



**GREEN ENERGY GROUP LIMITED**  
**綠色能源科技集團有限公司**

(Incorporated in Bermuda with limited liability)  
Stock Code: 979

**Interim Report 2016**

The background of the page is a soft, light green color. On the left side, there are several large, detailed green leaves with prominent veins, some of which are partially obscured by a bright, sun-like glow. In the bottom right corner, there is a small, semi-transparent globe of the Earth resting on a patch of green grass. The overall aesthetic is clean, fresh, and environmentally friendly.

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**DIRECTORS****Executive Director**

Mr. Yip Wai Leung Jerry (*Chairman*)  
 Mr. Sean Douglas Mollet  
 (*resigned on 15 June 2016*)

**Independent Non-Executive Directors**

Ms. Li Kit Chi Fiona  
 Mr. So Yin Wai  
 Mr. Tam Chun Wa

**AUDIT COMMITTEE**

Mr. So Yin Wai (*Chairman*)  
 Ms. Li Kit Chi Fiona  
 Mr. Tam Chun Wa

**REMUNERATION COMMITTEE**

Mr. Tam Chun Wa (*Chairman*)  
 Ms. Li Kit Chi Fiona  
 Mr. So Yin Wai

**NOMINATION COMMITTEE**

Ms. Li Kit Chi Fiona (*Chairwoman*)  
 Mr. Tam Chun Wa  
 Mr. Yip Wai Leung Jerry

**COMPANY SECRETARY**

Mr. Tso Sze Wai

**AUDITORS**

BDO Limited

**LEGAL ADVISORS**

Conyers Dill & Pearman

**PRINCIPAL BANKERS**

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

**REGISTERED OFFICE**

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

4C Derrick Industrial Building,  
 49 Wong Chuk Hang Road, Hong Kong

**PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE**

Codan Services Limited  
 Clarendon House,  
 2 Church Street,  
 Hamilton HM 11  
 Bermuda

**HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services  
 Limited  
 Room 17M, 17th Floor,  
 Hopewell Centre,  
 183 Queen's Road East,  
 Hong Kong

**STOCK CODE**

979

**WEBSITE**

<http://www.greenenergy.hk>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>1,107</b>	570
Other income		<b>809</b>	956
Change in inventories of finished goods		(213)	(95)
Depreciation		(230)	(678)
Staff costs		(3,310)	(3,014)
Exchange differences		(392)	(3,748)
Other operating expenses		(5,891)	(6,635)
Finance costs	13	(718)	(2,237)
<b>Loss before income tax</b>	4	<b>(8,838)</b>	(14,881)
Income tax	5	–	–
<b>Loss for the period</b>		<b>(8,838)</b>	(14,881)
<b>Other Comprehensive Income</b>			
<i>Item that may be reclassified subsequently of profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		(721)	2,198
<b>Total comprehensive income for the period</b>		<b>(9,559)</b>	(12,683)
<b>Loss attributable to owners of the Company</b>		<b>(8,838)</b>	(14,881)
<b>Total comprehensive income attributable to Owners of the Company</b>		<b>(9,559)</b>	(12,683)
<b>Loss per share</b>			
– Basic and diluted (HK cents)	7	(1.33)	(2.46)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2016

	Notes	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,520	9,069
Deposit for acquisition of property, plant and equipment	8	9,554	5,655
		<u>19,074</u>	<u>14,724</u>
<b>Current assets</b>			
Inventories	9	256	256
Trade receivables	10	285	107
Prepayments, deposits and other receivables	11	4,666	8,432
Cash and cash equivalents		40,834	58,375
		<u>46,041</u>	<u>67,170</u>
<b>Current liabilities</b>			
Trade payables	12	42	–
Accruals and other payables		1,507	2,158
Convertible redeemable bonds – liability component	13	–	6,611
Provision for income tax		853	853
		<u>2,402</u>	<u>9,622</u>
<b>Net current assets</b>		<u>43,639</u>	<u>57,548</u>
<b>Total assets less current liabilities/net assets</b>		<u>62,713</u>	<u>72,272</u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	14	66,603	66,603
Reserves		(3,890)	5,669
<b>Total equity</b>		<u>62,713</u>	<u>72,272</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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For the six months ended 30 June 2016

	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
<b>Balance at 1 January 2016</b>	66,603	324,745	1,381	56,897	7,834	27,323	71	(412,582)	72,272
Full redemption of convertible redeemable bonds	-	-	(1,381)	-	-	-	-	1,381	-
<b>Transactions with owners</b>	-	-	(1,381)	-	-	-	-	1,381	-
Loss for the period	-	-	-	-	-	-	-	(8,838)	(8,838)
<b>Other comprehensive income</b>									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(721)	-	-	-	(721)
<b>Total comprehensive income for the period</b>	-	-	-	-	(721)	-	-	(8,838)	(721)
<b>Balance at 30 June 2016</b>	<u>66,603</u>	<u>324,745</u>	<u>-</u>	<u>56,897</u>	<u>7,113</u>	<u>27,323</u>	<u>71</u>	<u>(420,039)</u>	<u>62,713</u>
<b>Balance at 1 January 2015</b>	57,175	264,955	-	56,897	5,004	29,135	71	(371,341)	41,896
Issuance of convertible redeemable bonds	-	-	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
Shares issued upon conversion of convertible redeemable bonds	3,220	21,688	(5,111)	-	-	-	-	-	19,797
<b>Transactions with owners</b>	<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)
<b>Other comprehensive income</b>									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	2,198	-	-	-	2,198
<b>Total comprehensive income for the period</b>	-	-	-	-	2,198	-	-	(14,881)	(12,683)
<b>Balance at 30 June 2015</b>	<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>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(8,838)	(14,881)
Adjustments for:		
Interest income	(320)	(25)
Finance costs	718	2,237
Depreciation	230	678
Gain on disposal of fixed assets	(6)	-
Share-based payments	-	-
Operating loss before working capital changes	(8,216)	(11,991)
Increase in trade receivables	(178)	(39)
Decrease in prepayments, deposits and other receivables	3,766	1,773
Increase in inventories	-	(19)
Increase in trade payables	42	1
Decrease in accruals and other payables	(651)	(888)
Net cash used in operating activities	(5,237)	(11,163)
<b>Cash flows from investing activities</b>		
Deposit for acquisition of property	(3,899)	-
Purchase of property, plant and equipment	(501)	(174)
Proceeds from disposals of property, plant and equipment	6	-
Interest received	320	25
Net cash in flow from acquisition of assets and liabilities through acquisition of subsidiaries	-	123
Net cash used in investing activities	(4,074)	(26)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of convertible redeemable bonds	-	58,559
Proceeds from exercise of share options	-	26,597
Repayment of other loans	-	(1,325)
Payment on full redemption of convertible redeemable bonds	(7,329)	-
Net cash generated from financing activities	(7,329)	83,831
<b>Net increase in cash and cash equivalents</b>	(16,640)	72,642
<b>Cash and cash equivalents at 1 January</b>	58,375	25,505
Effect of foreign exchange rate changes	(901)	2,537
<b>Cash and cash equivalents at 30 June</b>	<b>40,834</b>	<b>100,684</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank and cash balances other than time deposits	40,834	58,187
Time deposits	-	42,497
	<b>40,834</b>	<b>100,684</b>

## 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 2015. 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 2015. 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.



For the six months ended 30 June 2016

## 3. REVENUE AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Trading of biodiesel	-	-
Trading of bio-cleaning materials	-	62
Trading of waste construction materials, provision of waste processing services	1,107	508
Plastic recycling business	-	-
	<u>1,107</u>	<u>570</u>

**Business segments**

For the six months ended 30 June 2015, the Group was organised into three operating divisions. During the period ended 30 June 2016, following the expansion of the Group's plastic recycling business. The Group reorganised its segment information into four operating divisions. These divisions are on the basis on which the group reports its primary segment information.

**Segment revenue and results**

For the six months ended 30 June 2016

	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000	Plastic recycling business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>REVENUE</b>					
Sales to external customers	<u>-</u>	<u>-</u>	<u>1,107</u>	<u>-</u>	<u>1,107</u>
<b>Results</b>					
Segment results	<u>(335)</u>	<u>(150)</u>	<u>318</u>	<u>(252)</u>	<u>(419)</u>
Unallocated expenses					(8,510)
Finance costs					(718)
Other revenue					<u>809</u>
Loss before income tax					<u>(8,838)</u>

For the six months ended 30 June 2016

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2015

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

The following table presents assets and liabilities by segment of the Group as at 30 June 2016 and 31 December 2015:

As at 30 June 2016

	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000	Plastic recycling business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>ASSETS</b>					
Segment assets	7,781	442	9,677	13,156	31,056
Unallocated cash and cash equivalents					28,783
Unallocated corporate assets					5,276
Consolidated total assets					65,115
<b>LIABILITIES</b>					
Segment liabilities	22	—	165	20	207
Unallocated corporate liabilities					1,342
Tax liabilities					853
Consolidated total liabilities					2,402

For the six months ended 30 June 2016

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

## Segment revenue and results (Continued)

As at 31 December 2015

	Renewable energy (Audited) HK\$'000	Bio-cleaning materials (Audited) HK\$'000	Waste construction materials and waste processing service (Audited) HK\$'000	Total (Audited) HK\$'000
<b>ASSETS</b>				
Segment assets	19,136	384	9,182	28,702
Unallocated cash and cash equivalents				50,444
Unallocated corporate assets				2,748
Consolidated total assets				<u>81,894</u>
<b>LIABILITIES</b>				
Segment liabilities	26	–	182	208
Unallocated corporate liabilities				1,950
Convertible redeemable bonds – liability component				6,611
Tax liabilities				853
Consolidated total liabilities				<u>9,622</u>

## 4. LOSS BEFORE INCOME TAX

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Loss before income tax has been arrived at after charging (crediting) the following items:		
Staff costs including director's remuneration		
Salaries and allowances	3,310	3,014
Equity-settled share-based payment to employees	–	–
Interest income	3,310	3,014
Gain and disposal of fixed assets	(320)	(25)
Equity-settled share-based payment to non-employees	(6)	–
	–	–
	<u>–</u>	<u>–</u>

**5. INCOME TAX**

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the six months ended 30 June 2016 and 2015.

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 2016 (six months ended 30 June 2015: Nil).

**7. LOSS PER SHARE**

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2015 (Unaudited) HK\$'000
<b>Loss</b>		
Loss for the period	<u><b>(8,838)</b></u>	<u>(14,881)</u>
	<b>Number of shares</b>	
	<b>30 June</b> <b>2016</b> <b>(Unaudited)</b>	30 June 2015 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	<u><b>666,030,176</b></u>	<u>604,607,798</u>

Diluted loss per share for the period ended 30 June 2016 and 2015 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.

For the six months ended 30 June 2016

#### 8. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

On 23 May 2016, a subsidiary of the Company entered into a purchase agreement with an independent third party to purchase a property for conduct and operation of the Plastic Recycling Business. A deposit of the Group amounting to HK\$3.9 million represent payment to the vendors from which the Group is in the process of completely the legal formalities necessary for the acquisition of parcels of land in Germany. Please refer to the Company announcement dated 23 May 2016 for more details.

#### 9. INVENTORIES

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Bio-fuel materials	224	224
Bio-cleaning materials	32	32
Consumables	—	—
	<u>256</u>	<u>256</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 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
0 – 90 days	281	106
180 – 365 days	3	—
Over 365 days	1	1
	<u>285</u>	<u>107</u>

#### 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Prepayments	823	1,196
Deposits and other receivables	3,843	7,236
	<u>4,666</u>	<u>8,432</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 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
0 to 90 days	42	–
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	–	–
	<u>42</u>	<u>–</u>

**13. CONVERTIBLE REDEEMABLE BONDS**

**Six months ended 30 June 2016**

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 31.1%.

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	6,611	1,381
Full redemption of convertible redeemable bonds	(7,329)	(1,381)
Imputed interest expense recognised	718	–
	<u>–</u>	<u>–</u>
Carrying amount as at 30 June 2016	<u>–</u>	<u>–</u>

*For the six months ended 30 June 2016*

**13. CONVERTIBLE REDEEMABLE BONDS (Continued)**

**Period ended 30 June 2016 (Continued)**

Pursuant to the terms and conditions of the convertible bonds, the Company has fully redeemed the remaining convertible bonds in the principal amount of HK\$6.786 million at the total redemption price of HK\$7.3288 million (inclusive of the outstanding interests accrued thereon) in cash on the maturity date, i.e. 21 April 2016.

Following the redemption of the convertible bonds, the Company has no outstanding convertible securities and accordingly the Group would not incur further finance costs in relation to the accrued interests of the convertible bonds.

**Year ended 31 December 2015**

The Company issued one-year 8% convertible redeemable bonds at a total principal amount 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-month 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 issue price (net) 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 liability component of the bonds is subsequently measured at amortised cost using effective interest rate of 31.1% per annum.

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

Subsequently during the year ended 31 December 2015, the bonds with principal amount 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 from convertible redeemable bonds equity reserve to share capital and share premium, and the derecognition of liability component by HK\$19,764,000.

In addition, during the year ended 31 December 2015, the Group early redeemed the convertible redeemable bonds with principal amount of HK\$28,158,000. Upon redemption, the redemption consideration of HK\$29,231,000 was allocated as to HK\$25,408,000 to the liability component and HK\$3,823,000 to the equity component. The difference between the redemption consideration allocated to the liability component and the carrying amount of the liability component of the bonds redeemed as at the redemption date of HK\$87,000 is recognised in profit or loss as "gain on early redemption of convertible redeemable bonds". The difference between the redemption consideration and the carrying amount of the equity component amounting to HK\$1,907,000 is recognised in accumulated losses.

### 13. CONVERTIBLE REDEEMABLE BONDS (Continued)

#### Year ended 31 December 2015 (Continued)

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

	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
Value on initial recognition less direct transaction cost	46,337	12,222	58,559
Imputed interest expense recognised	5,533	-	5,533
Conversion of convertible redeemable bonds	(19,764)	(5,111)	(24,875)
Early redemption of convertible redeemable bonds	(25,495)	(5,730)	(31,225)
	<u>6,611</u>	<u>1,381</u>	<u>7,992</u>
At 31 December 2015	<u>6,611</u>	<u>1,381</u>	<u>7,992</u>

The Group has 8% convertible redeemable bonds with principal amount of HK\$6,786,000 remained outstanding as at 31 December 2015.

### 14. SHARE CAPITAL

	Number of shares <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2015, 31 December 2015 and 30 June 2016	<u>4,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 31 December 2015 and 30 June 2016	<u>666,030</u>	<u>66,603</u>



## BUSINESS REVIEW

### Operating Results

The turnover of the Group for the six months ended 30 June 2016 (the "1HFY2016") was approximately HK\$1,107 million (six months ended 30 June 2015 (the "1HFY2015"): approximately HK\$0.57 million), representing an increase of approximately 94.2% as compared with the corresponding period in 2015. The main reason of the increase was due to the increase in revenue from the waste construction material sector despite the decrease in turnover on other business sectors.

The net loss for 1HFY2016 was approximately HK\$9.6 million (1HFY2015: the net loss was approximately HK\$12.6 million), representing a decrease of approximately of 23.8% as compared with the corresponding period in last year. The decrease was mainly attributed to the decrease in (i) exchange loss of approximately HK\$0.39 million were recorded for 1HFY2016 due to the translation of balances denominated in foreign currencies, which was mostly attributable to depreciation of Euro and Renminbi against Hong Kong dollars after Brexit panic (1HFY2015: approximately HK\$3.7 million) and (ii) finance cost of HK\$0.718 million representing imputed interest of the convertible redeemable bonds issued on 22 April 2015 (1HFY2015: approximately HK\$2.237 million). No further finance cost incurred following the full redemption of convertible redeemable bonds on 21 April 2016. The decrease was however offset by a increase in in operating cost for the newly incorporated subsidiaries in Germany with a view of undertaking a plastic recycled business.

### Segment Information

- (a) **Renewable Energy**  
The business environment of this sector remains challenging and the fluctuation of crude oil price will continue to affect our competitiveness of the new products in the market. Taking into the outlook of the whole industries is dependent on demand for crude oil and further to our negotiation with the equipment supplier, the development of new project in Portugal has been slowed down by the Group for the time being. The management has been reviewing this situation closely in order to adjust its development plan. These are the steps taken by the management to be prudent in the current environment.
- (b) **Bio-cleaning materials**  
The turnover arising from the sale of bio-cleaning materials was Nil for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately HK\$61,600). It was mainly due to no orders were secured for the period ended 30 June 2016. The Group will continue to put effort in promoting and marketing environmental products and to tight control over its operating expenses.
- (c) **Waste construction materials and waste processing service**  
The key element of this sector involves the collecting and recycling of waste construction materials and the sale of recycled construction materials. The turnover arising from this sector has increased from approximately HK\$508,000 for the six months ended 30 June 2015 to approximately HK\$1,107,000 for the six months ended 30 June 2016, representing a increase of approximately of 117.9%. The market demand for our products is picking up. As a result, more orders were placed from local construction companies and government authorities for the period under review.
- (d) **Plastic Recycled business**  
In FY2016 the Group has developed a new business in the trading of plastic recycling materials. As stated in the Company announcement dated 23 May 2016, the Group is in process of acquiring the Land (the "Property") upon which the Group's plastic recycled business is to be carried on, and remove and clear all existing scrap materials present at the Property. In addition to this, the Group also plan to carry out maintenance and recalibration works for those production facilities in order to improve the overall production efficiency. This new business segment is expected to contribute positively to the future growth of the Group and to bring synergy effect with the existing businesses of the Group.

## FINANCIAL REVIEW

### Liquidity, financial resources and cashflow

As at 30 June 2016 the Group had total current assets of approximately HK\$46.04 million (as at 31 December 2015: approximately HK\$67.2 million) and the total current liabilities were approximately HK\$2.4 million (as at 31 December 2015: approximately HK\$9.6 million). The current ratio of the Group was approximately 19.2 (as at 31 December 2015: approximately 7.0). The Group has sufficient funds to settle its debts.

As at 30 June 2016 the Group had total assets of approximately HK\$65.1 million (as at 31 December 2015: approximately HK\$81.9 million). The gearing ratio, calculated by dividing the total debts over its total assets, was approximately 3.7% (as at 31 December 2015: approximately 8.1%).

### Issue of convertible redeemable bonds

On 1 April 2015, the Company entered into a convertible redeemable bonds subscription agreement with not less than six placees who are independent third parties. on the issuance bonds of the principal amount of HK\$60,060,000. The bonds were convertible into new ordinary shares of the Company of par value of HK\$0.10 each at conversion price of HK\$0.78. The transaction was completed on 22 April 2015. Further details of the bonds were set out in the Company's announcements dated 1 April 2015, 22 April 2015, 22 September 2015 and 2 December 2015 respectively.

The net proceeds from the issue of the bonds were approximately HK\$58.56 million and were intended to be used for general working capital of the Group to support its normal operation and possible new investment or development of business of the Group. As at the date of this announcement, HK\$20.64 million has 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, approximately HK\$16.5 million have been utilized for the general working capital of the Group and HK\$7.0 million have been utilized for the new investment and development of the Group. The remaining net proceeds have not been utilized and were maintained in an account with a reputable licensed financial institution.

## FOREIGN EXCHANGE EXPOSURE

The ordinary operations and investments of the Group are mainly in Hong Kong and Germany, with revenue and expenditures denominated in Hong Kong dollars and Euro dollars. The operating results of the Group may be affected by the volatility of foreign currencies. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 30 June 2016, there were no derivative financial instruments employed by the Group.

## SEASONAL OR CYCLICAL FACTORS

During the period, the Group's business operations are not significantly affected by any seasonal and cyclical factor.

## MATERIAL ACQUISITION

Save for disclosed in the Company's announcement dated at 23 May 2016, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the 1HFY2016.

## CAPITAL COMMITMENTS

As at 30 June 2016, the Group had capital commitment of HK\$7,540,000 (As at 31 December 2015: HK\$1,150,000).

## CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any material contingent liabilities (As at 31 December 2015: Nil).

**BUSINESS OUTLOOK AND FUTURE PROSPECTUS**

On 23 May 2016, a subsidiary of the Company entered into a purchase agreement with an independent third party to purchase a Property in Germany, the Company intends to use the Property together with the buildings and structures erected thereon in connection with the Plastics Recycling Business. Our management believe that the Plastics Recycling Business is expected to contribute positively to the future growth of the Group and to bring synergy effect with the existing businesses of the Group. Please refer to the Company announcement dated 23 May 2016 for more details.

Public interest in the environment continues to encourage consumers to recycle, but we believe that the main motivation for sustained, successful recycling rates has been dependent on the government legislation. Industry experts agree that the rate of recycling in Europe will continue to increase due to government legislation. Going forward, initiatives like NOVPOL, a research initiative across several European countries that aims to create a recycling system that can recycle a mixture of at least five different polymers, will allow Europe to increase their rate of recycling plastics and demand will continue for improved product lifecycles.

Industry leaders in Europe agree that while consumer interest in the environment is high, government programs are critical for successful recycling. In Germany, after the launch of a government campaign to recycle plastics, consumer participation increased. Many EU countries have seen recycling rates increase after joining the EU and implementing the EU recycling legislation.

Strict regulations from Europe's "End of Life Directive", in which manufacturers must take more responsibility for the processing of waste from their products, has also had a sizeable impact. For example, the End of Life Directive has led to design innovations that allow products at the end of their life cycle to be disassembled and reused more easily. It is believe that such opportunities will create an exciting new dimension to the Group.

**EMPLOYEES**

As at 30 June 2016 the Group had 20 employees (As at 31 December 2015: 21 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 2016, 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 2016 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 2016, 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
Mr. Yip	Beneficial owner (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 2016, 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 "Existing Share Option Scheme").

Pursuant to ordinary resolutions passed by shareholders of the Company on 27 May 2016, the Company terminated the Existing Share Option Scheme adopted in 2006, and adopted a new share option scheme (the "New Share Option Scheme").

Details of the share options outstanding as of 30 June 2016 under Existing Share Option Scheme and New 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 2016	Granted during the Period	Exercised/Cancelled/Lapsed	As at 30 June 2016
<b>Directors</b>							
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
<b>Employees (Other than directors)</b>							
In aggregate	21/11/2006	21/11/2006 - 20/11/2016	1.050	518,000	-	-	518,000
In aggregate	09/07/2015	09/07/2015 - 08/07/2025	0.541	12,250,000	-	-	12,250,000
In aggregate	01/09/2015	01/09/2015 - 31/08/2025	0.349	4,740,000	-	-	4,740,000
<b>Other Eligible Participants</b>							
In aggregate	22/09/2006	22/09/2006 - 21/09/2016	0.930	1,690,000	-	-	1,690,000
In aggregate	21/11/2006	21/11/2006 - 20/11/2016	1.050	16,550,000	-	-	16,550,000
In aggregate	09/07/2015	09/07/2015 - 08/07/2025	0.541	27,750,000	-	-	27,750,000
In aggregate	01/09/2015	01/09/2015 - 31/08/2025	0.349	21,350,000	-	-	21,350,000
Total				<u>85,528,000</u>	<u>-</u>	<u>-</u>	<u>85,528,000</u>
			Weighted average exercise price (HK\$)	<u>0.596</u>	<u>-</u>	<u>-</u>	<u>0.596</u>

**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 Company has been set up with terms of reference in accordance with Appendix 14 of Listing Rules. The audit committee of the Company has reviewed the accounting principles and policies adopted by the Group with management and discussed risk management systems 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](http://www.hkex.com.hk)) and the Company’s website ([www.greenenergy.hk](http://www.greenenergy.hk)).

On behalf of the Board  
**Yip Wai Leung Jerry**  
*Chairman*

Hong Kong, 30 August 2016