, plant and equipment	-	127
Interest received	25	-
Net cash in flow from acquisition of assets and liabilities through acquisition of subsidiaries	123	-
Net cash used in investing activities	(26)	(365)
Cash flows from financing activities		
Proceeds from issuance of convertible redeemable bonds	58,559	28,650
Proceeds from exercise of share options	26,597	3,190
Repayment of other loans	(1,325)	-
Net cash generated from financing activities	83,831	31,840
Net increase in cash and cash equivalents	72,642	24,134
Cash and cash equivalents at 1 January	25,505	3,966
Effect of foreign exchange rate changes	2,537	259
Cash and cash equivalents at 30 June	100,684	28,359
Analysis of the balances of cash and cash equivalents		
Bank and cash balances other than time deposits	58,187	28,359
Time deposits	42,497	-
	100,684	28,359

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. ACCOUNTING POLICIES

These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014. They have been prepared on the historical cost basis.

The accounting policies and methods of computation applied in preparation of these interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2014. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current period, did not have any significant effect on the financial position or performance of the Group.

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. REVENUE AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Continuing operations		
Trading of biodiesel	-	-
Trading of bio-cleaning materials	62	4
Trading of waste construction materials, provision of waste processing services	508	1,040
	<u>570</u>	<u>1,044</u>

Segment revenue and results

For the six months ended 30 June 2015

	Continuing operations			Discontinued operation		Total (Unaudited) HK\$'000
	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	
REVENUE						
Sales to external customers	<u>-</u>	<u>62</u>	<u>508</u>	<u>570</u>	<u>-</u>	<u>570</u>
Results						
Segment results	<u>(2,554)</u>	<u>(78)</u>	<u>(121)</u>	<u>(2,753)</u>	<u>-</u>	<u>(2,753)</u>
Unallocated expenses						(10,847)
Finance costs						(2,237)
Other revenue						956
Loss before income tax						<u>(14,881)</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2014

	Continuing operations			Subtotal (Unaudited) HK\$'000	Discontinued operation	Total (Unaudited) HK\$'000
	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000		Generators (Unaudited) HK\$'000	
REVENUE						
Sales to external customers	<u>-</u>	<u>4</u>	<u>1,040</u>	<u>1,044</u>	<u>-</u>	<u>1,044</u>
Results						
Segment results	<u>(1,357)</u>	<u>(99)</u>	<u>(7)</u>	<u>(1,463)</u>	<u>(4,284)</u>	<u>(5,747)</u>
Unallocated expenses						(15,965)
Other revenue						<u>137</u>
Loss before income tax						<u>(21,575)</u>

The following table presents assets and liabilities by segment of the Group as at 30 June 2015 and 31 December 2014:

As at 30 June 2015

	Continuing operations			Subtotal (Unaudited) HK\$'000	Discontinued operation	Total (Unaudited) HK\$'000
	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000		Generators (Unaudited) HK\$'000	
ASSETS						
Segment assets	20,221	475	9,443	30,139	-	30,139
Unallocated cash and cash equivalents						83,125
Unallocated corporate assets						<u>6,968</u>
Consolidated total assets						<u>120,232</u>
LIABILITIES						
Segment liabilities	13	-	372	385	-	385
Unallocated corporate liabilities						1,178
Convertible redeemable bonds						28,776
Tax liabilities						<u>853</u>
Consolidated total liabilities						<u>31,192</u>

For the six months ended 30 June 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

As at 31 December 2014

	Continuing operations			Discontinued operation		Total (Audited) HK\$'000
	Renewable energy (Audited) HK\$'000	Bio-cleaning materials (Audited) HK\$'000	Waste construction materials and waste processing service (Audited) HK\$'000	Subtotal (Audited) HK\$'000	Generators (Audited) HK\$'000	
ASSETS						
Segment assets	9,495	453	7,178	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	1	–	148	149	–	149
Unallocated corporate liabilities						2,039
Tax liabilities						853
Consolidated total liabilities						<u>3,041</u>

4. LOSS BEFORE INCOME TAX

(a) Continuing operations

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) (Re-presented) HK\$'000
Loss before income tax has been arrived at after charging (crediting) the following items:		
Staff costs including director's remuneration		
Salaries and allowances	3,014	2,933
Equity-settled share-based payment to employees	–	–
Interest income	3,014	2,933
Loss and disposal of fixed assets	(25)	–
Equity-settled share-based payment to non-employees	–	58
	<u>–</u>	<u>9,391</u>

4. LOSS BEFORE INCOME TAX (Continued)

(b) Discontinued operation

On 31 December 2014, due to the unsatisfactory performance of the business of generators and that the commercial viability of this business was not promising, the Company decided to discontinue this segment.

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) (Re-presented) HK\$'000
Turnover	-	-
Other income	-	26
Cost of goods sold	-	-
Staff costs including		
Salaries and allowances	-	(406)
Equity-settled share-based payment to employees	-	(3,301)
	-	(3,707)
Depreciation	-	(41)
Other operation expenses	-	(562)
	-	(4,284)
Loss before tax	-	(4,284)
Income tax expense	-	-
	-	(4,284)
Loss for the period from discontinued operation	-	(4,284)

For the purpose of presenting the discontinued operation of generators, the comparative consolidated of comprehensive income and the related notes have been represented as if operation discontinued during last year had been discontinued at the beginning of the comparative period.

5. INCOME TAX

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the six months ended 30 June 2015 and 2014.

No recognition of the potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

6. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

For the six months ended 30 June 2015

7. LOSS PER SHARE
For continued and discontinued operations

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Loss		
Loss for the period	<u>(14,881)</u>	<u>(21,575)</u>
	Number of shares	
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	<u>604,607,798</u>	<u>461,463,612</u>

For continuing operations

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Loss		
Loss from continuing operations	<u>(14,881)</u>	<u>(17,291)</u>

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

For discontinued operation

Basic loss per share for the discontinued operation for the six months ended 30 June 2014: approximately HK cents 0.93 share, based on loss for the period from the discontinued operation for the six months ended 30 June 2014: of HK\$4,284,000 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.

Diluted loss per share for the period ended 30 June 2015 and 2014 have not been disclosed, as the share options and the convertible redeemable bond outstanding during the period have an anti-dilutive effect on the basic loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of HK\$5.2 million included in the addition to property, plant and equipment above, HK\$5.06 million was arised from the acquisition of Skylimit Ventures Group, the details of which are set out in Note 15.

9. INVENTORIES

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Bio-fuel materials	255	283
Bio-cleaning materials	35	38
Consumables	90	41
	<u>380</u>	<u>362</u>

10. TRADE RECEIVABLES

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

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
0 – 90 days	173	134
180 – 365 days	–	–
Over 365 days	1	1
	<u>174</u>	<u>135</u>

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Prepayments	896	2,463
Deposits and other receivables	2,940	3,080
	<u>3,836</u>	<u>5,543</u>

12. TRADE PAYABLES

The following is an ageing analysis of trade payables (based on invoice date) at the end of the reporting period:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
0 to 90 days	1	–
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	–	–
	<u>1</u>	<u>–</u>

For the six months ended 30 June 2015

13. CONVERTIBLE REDEEMABLE BONDS

Six months ended 30 June 2015

The Company issued one-year 8% convertible redeemable bonds at a total nominal value of HK\$60,060,000 on 22 April 2015. The bonds will mature in one year from the issue date on 21 April 2016 and can be converted into ordinary shares of the Company at the holder's option at initial conversion price of HK\$0.78 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 77,000,000.

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 three-months period commencing from the date of issue of the bonds.

The bonds comprise of two components, the liability and equity components. On initial recognition, the fair value of the liability component of the convertible redeemable bonds is determined using the prevailing market interest of similar non-convertible bond with the Company's redemption option. The difference between the fair value of these convertible redeemable bonds and the fair value assigned to the liability component, representing the option for conversion of these convertible redeemable bonds into equity, is included in equity as convertible redeemable bonds equity reserve. The effective interest rate of the liability component is 36.1%.

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

	Liability component (unaudited) HK\$'000	Equity component (unaudited) HK\$'000
Fair value on initial recognition	47,524	12,536
Direct transaction costs	(1,188)	(313)
Conversion of convertible redeemable bonds	(19,797)	(5,111)
Imputed interest expense recognised	2,237	-
	<u>28,776</u>	<u>7,112</u>
Carrying amount as at 30 June 2015	<u>28,776</u>	<u>7,112</u>

The net proceeds from the issue of the convertible redeemable bonds after the direct transaction costs of HK\$1,501,000 is HK\$58,559,000.

Subsequently during the six months 30 June 2015, the bonds with nominal value of HK\$25,116,000 were converted at the conversion price of HK\$0.78 per share, resulting in the issue of 32,200,000 new shares of HK\$0.1 each and the transfer of a sum of HK\$5,111,000 and HK\$19,797,000 respectively from convertible redeemable bonds equity reserve and convertible redeemable bonds (liability component) to share capital and share premium.

Year ended 31 December 2014

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 matured one year from the issue date on 5 June 2015 and could 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 was 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 was defined as the six-months period commencing from the date of issue of the bonds. On initial recognition, the fair value of the liability component of the convertible redeemable bonds was determined using the prevailing market interest of similar non-convertible bond with the Company's redemption option. The difference between the fair value of the convertible redeemable bonds and the fair value assigned to the liability component, representing the option for conversion of the convertible redeemable bonds into equity, was included in equity as convertible redeemable bonds equity reserve. The effective interest rate of the liability component was 25.76%.

13. CONVERTIBLE REDEEMABLE BONDS (Continued)

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

	Liability component (audited) HK\$'000	Equity component (audited) HK\$'000
Fair value on initial recognition	26,227	3,773
Direct transaction costs	(1,180)	(170)
Imputed interest expenses recognised	1,610	-
Conversion of convertible redeemable bonds	(26,657)	(3,603)
	<u> </u>	<u> </u>
Carrying amount as at 31 December 2014	<u> </u>	<u> </u>

The net proceeds from the issue of the convertible redeemable bonds after the direct transaction costs of HK\$1,350,000 were 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 bonds equity reserve and convertible redeemable bonds (liability component) to share capital and share premium.

14. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2014, 31 December 2014 and 30 June 2015	<u>4,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1 January 2014	455,002	45,500
Exercise of share options (note (a))	41,750	4,175
Conversion of convertible redeemable bonds (note 13)	75,000	7,500
	<u> </u>	<u> </u>
At 31 December 2014	<u>571,752</u>	<u>57,175</u>
At 1 January 2015	571,752	57,175
Exercise of share options (note (a))	47,078	4,708
Conversion of convertible redeemable bonds (note 13)	32,200	3,220
Issue of share for the acquisition of assets and liabilities through acquisition of subsidiaries (note (b))	15,000	1,500
	<u> </u>	<u> </u>
At 30 June 2015	<u>666,030</u>	<u>66,603</u>



For the six months ended 30 June 2015

14. SHARE CAPITAL (Continued)

Note:

- (a) During the period ended 30 June 2015, 47,078,000 (year ended 31 December 2014: 41,750,000) options were exercised at the exercise price ranging from HK\$0.36 to HK\$1.05 (year ended 31 December 2014: HK\$0.36 to HK\$0.42) per share, resulting in the issue of 47,078,000 (year ended 31 December 2014: 41,750,000) new shares of HK\$0.1 each and the transfer of a sum of HK\$16,536,000 (year ended 31 December 2014: HK\$10,851,000) from share option reserve to share premium.
- (b) On 15 May 2015, pursuant to the Group's acquisition of the entire equity interests in Skylimit Ventures Limited and its wholly-owned subsidiary (collectively the "Skylimit Ventures Group") as further detailed in note 15, 15,000,000 ordinary shares of par value of HK\$0.1 each of the Company were issued as part of the consideration at fair value of approximately HK\$1,210,000, of which HK\$1,500,000 was credited to issued share capital and the remaining balance of approximately HK\$290,000 was debited to share premium account.

15. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 15 May 2015, the Group completed the acquisition of the entire equity interests of Skylimit Ventures Group from an independent third party at a consideration of HK\$8,500,000 which was satisfied by (i) a refundable deposit of HK\$2,500,000 and (ii) the remaining balance of HK\$6,000,000 by allotment and issue of 15,000,000 ordinary shares of the Company with par value of HK\$0.1 each. Further details are set out in the Company's announcement dated 11 November 2014.

Since the acquisition was considered as an acquisition of assets and liabilities and the consideration is accounted for as partially settled by the Company's equity instruments, it was an equity-settled share-based payment transaction and accordingly the fair value of the equity instruments issued in connection with the acquisition is determined based on the fair value of the assets and liabilities acquired less the cash consideration of HK\$2,500,000.

Details of the fair value of net asset acquired in respect of the acquisition of Skylimit Ventures Group are as follows:

	(unaudited) HK\$'000
Net assets acquired:	
Property, plant and equipment	5,055
Other receivable	65
Bank balances and cash	123
Other payables, deposits received and accruals	(209)
Other loans	(1,324)
	<u>3,710</u>
Consideration satisfied by:	
Issuance of shares of the Company, at fair value	1,210
Refundable deposit	2,500
	<u>3,710</u>
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	123
Cash consideration paid in last annual reporting period	(2,500)
	<u>(2,377)</u>

BUSINESS REVIEW

Operating Results

With the global economy slow-down, the turnover of the Group for the six months ended 30 June 2015 (the "Period") was approximately HK\$0.57 million (six months ended 30 June 2014: approximately HK\$1.04 million), representing a decrease of approximately 45.4% as compared with the corresponding period in 2014.

The net loss for the Period was approximately HK\$14.9 million (six months ended 30 June 2014: the net loss was approximately HK\$ 21.6 million), representing a decrease of approximately of 31.0% as compared with the corresponding period in last year. The decrease was mainly attributable to the equity-settled share-based payments of approximately HK\$12.7 million that was recognized in 1HFY2014, while no such expense was recognized during the period under review. The decrease was however offset by an increase in (a) exchange loss of approximately HK\$3.7 million due to the translation of balances denominated in foreign currencies, which was mostly attributable to the depreciation of Euro against Hong Kong dollars by the end of 30 June 2015 (1HFY2014: approximately HK\$0.7 million); and (b) finance cost of HK2.2 million representing imputed interest of the convertible redeemable bonds issued on 22 April 2015.

Segment Information

(a) Renewable Energy

A plant, with the production capacity of 8,000 metric tons and the ability to combine both acid esterification and tranesterification process in the conversion of oil feedstock into fatty acid methyl esters or biodiesel, is being built in Portugal. The Group anticipates that this plant will be a new revenue growth driver in the near future. In addition to this, such project will offer alternative source of supply of renewable energy that can help save fossil resources and reduce greenhouse gas emissions known to have contributed to climate change.

(b) Bio-cleaning materials

The turnover arising from the sale of bio-cleaning materials has surged from approximately HK\$4,000 for the six months ended 30 June 2014 to approximately HK\$62,000 for the six months ended 30 June 2015. The Group will continue to put efforts in promoting and marketing environmental products and to tighten control over its operating expenses.

(c) Waste construction materials and waste processing provision.

The key element of this sector involves the collecting and recycling of waste construction materials and the sale of recycled construction materials. The turnover arising from this sector has decreased from approximately HK\$1,040,000 for the six months ended 30 June 2014 to approximately HK\$508,000 for the six months ended 30 June 2015, representing a decrease of approximately of 51.2%. The decrease arose because of tight macro-economic control imposed by the local government. As a result, less orders were placed from local construction companies and government authorities for the period under review.

(d) Discontinued operation- Generators

Since the trading of generators was discontinued on 31 December 2014 due to the unsatisfactory outcome of the tender for supply of new orders, no revenue was recorded in 1HFY2015 and 1HFY2014 respectively.

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 30 June 2015 the Group had total current assets of approximately HK\$105.1 million (as at 31 December 2014: approximately HK\$31.5 million) and the total current liabilities were approximately HK\$31.2 million (as at 31 December 2014: approximately HK\$3.0 million). The current ratio of the Group was approximately 3.4 (as at 31 December 2014: approximately 10.5). The Group has sufficient funds to settle its debts.

As at 30 June 2015 the Group had total assets of approximately HK\$120.2 million (as at 31 December 2014: approximately HK\$44.9 million). The gearing ratio, calculated by dividing the total debts over its total assets, was approximately 25.9% (as at 31 December 2014: approximately 6.77%).

CAPITAL COMMITMENTS

As at 30 June 2015, the Group had capital commitment of HK\$1,181,000 (As at 31 December 2014: HK\$7,408,000).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities (As at 31 December 2014: Nil).

FUTURE PROSPECTUS

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

The European Union ("EU") 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. It is extremely clear that EU will continue to monitor, enforce and penalize air particulate for the foreseeable future, creating a key driver for the expansion of capacity in biodiesel production. Further than investment in and production of biodiesel still lags behind what is needed to meet the mandated targets.

Further, with feedstock supplies stable as a new sources and technologies allow great expansion, and with falling availability of crude oil derived fuels, biodiesel remains a very favorable investment opportunities.

EMPLOYEES

As at 30 June 2015 the Group had 21 employees (As at 31 December 2014: 22 employees) in Hong Kong, the PRC and Germany.

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

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

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

As at 30 June 2015, the interests or positions of the Directors and chief executive in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

A. Interest in shares in the Company

Name of Director/ chief executive	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the company
Mr. Yip Wai Leung Jerry ("Mr. Yip") (Note 1)	Settlor of a discretionary trust	222,971,436	33.48%
	Beneficial owner	330,000	0.05%

B. Interest in underlying shares in the Company

Name of Director/ chief executive	Capacity	Number of underlying shares held	Percentage of the issued share capital of the company
Mr. Yip	Beneficial owner (Note 2)	340,000	0.05%
Mr. So Yin Wai	Beneficial owner (Note 2)	340,000	0.05%

Notes:

- Mr. Yip set up a discretionary family trust pursuant to a deed of settlement dated 5 December 2005 entered into between him and New Zealand Professional Trustee Limited ("Trustee"). The Trustee held the entire issued share capital of Always New Limited, which held the entire issued share capital of each of Always Adept Limited ("Always Adept") and First Win Trading Limited ("First Win") on trust for the benefit of the family trust. Always Adept and First Win held 66,891,428 Shares and 156,080,008 Shares respectively, Always New Limited was deemed to be interested in the Shares held by First Win and Always Adept by virtue of the SFO.
- These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to the directors or chief executive pursuant to the share option scheme of the Company.

Other than as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 June 2015 as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of certain Directors, the following shareholders had interests or short positions in the shares and underlying shares of the Company:

A. Interest in shares in the Company

Name of Director/ chief executive	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the company
Always Adept (Note 1)	Beneficial owner	66,891,428	10.04%
First Win (Note 1)	Beneficial owner	156,080,008	23.43%
Always New Limited (Note 1)	Interest of controlled corporation	222,971,436	33.48%
The Trustee (Note 2)	Trustee	222,971,436	33.48%
Mrs. Yip	Spouse Interest (Note 3)	222,971,436	33.48%
	Spouse Interest (Note 3)	330,000	0.05%

B. Interest in underlying shares in the Company

Name of Shareholder	Capacity	Number of underlying shares held	Percentage of the issued share capital of the company
Mrs. Yip	Spouse Interest (Note 4)	340,000	0.05%

Notes:

1. Always New Limited held the entire issued share capital of each of Always Adept and First Win. Always New Limited was deemed to be interested in the Shares held by the Always Adept and First Win by virtue of the SFO.
2. Mr. Yip set up a discretionary family trust pursuant to a deed of settlement dated 5 December 2005 entered into between him and the Trustee. The Trustee held the entire issued shares in the capital of Always New Limited, which own the entire issued share capital of each of Always Adept and First Win, which in turn held in aggregate 222,971,436 Shares. The Trustee was deemed to be interested in the Shares held by Always Adept and First Win by virtue of the SFO.
3. Mrs. Yip was the spouse of Mr. Yip and she was deemed to be interested in the Shares in which Mr. Yip was interested by virtue of the SFO.
4. These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to Mr. Yip pursuant to the share option scheme of the Company.

Save as disclosed above, as at 30 June 2015, no other person (other than Directors or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by the shareholders of the Company on 5 June 2006, the Company terminated the share option scheme adopted in 1997 and adopted a new share option scheme (the "Share Option Scheme").

Details of the share options outstanding as of 30 June 2015 under Share Option Scheme are as follows:

Name or category of participant	Date of grant of Share option	Exercise period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
				As at 1 January 2015	Granted during the Period	Exercised/Cancelled/Lapsed	As at 30 June 2015
Directors							
Yip Wai Leung Jerry	21/11/2006	21/11/2006 - 20/11/2016	1.050	340,000	-	-	340,000
So Yin Wai	21/11/2006	21/11/2006 - 20/11/2016	1.050	340,000	-	-	340,000
	29/09/2008	29/09/2008 - 28/09/2018	0.395	330,000	-	330,000	-
Employees (Other than directors)							
In aggregate	22/09/2006	22/09/2006 - 21/09/2016	0.930	2,004,000	-	2,004,000	-
In aggregate	21/11/2006	21/11/2006 - 20/11/2016	1.050	3,418,000	-	2,900,000	518,000
In aggregate	20/11/2011	20/11/2011 - 19/11/2021	0.360	10,120,000	-	10,120,000	-
In aggregate	12/05/2014	12/05/2014 - 11/05/2024	0.388	9,500,000	-	9,500,000	-
Other Eligible Participants							
In aggregate	22/09/2006	22/09/2006 - 21/09/2016	0.930	3,284,000	-	1,594,000	1,690,000
In aggregate	21/11/2006	21/11/2006 - 20/11/2016	1.050	24,050,000	-	7,500,000	16,550,000
In aggregate	20/11/2011	20/11/2011 - 19/11/2021	0.360	5,130,000	-	5,130,000	-
In aggregate	16/06/2014	16/06/2014 - 15/06/2024	0.378	8,000,000	-	8,000,000	-
Total				<u>66,516,000</u>	<u>-</u>	<u>47,078,000</u>	<u>19,438,000</u>
			Weighted average exercise price (HK\$)	<u>0.704</u>	<u>-</u>	<u>0.56</u>	<u>1.04</u>

EQUITY FUND RAISING ACTIVITIES IN THE SIX MONTHS ENDED 30 JUNE 2015

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 6 months ended 30 June 2015.

Date of Announcement	Fund raising activity	Net proceeds actually raised	Intended use of net proceeds	Actual use of net proceeds
1 April 2015 and 22 April 2015	Placing of of 8% convertible bonds ("Bonds") in the aggregate principal amount of HK\$60,060,000 ("Placing")	Approximately HK\$58.43 million	The Group intends to use the net proceeds from the Placing for its general working capital and possible new investment or development of businesses of the Group (which are expected to be those which are complementary or, in the views of the Directors, able to provide synergies to the existing businesses carried on or investments made by the Group) should suitable opportunities arise (Note 2).	As at 30 June 2015, the net proceeds have not been utilized and were maintained in an account with a reputable licensed financial institution. As at 25 September 2015, being the latest practicable date prior to the printing of the interim report for ascertaining certain information contained therein ("Latest Practicable Date"), as to (i) HK\$20.64 million have been utilized for redemption of the Bonds in the principal amount of HK\$19.97 million at the total redemption price of HK\$20.64 million (inclusive of the outstanding interests accrued thereon) in September 2015 (Note 1); and (ii) the remaining net proceeds of approximately HK\$37.79 million have not been utilized and were maintained in an account with a reputable licensed financial institution (Note 2).

Notes:

- At the time of the Placing, it was intended that part of the net proceeds of the Placing would be used for possible new investment or development of businesses of the Group. However, due to the continuing lacklustre crude oil market and challenging business environment in Europe, the Group's business plan has been stalled.

In view of the current economic climate and the current market price of the shares of the Company being substantially below the conversion price of the Bonds, the Board considered that it would be more cost efficient and prudent that the early redemption of part of the Bonds could reduce the Group's debt position and interest expenses relating to the Bonds, and would not have any adverse effect on the Group's financial position. Following the partial redemption of the Bonds in the principal amount of HK\$19.97 million, the principal amount of the Bonds which remained outstanding as at the Latest Practicable Date amounted to HK\$14.98 million.

- It is currently intended that the remaining unutilised net proceeds of the Placing of approximately HK\$37.79 million will be used as to (i) approximately HK\$10 million for the establishment and construction of the new production facility in Portugal with the ability to combine both acid esterification and transesterification process in the conversion of oil feedstock into biodiesel; (ii) approximately HK\$17.79 million for the acquisition and installation of additional production equipment and machinery; and (iii) approximately HK\$10 million for the purpose of financing trading in feedstock and biodiesel materials.

As at the Latest Practicable Date, following the redemption of part of the Bonds of the principal amount of HK\$19.97 million at the total redemption price of HK\$20.64 million, the cash of the Group amounted to approximately HK\$77.16 million while the total assets of the Group amounted to approximately HK\$96.7 million, and the cash to total assets ratio of the Group decreased from approximately 0.84 (as at 30 June 2015) to approximately 0.798. Apart from the remaining unutilised net proceeds of the Placing of approximately HK\$37.79 million which are intended to be used as mentioned above, the Company currently intends to utilize the remaining cash of the Group in the sum of approximately HK\$39.37 million for (i) possible investments in the future when opportunities arise; (ii) redemption of the outstanding Bonds; and/or (iii) the general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES DURING THE YEAR ENDED 31 DECEMBER 2014

During the year ended 31 December 2014, the Company had conducted the following fund raising activity.

Date of Announcement	Fund raising activity	Net proceeds actually raised	Intended use of net proceeds	Actual use of net proceeds
20 May 2014 and 4 June 2014	Placing of 5% convertible bonds due 2015 in the principal amount of HK\$30 million	Approximately HK\$28.65 million	The Company intends to use (i) approximately HK\$18.65 million out of such net proceeds as general working capital for the Group's bio-cleaning materials business, production and trading of biodiesel, waste construction materials and provision of waste processing services and (ii) the remaining approximately HK\$10 million for investment in other new business opportunities and to the extent the net proceeds are not immediately applied to the above purpose, the Company intends to either use such proceeds as general working capital or for other treasury purposes.	As at 30 June 2015, approximately HK\$24.6 million have been utilized for general working capital of the Group such as settlement of trade payables as well as its operating expenses in respect of its Hong Kong and PRC office (including those for the Group's bio-cleaning materials business, production and trading of biodiesel, waste construction materials and provision of waste processing services). As at Latest Practicable Date, the net proceeds have been fully utilized for general working capital of the Group such as settlement of trade payables as well as its operating expenses in respect of its Hong Kong and PRC office (including those for the Group's bio-cleaning materials business, production and trading of biodiesel, waste construction materials and provision of waste processing services).

CORPORATE GOVERNANCE

The Board considers that the Company has complied throughout the Period with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules, except for the deviations on the code provisions A.2.1.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company has not appointed a chief executive officer. The role of the chief executive officer was performed by Mr. Yip Wai Leung Jerry, who was the chairman of the Company during the Period. The Board believes that the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board will periodically review the merits and demerits of such management structure and will adopt such appropriate measures as may be necessary in the future taking into consideration of the nature and extent of the Group’s operation.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own securities dealing code for the directors of the Company. Upon specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the Period.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results of the Company for the Period.

PUBLICATION OF INTERIM RESULTS

The interim report is published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.greenenergy.hk).

On behalf of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 31 August 2015