



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
2017





CONTENTS

Corporate Information	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	17
Other Information	20

CORPORATE INFORMATION

DIRECTORS

Executive Director

Mr. Yip Wai Leung Jerry (*Chairman*)
Mr. Chan Wai Kit (*appointed on 1 February 2017 and resigned on 14 July 2017*)

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
OCBC 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 Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street,
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

STOCK CODE

979

WEBSITE

<http://www.greenenergy.hk>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	14,219	1,107
Other income		5,329	809
Change in inventories of finished goods		(9,478)	(213)
Depreciation		(622)	(230)
Staff costs		(4,654)	(3,310)
Exchange differences		–	(392)
Other operating expenses		(5,844)	(5,891)
Finance costs	13	–	(718)
Loss before loss on financial assets at fair value through profit or loss		(1,050)	(8,838)
Net loss on financial assets at fair value through profit or loss		(1,227)	–
Loss before income tax	4	(2,277)	(8,838)
Income tax credit/(expense)	5	853	–
Loss for the period		(1,424)	(8,838)
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		(1,931)	(721)
Total comprehensive income for the period		(3,355)	(9,559)
Loss attributable to:			
Owners of the Company		(1,148)	(8,838)
Non-controlling interest		(276)	–
		(1,424)	(8,838)
Total comprehensive income attributable to:			
Owners of the Company		(3,100)	(9,559)
Non-controlling interest		(255)	–
		(3,355)	(9,559)
Loss per share			
– Basic and diluted (HK cents)	7	(0.13)	(1.33)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		28,951	24,021
Current assets			
Inventories	8	380	877
Trade receivables	9	13,249	105
Prepayments, deposits and other receivables	10	16,211	1,478
Financial assets at fair value through profit or loss		6,024	–
Short-term investments	11	28,981	–
Cash and cash equivalents		49,372	26,665
		<u>114,217</u>	<u>29,125</u>
Assets of a disposal group classified as held for sale		–	3,000
		<u>114,217</u>	<u>32,125</u>
Current liabilities			
Trade payables	12	9,467	684
Accruals and other payables		1,404	3,382
Provision for income tax		–	853
		<u>10,871</u>	<u>4,919</u>
Net current assets		<u>103,346</u>	<u>27,206</u>
Total assets less current liabilities		<u>132,297</u>	<u>51,227</u>
EQUITY			
Share capital	14	94,693	68,103
Reserves		38,031	(16,704)
Equity attributable to the owners of the Company		<u>132,724</u>	<u>51,399</u>
Non-controlling interest		(427)	(172)
Total equity		<u>132,297</u>	<u>51,227</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2017*

	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	Equity attributable to owners of the Company HK\$'000	Non-Controlling interest HK\$'000	Total HK\$'000
Balance at 1 January 2016	66,603	324,745	1,381	56,897	7,834	27,323	71	(412,582)	72,272	-	72,272
Full redemption of convertible redeemable bonds	-	-	(1,381)	-	-	-	-	1,381	-	-	-
Transactions with owners	-	-	(1,381)	-	-	-	-	1,381	-	-	-
Loss for the period	-	-	-	-	-	-	-	(8,838)	(8,838)	-	(8,838)
Other comprehensive income											
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(721)	-	-	-	(721)	-	(721)
Total comprehensive income for the period	-	-	-	-	(721)	-	-	(8,838)	(9,559)	-	(9,559)
Balance at 30 June 2016	<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>	<u>-</u>	<u>62,713</u>
Balance at 1 January 2017	68,103	326,500	-	56,897	7,949	27,114	71	(435,235)	51,399	(172)	51,227
Issue of shares – share placement	13,321	20,794	-	-	-	-	-	-	34,115	-	34,115
Shares issued upon exercised of share options	13,269	64,155	-	-	-	(27,114)	-	-	50,310	-	50,310
Transactions with owners	26,590	84,949	-	-	-	(27,114)	-	-	84,425	-	84,425
Loss for the period	-	-	-	-	-	-	-	(1,148)	(1,148)	(276)	(1,424)
Other comprehensive income											
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(1,952)	-	-	-	(1,952)	21	(1,931)
Total comprehensive income for the period	-	-	-	-	(1,952)	-	-	(1,148)	(3,100)	(255)	(3,355)
Balance at 30 June 2017	<u>94,693</u>	<u>411,449</u>	<u>-</u>	<u>56,897</u>	<u>5,997</u>	<u>-</u>	<u>71</u>	<u>(436,383)</u>	<u>132,724</u>	<u>(427)</u>	<u>132,297</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Cash flows from operating activities		
Loss before income tax	(2,277)	(8,838)
Adjustments for:		
Interest income	(389)	(320)
Finance costs	-	718
Depreciation	622	230
Loss/(gain) on disposal of fixed assets	9	(6)
Loss on disposal of investment in subsidiary	26	-
Net loss on financial assets at fair value through profit or loss	1,227	-
Operating loss before working capital changes	(782)	(8,216)
(Increase) in trade receivables	(13,144)	(178)
(Increase)/decrease in prepayments, deposits and other receivables	(14,644)	3,766
Decrease in inventories	497	-
Increase in trade payables	8,783	42
(Decrease) in accruals and other payables	(5,446)	(651)
(Increase) in financial assets at fair value, through profit or loss	(7,251)	-
Net cash used in operating activities	(31,987)	(5,237)
Cash flows from investing activities		
Deposit for acquisition of property	-	(3,899)
Purchase of property, plant and equipment	(390)	(501)
Proceeds from disposals of property, plant and equipment	-	6
Interest received	389	320
Net cash outflow from acquisition of subsidiaries	(250)	-
Net cash inflow from disposal of subsidiaries	2,842	-
Purchase of short-term securities	(28,981)	-
Net cash used in investing activities	(26,390)	(4,074)
Cash flows from financing activities		
Proceeds from issue of shares by share placement	34,115	-
Proceeds from exercise of share options	50,310	-
Payment on full redemption of convertible redeemable bonds	-	(7,329)
Net cash generated from/(used in) financing activities	84,425	(7,329)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2017*

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net increase/(decrease) in cash and cash equivalents	26,048	(16,640)
Cash and cash equivalents at 1 January	26,796	58,375
Effect of foreign exchange rate changes	(3,472)	(901)
Cash and cash equivalents at 30 June	49,372	40,834
Analysis of the balances of cash and cash equivalents at 1 January		
Bank and cash balances	26,665	58,375
Bank and cash balances classified under held for sale	131	–
	26,796	58,375

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 2016. 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 2016. 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 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 2017

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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
REVENUE					
Sales to external customers	–	–	1,107	–	1,107
Results					
Segment results	(335)	(150)	318	(252)	(419)
Unallocated expenses					(8,510)
Finance costs					(718)
Other revenue					809
Loss before income tax					(8,838)

The following table presents assets and liabilities by segment of the Group as at 30 June 2017 and 31 December 2016:

As at 30 June 2017

	Securities investment (Unaudited) HK\$'000	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
ASSETS						
Segment assets	13,840	14,996	474	10,888	23,229	63,427
Unallocated cash and cash equivalents						38,758
Unallocated corporate assets						40,983
Consolidated total assets						143,168
LIABILITIES						
Segment liabilities	–	9,491	–	155	52	9,698
Unallocated corporate liabilities						1,173
Tax liabilities						–
Consolidated total liabilities						10,871

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

As at 31 December 2016

	Renewable energy (Audited) HK\$'000	Bio-cleaning materials (Audited) HK\$'000	Waste construction materials and waste processing service (Audited) HK\$'000	Plastic recycling business (Audited) HK\$'000	Total (Audited) HK\$'000
ASSETS					
Segment assets	4,698	357	9,864	19,327	34,246
Unallocated cash and cash equivalents					19,573
Loan receivable					400
Unallocated corporate assets					1,927
Consolidated total assets					<u>56,146</u>
LIABILITIES					
Segment liabilities	25	5	197	871	1,098
Unallocated corporate liabilities					2,968
Tax liabilities					853
Consolidated total liabilities					<u>4,919</u>

4. LOSS BEFORE INCOME TAX

For the six months
ended 30 June

	2017 (Unaudited) HK\$'000	2016 (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	4,654	3,310
Equity-settled share-based payment to employees	-	-
Interest income	4,654	3,310
Loss/(Gain) and disposal of fixed assets	(389)	(320)
Equity-settled share-based payment to non-employees	9	(6)
Net exchange (gain)/loss	-	-
	<u>(4,355)</u>	<u>392</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

5. INCOME TAX

No Hong Kong profits tax has been provided for the six months ended 30 June 2017 as the Company incurred losses for tax purpose and certain subsidiaries of the Group have tax losses brought forward to set-off the estimated assessable profits.

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.

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 2017 (six months ended 30 June 2016: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company	<u>(1,148)</u>	<u>(8,838)</u>
	Number of shares	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	<u>909,049,781</u>	<u>666,030,176</u>

Diluted loss per share for the period ended 30 June 2017 and 2016 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. INVENTORIES

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Bio-cleaning materials	225	183
Plastic materials	155	694
	<u>380</u>	<u>877</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2017***9. 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 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
0 – 90 days	13,238	91
90 – 180 days	–	13
Over 365 days	11	1
	<u>13,249</u>	<u>105</u>

The Group allows a credit period of up to 90 days to its customers. Approximately 91.3% of the trade receivables as at 30 June 2017 neither past due nor impaired and they were assessed to be of good credit rating attributable under the credit control system used by the Group.

The Group's management takes into consideration of customers' credit history, settlement patterns, subsequent settlements and aging analysis of trade receivables in determining the recoverability of the overdue trade receivables. The directors of the Company considered that the concentration of credit risk is limited.

As at 30 June 2017, trade receivables HK\$1,150,000 of are past due but not impaired. Such receivables related to a number of customers, and 57.1% of trade receivables as at 30 June 2017 were settled subsequently. The Group does not hold any collateral as security over these balances.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Prepayments	9,314	381
Deposits and other receivables	6,897	1,097
	<u>16,211</u>	<u>1,478</u>

11. SHORT-TERM INVESTMENTS

During the period ended 30 June 2017, the Group purchased short-term investments from major bank in PRC.

The short-term investment as at 30 June 2017 was subject to maturity within one months. The estimated return from these short-term investments was in a range of 3.1% to 3.45% per annum. The accrued and unpaid interest will be received upon redemption of the investment from the banks. The directors of the Company consider that the carrying value of short-term investments approximately their fair value at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
0 to 90 days	9,467	684
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	–	–
	<u>9,467</u>	<u>684</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 matured in one year from the issue date on 21 April 2016 and could 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 was 77,000,000.

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

The bonds comprised of two components, the 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 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, was included in equity as convertible redeemable bonds equity reserve. The effective interest rate of the liability component was 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>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2017***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 had no outstanding convertible securities and accordingly the Group would not incur further finance costs in relation to the accrued interests of the convertible bonds.

14. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2016, 31 December 2016 and 30 June 2017	4,000,000	400,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 January 2016, 31 December 2016	681,030	68,103
At 1 January 2017	681,030	68,103
Exercise of share options	132,692	13,269
Issue of shares – share placement	133,206	13,321
As 30 June 2017	946,928	94,693

15. EVENTS AFTER REPORTING PERIOD

On 31 July 2017, a wholly-owned subsidiary of the Company entered into a memorandum of understanding with a vendor in relation to the proposed acquisition of controlling interests in the Target company, which is primarily engaged in the collection, treatment and trading of used cooking oil and grease trap oil (collectively the “Recyclable Oil”) in Hong Kong, Macau, China and Malaysia and the export of the Recyclable Oil to European and other countries as feedstock for the production of biodiesel and other industrial application. No formal sale and purchase agreement has been reached at the reporting date. For details, please refer to the announcement of the Company dated 31 July 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

16. DISPOSAL OF A SUBSIDIARY

On 27 January 2017, an indirectly wholly owned subsidiary of the Company disposed its entire interest in Gold Stand Holdings Limited. The principle activity of Gold Stand Holdings Limited and its subsidiary was the manufacturing and trading of renewable energy.

Summary of the effects of the disposal of Gold Stand Holdings Limited is as follows:

Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
Non-current asset	
Property, plant and equipment	9
Current assets	
Prepayments	52
Deposit for acquisition of property, plant and equipment (net of impairment)	2,807
Cash and cash equivalents	158
	<hr/>
Net assets disposed of	<u>3,026</u>

Loss on disposal of a subsidiary

	<i>HK\$'000</i>
Consideration received	3,000
Net asset disposed of	<u>3,026</u>
Loss on disposal of a subsidiary	<u>26</u>

Net cash inflow on disposal of a subsidiary

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	3,000
Less: cash and cash equivalent balances disposed of	<u>(158)</u>
Net cash inflow from disposal of a subsidiary	<u>2,842</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating Results

The turnover of the Group for the six months ended 30 June 2017 (the "1HFY2017") was approximately HK\$14.2 million (six months ended 30 June 2016 (the "1HFY2016"): approximately HK\$1.11 million), representing an increase of HK\$13.1 million as compared with the corresponding period in last year. The main reason for the increase was due to the increase in revenue from the trading of recyclable oil/biodiesel as well as the constant income contributed from the trading of waste construction material and waste processing service.

The net loss attributable to the owners of the Company for 1HFY2017 was approximately HK\$1.1 million (1HFY2016: the net loss was approximately HK\$8.8 million), representing a decrease of approximately of 87.5% as compared with the corresponding period in last year. The reduction in loss arose due to (i) improvement in the operating activities in the trading of bio-cleaning materials and renewable energy sector, (ii) exchange gain of approximately HK\$4.4 million was recorded for 1HFY2017 due to the translation of balances denominated in foreign currencies, which was mostly attributable to appreciation of Euro against Hong Kong dollars as Eurozone political risk has eased after Macron's En Marche Party won the general election (1HFY2016: exchange loss of approximately HK\$0.39 million was recorded); and (iii) decrease in finance cost due to the full redemption of convertible redeemable bonds on 21 April 2016 (1HFY2016 – approximately HK\$0.718 million representing imputed interest of the convertible redeemable bonds issued on 22 April 2015).

The reduction in loss for 1HFY2017 was however offset by (i) unrealised fair value loss of approximately HK\$1.2 million from the securities investment pursuant to the accounting standard for 1HFY2017 (1HFY2016:NIL); and (ii) increase in one off cost for the remedial works of the plastic recycling plant in Germany under a solid one year plan with a view to commencing soft commercial production to be followed by full swing commercial production.

Segment Information

- (a) Renewable Energy
The Group recorded a revenue of HK\$12.8 million from the trading of recyclable oil/biodiesel for the period ended 30 June 2017 as the Group shifted its focus from the development of a biodiesel plant to the trading of recyclable oil business. We are now examining alternative acquisitions and investments, and will update shareholders once there is any further developments on such potential investments.
- (b) Bio-cleaning materials
The turnover arising from the sale of bio-cleaning materials was approximately HK\$90,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). It was mainly due to certain new orders were secured for the period ended 30 June 2017. The Group will continue to put effort in promoting and marketing environmental products and to tighten control over its operating expenses.
- (c) Waste construction materials and waste processing service
The key element of this sector involves the collection and recycling of waste construction materials and the sale of recycled construction materials. The turnover arising from this sector has decreased from HK\$1,107,000 for the six months ended 30 June 2016 to approximately HK\$1,079,000 for the six months ended 30 June 2017 with a slight decrease of 2.53%. The Group has been working with the local construction companies and government authorities for many years. The Group believes that with such a close relationship and trust with these parties, the Group would be able to generate more income from this sector in future.
- (d) Plastic Recycled business
The Group was previously engaged in this business sector for many years until 2013 when it was suspended due to the expiration of the lease of the site at which the business was conducted and the implementation of stringent government policy for import of recyclable plastic materials to the PRC from Hong Kong.

During the six months period ended 30 June 2017, the Group has recruited a chief executive officer ("Mr. Kolthoff") and acquired his business to re-start the business of this sector. The business acquired by the Group was formerly carried on by two generations of the Kolthoff family for nearly 50 years and was succeeded by Mr. Kolthoff. The Group believes that, given the same management under Mr. Kolthoff and his existing network of suppliers and customers together with the support of the Group, the business will better perform and grow in a much faster pace compared with the past.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Plastic Recycling business development, the Group implemented a solid one-year plan with view to (a) improving the condition of the industrial premises and (b) rebuilding/repairing/reconditioning the existing plant and equipment. The Group completed a successful trial production in May 2017 and went into soft commercial production in early June 2017. The turnover arising from this sector was approximately HK\$239,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

On the strengths of market development for clean energy utilisation, the Group remains confident this business segment will eventually improve its profitability and revenue growth in the foreseeable future, and the Company will continue to implement stringent cost control measures to maintain the profitability of our products.

(e) Securities investment

As at 30 June 2017, the Group managed a portfolio of securities listed and traded in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of approximately HK\$6.02 million. Please refer to the Company announcement dated 26 April 2017 for more details. The Group recorded a unrealised loss from the portfolio of securities of approximately HK\$1.2 million for the Period (1HFY2016: Nil).

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 30 June 2017 the Group had total current assets of approximately HK\$114.2 million (as at 31 December 2016: approximately HK\$32.1 million) and the total current liabilities were approximately HK\$10.9 million (as at 31 December 2016: approximately HK\$4.9 million). The current ratio of the Group was approximately 10.5 (as at 31 December 2016: approximately 6.5). The Group has sufficient funds to settle its debts.

As at 30 June 2017 the Group had total assets of approximately HK\$143.2 million (as at 31 December 2016: approximately HK\$56.1 million). The Group did not have external borrowing as at 30 June 2017.

Placing of new shares

On 14 December 2016, after trading hours, the Company entered into the placing agreement with the placing agent pursuant to which a placing agent conditionally agreed to place up to 133,206,000 placing shares to not less than six places who were professional investors, who and whose ultimate beneficial owners were independent third parties at the placing price of HK\$0.26 per placing share. The placing price of HK\$0.26 per placing share represented a discount of approximately 11.86% to the closing price of HK\$0.295 per share as quoted on the Stock Exchange on 14 December 2016.

The placing was completed on 3 January 2017. 133,206,000 placing shares were successfully placed at a price of HK\$0.26 per share pursuant to the placing agreement. The aggregate nominal value of the placing shares was HK\$13,320,600. The aggregate gross and net proceeds from the placing were approximately HK\$34.63 million and approximately HK\$34.11 million respectively. The net price to the Company of each placing share, which was calculated by dividing the aggregate net proceeds from the placing by the total number of placing shares, was approximately HK\$0.256.

The net proceeds from the issue of the new shares were approximately HK\$34.63 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 30 June 2017, approximately HK\$7.0 million was utilized for the new investment and development of the existing business segments. The remaining net proceeds have not been utilized and are still held 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 2017, there were no derivative financial instruments employed by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 as disclosed in the Company's announcement dated at 27 January 2017, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the 1HFY2017.

Capital Commitments

As at 30 June 2017, the Group did not have any material capital commitment (As at 31 December 2016: HK\$1,139,000).

Contingent Liabilities

Save as disclosed on the note 29 to the annual report 2016, the Group did not have any material contingent liabilities.

BUSINESS OUTLOOK AND FUTURE PROSPECTUS

Looking forward, a stagnant recovery in the global economy is expected to continue in the remaining year and the uprisings of trade protectionism is expected to lead to a greater fluctuation in the global economy and capital markets. Regarding foreign investments, on 23 May 2016, a subsidiary of the Company entered into a purchase agreement with an independent third party to purchase the Property in Germany. The Company intends to use the Property together with the buildings and structures erected thereon to develop the plastics recycling business. Our management believes 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's announcement dated 23 May 2016 and 30 September 2016 for more details.

Increasing prices for conventional plastics, environmental issues and improved quality of recycled plastic are expected to contribute towards the growth of the global recycled plastic market.

The global recycled plastic growth will also be driven by a variety of factors such as the growing emphasis on sustainability amongst the packaging and consumer product manufacturers, improvements in processing and sorting technologies allowing a broader variety of plastic to be recycled into high quality resins, and an improved collection infrastructure which increases the plastic recycling rate.

Recycled plastic market in Europe is also expected to show steady growth due to stringent laws pertaining to the use of plastic in Europe. Europe is currently recycling more than 4.4 million tons of plastic wastes every year due to ban on dumping plastic scrap in landfills. Furthermore, the increasing awareness about protection of the environment is also anticipated to boost the Europe plastic recycling market.

EMPLOYEES

As at 30 June 2017 the Group had 29 employees (As at 31 December 2016: 28 employees) in Hong Kong, the PRC and Germany.

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

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

OTHER INFORMATION

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

As at 30 June 2017, 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 (Note 2)
Mr. Yip Wai Leung Jerry ("Mr. Yip") (Note 1)	Settlor of a discretionary trust	222,971,436	23.55%
	Beneficial owner	330,000	0.03%

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.
- The approximate percentage of issued share capital calculation was based on the total number of ordinary share of the Company in issue as at 30 June 2017, i.e. 946,928,176 Shares.

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 2017 as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS

As at 30 June 2017, as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of the Directors and chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company:

A. Substantial Shareholders – long position in the shares of the Company

Name of Shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company (Note 5)
Always Adept (Note 1)	Beneficial owner	66,891,428	7.06%
First Win (Note 1)	Beneficial owner	156,080,008	16.48%
Always New Limited (Note 1)	Interest of controlled corporations	222,971,436	23.55%
The Trustee (Note 2)	Trustee	222,971,436	23.55%
Mrs. Yip	Interest of spouse (Note 3) Interest of spouse (Note 3)	222,971,436 330,000	23.55% 0.03%
Tiger Capital Fund SPC – Tiger Global SP (“Tiger Fund”) (Note 4)	Beneficial owner	103,000,000	10.88%
A Plus Capital Management Limited (“A Plus”) (Note 4)	Investment manager	103,000,000	10.88%
Full House Asset Management Company Limited	Investment manager	103,000,000	10.88%

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS (Continued)

B. Other person – long position in the shares of the Company

Name of Shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company (Note 5)
Leyou Technologies Holdings Limited	Beneficial owner	60,000,000	6.34%

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 owned 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 is 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. According to the notice of disclosure of interests filed by the Tiger Fund on 8 June 2017, A Plus was the immediate holding company of the Tiger Fund.
5. The approximate percentage of issued share capital calculation was based on the total number of ordinary shares of the Company in issue as at 30 June 2017, i.e. 946,928,176 Shares.

Save as disclosed above, as at 30 June 2017, no person (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by the shareholders of the Company on 5 June 2006, the Company terminated the share option scheme adopted in 1997 and adopted a new share option scheme (the “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 2017 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 2017	Granted during the Period	Exercised/Cancelled/Lapsed	As at 30 June 2017
Employees (Other than directors)							
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)	-
In aggregate	04/11/2016	04/11/2016 - 03/11/2026	0.29	4,600,000	-	(4,600,000)	-
In aggregate	06/12/2016	06/12/2016 - 05/12/2026	0.295	8,752,000	-	(8,752,000)	-
Other Eligible Participants							
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)	-
In aggregate	04/11/2016	04/11/2016 - 03/11/2026	0.29	12,000,000	-	(12,000,000)	-
In aggregate	06/12/2016	06/12/2016 - 05/12/2026	0.295	41,250,000	-	(41,250,000)	-
Total				132,692,000	-	(132,692,000)	-
Weighted average exercise price (HK\$)				0.379	-	0.379	-

OTHER INFORMATION

CORPORATE GOVERNANCE

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

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit Committee of the 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) and the Company’s website (www.greenenergy.hk).

On behalf of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 30 August 2017