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

Annual Report 2018/19

Contents

Corporate Information

DIRECTORS

Executive Director

Mr. Luo Xian Ping *(Chairman)*
(appointed on 1 January 2018)
Mr. Ho Wai Hung *(appointed on 12 March 2018)*

Independent Non-Executive Directors

Mr. Tam Chun Wa
Mr. Sze Cheung Pang
(appointed on 1 January 2018)
Mr. Wong Sai Hung
(appointed on 21 June 2018)

AUDIT COMMITTEE

Mr. Tam Chun Wa *(Chairman)*
Mr. Sze Cheung Pang
(appointed on 1 January 2018)
Mr. Wong Sai Hung
(appointed on 21 June 2018)

REMUNERATION COMMITTEE

Mr. Tam Chun Wa *(Chairman)*
Mr. Sze Cheung Pang
(appointed on 1 January 2018)
Mr. Wong Sai Hung
(appointed on 21 June 2018)

NOMINATION COMMITTEE

Mr. Wong Sai Hung *(Chairman)*
(appointed on 21 June 2018)
Mr. Tam Chun Wa
Mr. Sze Cheung Pang
(appointed on 1 January 2018)

COMPANY SECRETARY

Mr. Tso Sze Wai

AUDITOR

Cheng & Cheng Limited

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
OCBC Wing Hang Bank Limited
Bank of Communications Co Ltd (HK Branch)

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

Chairman's Statement

On behalf of the board of directors (the "**Board**") of Green Energy Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present the annual report of the Group for the eighteen months period ended 30 June 2019 ("**Period**").

PRINCIPAL BUSINESS

During Period the Group has engaged in the trading of (a) money lending business, (b) waste construction materials recycling, (c) renewable energy and (d) metal scrap/plastic recycling businesses. An analysis of the above segments can be found in note 5 of the audited consolidated financial statements.

FINANCIAL PERFORMANCE

Owing to change of our financial year to the end of June, starting from 2019, the Group's total revenue for Period was approximately HK$97.0 million (FY2017: HK$41.6 million) representing an increase of approximately 1.33 times as compared with that for the year ended 31 December 2017 ("**FY2017**"). The main reason for the increase was due to the increase in revenue from the renewable energy sector and money lending business as well as the constant income contributed from trading of waste construction material and waste processing service. Further details of the financial analysis for Period have been included in the Management Discussion and Analysis section of the report.

SEGMENT INFORMATION

CONTINUING OPERATIONS

(a) Renewable Energy – trading of oil/biodiesel

As supplemented by additional revenue arising from the formation of the joint venture company, the Group recorded a revenue of HK$75.2 million from the trading of recyclable oil/biodiesel for the period ended 30 June 2019 (FY2017: HK$37.1 million).

The Group entered into shareholders' agreement with a recyclable oil supplier in respect of the formation of a joint venture company. Further details were set out in the Company's announcement dated 25 May 2018, which will bring synergy effect to the Group's current business.

The Group has successfully diversified customer mix and product mix to enhance our product's competitiveness in the market. Historically, the Group mainly focused its sales in Spain and Holland. For the calendar year of 2019, certain asian and European countries, including Malaysia, Taiwan, Germany and Italy, became to be the new markets of the Group, which is consistent with the Group's strategies to mitigate the concentration risk reduce the reliance on european market.

(b) 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 increased from HK$2,575,000 for the year ended 31 December 2017 to approximately HK$5,170,000 for the period ended 30 June 2019 with an increase of 100.8%. The Group has been working

Chairman's Statement

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 stable income from this sector in future.

(c) **Plastic/metal scrap recycled business**

This business segments contribute HK$13.0 million in total to the Group, the turnover from trading of plastic recycling materials and provision of plastic processing services segment recorded a revenue of HK$10.6 million for the eighteen months ended 30 June 2019. (FY2017: HK$1.8 million), an increase of 489% when compared to the corresponding period last year. Net loss of this segment for eighteen months are HK$5.4 million (2017: HK$5.9 million) representing a decrease of 8.5% when compared with FY2017. The overall performance for this segment has shown a good improvement, but still was not satisfactory, due to the fact that the PRC government has launched anti-pollution campaign《禁止洋垃圾入境推進固體廢物進口管理制度改革實施方案》to strengthen the restrictions and standards in importing foreign garbage (eg. unsorted/low-grade feedstock) into the PRC, and had implemented since January 2018. As a result, the supply of low-grade plastic materials in the domestic Germany market has increased substantially, triggering competition among local Germany recyclers and pressuring on the selling price of the Group's recycled plastic products. Therefore, the Group has been taking prudent approaches in accepting new orders to migrate such risks.

At the same time, the changes in policy《禁止洋垃圾入境推進固體廢物進口管理制度改革實施方案》provides an opportunities for our transformation, we have to adopt a cautions but proactive approach in dealing with this change by expanding our trading activities through leveraging our strong and suppliers' network globally. We also look at this import restrictions to be an opportunity for our Group to leverage our off-shore processing capability in Europe to supply cleaner and processed materials into China, backed by the Group's expertise and track records in Europe.

As part of the Group's business diversification and expansion of product base, the Group has begun recycling of metal scrap due to outlook of this business is encouraging. It contribute revenue HK$2.4 million to the Group for the eighteen months ended 30 June 2019 (FY2017: nil). The business has developed steadily. The pursuit of the recycling materials business is certainly not a new experience for the Company, because during the period between 2007 and 2013, Green Energy Trading Limited, a wholly-owned subsidiary of the Company, was previously engaged in similar trading, recycling and recompressing of waste materials imported from Germany. By leveraging the Group experience and resources, the Group has expanded its customer base and enrich the Group's product varieties. We believe that recycling of metal scrap will generate a stable income and return to the Group in the near future.

During the Period, the Group continued to follow our practices in the past of consistently buying mixed metal scrap and selling its products in accordance with its processing ability. The processed products will be considered clean recycled raw materials that are allowed to enter into China.

Chairman's Statement

(d) Money lending business

The turnover arising from this sector was approximately HK$3,564,000 for the eighteen months ended 30 June 2019, the management has adopted a prudent approach in identifying borrowers which can provide the Group with stable fixed income under an acceptable risk level. The management will continue to monitor the market situation to seize the advantages of this business segment and is considering to hire more experienced and suitable personnel to expand the business steadily. Please refer to the Company announcement dated 12 April 2018, 23 April 2018, 22 October 2018 and 23 April 2019 for more details.

DISCONTINUED OPERATION

(e) Bio-cleaning materials

Since the trading of bio-cleaning materials was discontinued on 30 June 2019, due to unsatisfactory performance in this business segment, the turnover arising from the sale of bio-cleaning materials was approximately HK$88,000 for the eighteen months ended 30 June 2019 (twelve months ended 31 December 2017: HK$92,000).

EXPANSION PLANS OF THE GROUP

The management wishes to supplement the shareholders of the Company additional information in respect of the expansion plans of the Group.

(a) Renewable Energy – construction and operating of photovoltaic power plants business

To channel the Group's resources to development of the existing business segments to achieve a moderate growth will continue to be one of the top priorities of the Group for the remaining year of 2019. To achieve this goal, the Group is actively negotiating with a business partner in construction and operating of photovoltaic power plant business. Should the segment of sales of electricity derived from power plants be expanded, the performance of this segment would improve significantly.

The Company will continue to keep shareholders updated of any material development as and when they arise.

(b) Plastic/metal scrap recycled business

The Group targets to upgrade its production facilities to help conserve energy and enhance its products quality to maintain competitiveness, and migitrate the negative impact from the PRC policy on environmental protection, the Company has agreed to form a joint venture with business partners for the supply of high-grade recycled plastic materials to the customers, this business partner has been a market leader in the design and construction of new extruding technologies as for plant production. Once the new equipment is in place, the Group is able to tap into high-end premium plastic materials recycling market which our products now can commands a higher profit margin as high level of purity of finished goods can be achieved.

Please refer to the Company announcement dated 22 August 2019 and 28 August 2019 for more details.

Chairman's Statement

FUTURES PROSPECTS

The Directors believe that the Group is steering into a right path full of opportunities of growth after restructuring the businesses.

Looking forward, renewable energy business will remain the main revenue driver of the Group. In the international market, the Group will strenuously seek for opportunities in expanding into other industry sectors, while domestically, the Group will further explore into other potential business locations, such as Taiwan and Japan. However, the Group will remain prudent in selecting clients which have high credibility in order to control business risks. Also, the Group is strengthening the plastic/metal scrap recycled business by beefing up the manpower in area of sales and marketing. In addition, as to fully utilize the Group's resources and expertise in financing, the Group has obtained the money lending licenses in 2018 and would enter the money lending business in Hong Kong.

Diversifying income stream always be the Group's core mission, the Group is actively seeking opportunities in developing new businesses, such as photovoltaic power plants business, which is a widely accepted way of investment and business which is getting more popular in Asia countries. With broadening business horizon, the Group believes that sustainable growth will be promoted and shareholders' value will be enhance.

BUSINESS OUTLOOK AND DEVELOPMENT

Looking forward, with the outbreak of Sino-US trade war in the first half of 2018 and the uprising of trade protectionism, is expected this will to lead to a greater fluctuation in the global economy and capital markets. The Group believes that it is possible that Sino-US trade war will continuously affect global economies. Situation in the next few years, in light of the demand for money lending for loans has been growing in recent years, the Group has diversified its business since 2018 through the acquisition of a company holding a money lenders license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), which enable the Group can go into the fast growing industry in Hong Kong. The Directors have not foreseen any material adverse effect on the money lending market, the Company would continue to seize the opportunities and utilise the working capital available to the Group by allocating more resources in the investment of money lending business in order to enable the Group to maintain and expand the provision of financing services business and to achieve considerable profit contributions as well as diversify the credit risk.

In addition, China's Ministry of Ecology and Environment ("**MEE**") announced the imposition of tighter quality standards on all scrap imports beginning 1, March 2018. As a result, the supply of low grade plastic materials in the Germany domestic market has increased substantially, triggering competition among local Germany recyclers and pressuring on the selling price of the Group's recycled plastic products.

The Company has been evaluating the potential impact of these new regulations on the business as a whole. The Group expects there to be a direct impact on trading volumes affecting both turnover and profitability for plastic recycling segment for the year of 2019.

Chairman's Statement

To mitigate the effects of the new trading environment, which is affecting all operators in our market place. For plastic recycling business, the Group has made an application for the extension of scope of the existing industrial permit and plan to upgrade all existing equipments by producing high-end premium products with lower impurities, in order to mitigate the negative impact of the new regulations. At the same time, the new development of recycling metal scrap business is expected to generate a stable income and return to the Group in the near future.

The Group is also undertaking a review, which is on-going, of costs with a view to reducing these wherever possible to manage our cash resources.

Besides, the Group will continue study acquisition opportunities – in existing business areas and in new areas as well as existing geographic markets and new ones, with an aim to broaden the Group's revenue stream. The Group will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs.

ACKNOWLEDGEMENT

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

Luo Xian Ping
Chairman and Executive Director

Hong Kong, 30 September 2019

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Luo Xian Ping, aged 55, holds a bachelor degree in Business Management from Jiangxi University and a master degree in Business Management from the Graduate School of Chinese Academy of Social Sciences University. Mr. Luo is also a Certified Public Accountant registered in the People's Republic of China ("**PRC**") and a Certified Public Valuer in the PRC.

Mr. Luo has over 14 years' experience in assets restructuring and corporate finance. Mr. Luo served as the chief executive officer of China Regenerative Medicine International Limited ("**CRMIL**") (formerly known as China Bio-Med Regeneration Technology Limited), a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (stock code: 8158), from December 2009 to August 2012 and its executive director from March 2009 to August 2012. He is currently the chairman of the board of directors of FDC Group Limited and the executive director of C.H.M.T. Peaceful Development Asia Fund Limited. From 1998 to 2001, he served as an executive director of China Securities Co., Ltd.* (華夏證券股份有限公司), responsible for corporate assets restructuring and human resources management. He has served as an executive director of Kaili Asset Servicing Company Limited* (北京凱利資產服務有限公司) (in partnership with Morgan Stanley). From 1995 to 1998, Mr. Luo was the vice-secretary for Youth Executive President Committee (青年總裁委員會) of National State-owned Asset Administration Bureau and worked as a general manager in Beijing Assets Valuation Company Limited.

Mr. Ho Wai Hung, aged 42, obtained an Advanced Diploma in Accounting and Finance from the University of Greenwich in 2010. He is experienced in accounting and finance, and the money lending business. He had worked with various money lending companies in Hong Kong, in which he was responsible for roles in the accounting and finance functions. With effect from February 2017 to February 2018, Mr. Ho was the assistant to finance director at the subsidiaries of Superactive Group Company Limited (formerly known as United Pacific Industries Limited) (Stock Code: 176), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Chun Wa, aged 55, has been appointed as the chief financial officer, the company secretary and the authorized representative of Perfect Group International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3326) with effect from 7 February 2017. Mr. Tam obtained a Master degree of Business Administration from the University of Sydney. He is also a member of Hong Kong Institute of Certified Public Accountants, CPA (Australia) and Institute of Singapore Chartered Accountants. Mr. Tam has more than 20 years in the areas of auditing, accounting, tax, investment banking and company secretarial works. He has been an independent Director since 24 August 2011.

Biographical Details of Directors and Senior Management

Mr. Wong Sai Hung, aged 64, was appointed as independent Director of the Company on 21 June 2018, graduated from The Hong Kong Polytechnic University with a Higher Diploma in Business Studies in October 1977. He has been a director of One Asset Management Limited, a company incorporated in Thailand, since 1992. Mr. Wong was an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd., a company which is listed on the Main Board of the Stock Exchange (Stock Code: 2318), from June 2013 to July 2019. He has also been an independent non-executive director of JP Morgan Chinese Investment Trust plc, which is listed on the London Stock Exchange, with effect from August 2014. Mr. Wong was a non-executive director of Ping An Securities Group (Holdings) Limited, a company which is listed on the Main Board of the Stock Exchange (Stock Code: 0231), from February 2018 to July 2018. Mr. Wong was an executive director of LW Asset Management Advisors Limited, which is an investment management company registered under the Securities and Futures Commission of Hong Kong, from April 2013 to April 2014. Mr. Wong was an independent non-executive director of Hong Kong Exchanges and Clearing Limited, a company which is listed on the Main Board of the Stock Exchange (Stock Code: 0388), from April 2003 until his retirement in April 2016. During the period from June 2008 to November 2017, he held various senior positions (including chairman, vice-chairman, executive director and non-executive director) with China Regenerative Medicine International Limited ("**China Regenerative Medicine**") (formerly known as China Bio-Med Regeneration Technology Limited), a company which is listed on GEM of the Stock Exchange (Stock Code: 8158), and he was an executive director and the vice-chairman of China Regenerative Medicine before his resignation in November 2017. Mr. Wong was a non-executive director of Chong Sing Holdings FinTech Group Limited (formerly known as Credit China FinTech Holdings Limited), a company which is listed on GEM of the Stock Exchange (Stock Code: 8207), from March 2014 to February 2018.

Mr. Wong was a non-executive director of ARN Investment SICAV, a company which is listed on the Luxembourg Stock Exchange, from June 2010 to January 2014. He was the chief executive officer of ICBC (Asia) Investment Management Company Limited from 2008 to 2011. Mr. Wong was also the chief executive officer of BOCI-Prudential Asset Management Limited, a joint venture between Bank of China International and Prudential of the United Kingdom, during 2001 to 2005, and was the regional managing director of Prudential Portfolio Managers Asia during 1999 and 2000 when the aforesaid joint venture started. In addition, he held various senior positions at LGT Asset Management from 1977 to 1998.

Biographical Details of Directors and Senior Management

Mr. Sze Cheung Pang, aged 75, is currently the chairman of the board of directors of Geyung Group (International) Company Limited and Geyung (Real Estates) Company Limited. From December 2009 to August 2012, Mr. Sze served as a non-executive director of CRMIL.

In 2003, Mr. Sze was awarded the Bronze Bauhinia Star by the Government of Hong Kong Special Administrative Region ("**HKSAR**"). He was a member of the first, third and fourth Election Committee of HKSAR for the election of Chief Executive and a member of the eighth to eleventh National Committee of the Chinese People's Political Consultative Conference. He was also a deputy director of Hong Kong, Macao, Taiwan and Overseas Chinese Committee of the CPPCC National Committee and the permanent honorary president of the Hong Kong Eastern District Community Association* (香港東區各界協會).

Further, Mr. Sze is a standing director of China Council for the Promotion of Peaceful National Reunification, the honorary president of the Hong Kong Association for Promotion of Peaceful Reunification of China Limited, the standing director of the China, Hong Kong, Macao and Taiwan Compatriots Peaceful Development Federation, the founding president of the Association of Chinese Culture of Hong Kong, the founding president of the General Association for the Promotion of Cross-Strait Peaceful Development of Hong Kong Ltd., the special research fellow on the Chinese United Front Theory Study, the president of the Hong Kong Chinese Culture Development Research Federation, the honorary president of the Fukienese Association Ltd., and the advisor to the Hong Kong Fujianese Societies Association.

SENIOR MANAGEMENT

Mr. Tso Sze Wai, aged 48, is the Company Secretary of the Group. Mr. Tso holds a bachelor degree in Commerce awarded by University of New South Wales, Australia and a postgraduate diploma in Computing in the University of Western Sydney, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants. He has over 15 years of experience in accounting and finance. Mr. Tso joined the Group in August 2014. He has been appointed as Independent Non-executive director of China Jicheng Holdings Limited. He was previously an Independent Non-executive director of Hua Han Health Industry Holdings Limited (resigned on 27 July 2017) which are listed companies on mainboard of the Stock Exchange of Hong Kong Limited.

Management Discussion and Analysis

FINANCIAL REVIEW

INCOME

During the Period, the Group has engaged in (a) bio-cleaning materials, (b) waste construction materials recycling, (c) renewable energy, (d) scrap/plastic recycling businesses and (e) money lending business. The Group's total revenue for the period ended 30 June 2019 ("**Period**") was approximately HK$97.0 million (the year ended 31 December 2017 ("**FY2017**"): approximately HK$41.6 million) representing an increase of approximately 1.33 times as compared with that for FY2017.

(a) Bio-cleaning Products

Since the trading of Bio-cleaning products was discontinued on 30 June 2019 due to the unsatisfactory performance in the past years, the revenue arising from activities of bio-cleaning sector for the period was approximately HK$88,000 (FY2017: approximately HK$92,000) representing a decrease of approximately 4.3% as compared with that for FY2017.

(b) Waste Construction Materials

The revenue arising from waste construction material sector for the Period was approximately HK$5.2 million (FY2017: approximately HK$2.6 million) representing an increase of approximately 100% compared with FY2017.

(c) Renewable Energy

The Group recorded a revenue of HK$75.2 million from the trading of recyclable oil/biodiesel for the Period (FY2017: approximately HK$37.1 million) due to the formation of a new joint venture company during the period.

(d) Scrap/Plastic Recycling

Following the solid one-year plan in last year 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 full scale commercial production during the period. The turnover arising from this sector was approximately HK$13.0 million for the period (FY2017: approximately HK$1.8 million).

(e) Money lending business

With the introduction of the money lending business during the period and review, the Group generated revenue of approximately HK$3.6 million from this segment (FY2017: Nil).

Management Discussion and Analysis

EXPENDITURE

For the Period, total expenditures excluding finance costs were recorded at HK$43 million (FY2017: HK$30.1 million).

The net loss attributable to the owners of the Company for the Period was approximately HK$25.9 million (FY2017: the net loss was approximately HK$3.1 million), representing an increase of approximately of 7.4 times as compared with the corresponding period in last year. The increase in loss arose due to (i) increase in repair and maintenance expenses and labour costs in connection with our plastic recycled production facilities in Germany for the Period, which was in line with increase in business activities for the Period under review; and (ii) an exchange loss of approximately HK$3.0 million was recorded for the Period due to the translation of balances denominated in foreign currencies, which was mostly attributable to the depreciation of Euro and Renminbi against Hong Kong dollars due to the rates rises of the US Federal Reserve Board and the uncertainty of Brexit. The outbreak of trade war between China and the United States also has exerted pressures on the Euro and Renminbi, as compared with exchange gain of approximately HK$10.8 million was recorded for FY2017. (iii) impairment loss on trade receivable, loan receivable and interest thereon of approximately HK2.9 million (FY2017: HK$0.92 million). The impairment was made according to the expected credit loss rates which are based on the actual loss experience over the previous years adjusted for forward-looking information available to the Group without undue cost and effort; (iv) impairment loss of assets held for sale of approximately HK$3.6 million which is non-recurring in nature (FY2017: NIL).

The loss for the Period was however offset by (i) continuous improvement in the operating activities in the waste construction material and waste processing service, and renewable energy sector, (ii) the Group carried out an impairment assessment and reversed the impairment losses made in respect of non-current assets of approximately HK$2.3 million during the Period, and (iii) gain on disposal of a subsidiary approximately HK$0.9 million mainly comprised gains on GE Finance Disposal was completed on May 2018. Details of GE Finance Disposal were set out in note 33. (FY2017: NIL). (iv) gain on waive a portion of the loans due by the Company of approximately HK$3.8 million (FY2017: NIL)

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 30 June 2019 the Group had total current assets of approximately HK$75.8 million (as at 31 December 2017: approximately HK$104.7 million) and the total current liabilities were approximately HK$4.9 million (as at 31 December 2017: approximately HK$18.2 million). The current ratio of the Group was approximately 15.5 (as at 31 December 2017: approximately 5.8). The Group has sufficient funds to settle its debts.

As at 30 June 2019 the Group had total assets of approximately HK$110.5 million (as at 31 December 2017: approximately HK$145.5 million). The Group did not have external borrowing for the period and FY2017.

Management Discussion and Analysis

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 placees 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.

As at 30 June 2019, the Net Placing Proceeds of approximately HK$34.11 million were applied as to (i) approximately HK$15 million for the acquisition of additional properties and machineries in Germany for the further development and expansion of the plastic recycling business, the storage area for new equipment acquired and the new office; (ii) approximately HK$2 million for the further development of the existing business segments, principally in relation to the repair and re-conditioning of the plant and equipment used in the waste construction materials and waste processing services business; (iii) approximately HK$10 million as general working capital of the Group and (iv) approximately HK$2 million as additional general working capital for the plastic recycling business.

Based on the business needs of the Group and the changes in the business environment after 31 December 2017, as at the date of this report Net Placing Proceed, have been fully utilized as intended.

Management Discussion and Analysis

Fund Raising Activities in The Past Twelve Months

Save as disclosed below, there were no other equity fund raising activities of the Company during the last 12 months prior to the date of this report:

Date of announcements	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
5 July 2019, 24 July 2019	Placing of new shares under general mandate	HK$22.5 million	The Company plans to use the net proceeds of the Placing as to (i) approximately HK$10 million for further development of the existing plastic recycling business of the Group; (ii) approximately HK$8 million for future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company; and (iii) the remaining balance of approximately HK$4.5 million for additional general working capital of the Group	As at the date of this result announcement, (i) approximately HK$2 million have been utilized for general working capital of the Group, (ii) and as to approximately HK$2.5 million was used to develop plastic recycling business The remaining net proceeds of approximately HK$18 million have not been utilized and were maintained in an account with a reputable licensed financial institution

Management Discussion and Analysis

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong and Germany, with revenue and expenditures denominated in US 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 2019, 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 12 April 2018, 25 May 2018 and the note 32 this Report, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the Period.

Capital Commitments

As at 30 June 2019, the Group did not have any material capital commitment (As at 31 December 2017: Nil).

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities.

EMPLOYEES

As at 30 June 2019 the Group had 25 employees (As at 31 December 2017: 32 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.

Directors' Report

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the period from 1 January 2018 to 30 June 2019 ("**Period**") to all the shareholders.

CHANGE OF FINANCIAL YEAR END DATE

Pursuant to a resolution of the Board dated 2 November 2018, the Company's financial year end date was changed from 31 December to 30 June.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities.

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

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the Period are set out in the consolidated statement of comprehensive income on page 49.

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

BUSINESS REVIEW

Further discussion and analysis of business activities of the Group during the year and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are set out in the Chairman's Statement on pages 3 to 7 and Management Discussion and Analysis on pages 11 to 15 of this Annual report. These discussions form part of this directors' report.

The financial risk management objectives and policies of the Group are shown in note 36 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicator is set out in the Five Years Financial Summary and Management Discussion and Analysis on page 144 and pages 11 to 15 of this annual report respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 30 June 2019 comprised contributed surplus of HK$56,897,000 (2017: HK$56,897,000).

Directors' Report

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

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

SHARE CAPITAL

Details of movements of the Company's share capital during the Period are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the Period are set out in the consolidated statement of change in equity on page 53 of the annual report and in note 39(b) to the consolidated financial statements, respectively.

DIRECTORS

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

Executive Directors
Mr. Luo Xian Ping *(Chairman) (appointed on 1 January 2018)*
Mr. Ho Wai Hung *(appointed on 12 March 2018)*
Mr. Yip Wai Leung, Jerry *(resigned on 1 September 2018)*

Independent non-executive Directors
Mr. So Yin Wai *(retired on 21 June 2018)*
Mr. Tam Chun Wa
Ms. Li Kit Chi Fiona *(retired on 21 June 2018)*
Mr. Sze Cheung Pang *(appointed on 1 January 2018)*
Mr. Wong Sai Hung *(appointed on 21 June 2018)*

Mr Wong Sai Hung was appointed by the Board as new Director pursuant to Clause 102(B) of the Company's Bye-laws on 21 June 2018, he will hold office only until next following general meeting and will then be eligible and will offer himself for re-election at the Annual General Meeting.

In accordance with Clause 99 of the Company's Bye-Laws, Mr. Tam Chun Wa and Mr. Sze Cheung Pang retire by rotation and being eligible, offer themselves for re-election.

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

Directors' Report

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2019, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares, or debentures 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 (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the Period or subsisting at the end of the Period are set out below:

Share Option Scheme

Particulars of the Company's share option scheme are set out in note 30 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' SERVICE CONTRACTS

Mr. Luo Xian Ping has entered into a service contract with the Company commencing from 1 January 2018 to 31 December 2019, and the service contracts are subject to renewal after expiration.

Mr. Ho Wai Hung has entered into a service contract with the Company commencing from 12 March 2018 to 11 March 2020, and the service contracts are subjected to renewal after expiration.

Mr. Wong Sai Hung, Mr. Tam Chun Wa, and Mr. Sze Cheung Pang as the independent non-executive directors have a two year service contracts with the Company and the service contracts are subject to renewal after expiration.

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

Directors' Report

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors as at the date of this Directors' Report are set out on pages 8 to 10.

MAJOR CUSTOMERS AND SUPPLIERS

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

Sales	
– the largest customer	30%
– five largest customers combined	65%
Purchase	
– the largest supplier	84%
– five largest suppliers combined	93%

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

MANAGEMENT CONTRACT

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

Directors' Report

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS

As at 30 June 2019, 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 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 and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Number of underlying shares held	Approximate percentage of total issued share capital of the Company *(Note 1)*
New Glory Business Corporation	Beneficial owner	267,829,436	–	28.28%
Rich Bay Global Limited ("**Rich Bay**") *(Note 2)*	Beneficial owner	147,244,000	–	15.55%
Superactive Asset Management Limited ("**Superactive**") *(Note 2)*	Interest of a controlled corporation	147,244,000	–	15.55%
Lee Chi Shing Caesar *(Note 2)*	Interest of a controlled corporation	147,244,000	–	15.55%
Yeung So Lai *(Note 2)*	Interest of a controlled corporation	147,244,000	–	15.55%

Directors' Report

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

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued share capital of the Company *(Note 1)*
Leyou Technologies Holdings Limited ("**Leyou**") *(Note 3)*	Beneficial owner	60,000,000	6.34%

Notes:

1. The approximate percentage of total issued share capital calculation was based on the total number of ordinary shares of the Company in issue as at 30 June 2019, i.e. 946,928,176 shares.

2. Based on the notices of disclosure of interests of Rich Bay, Superactive, Lee Chi Shing Caesar and Yeung So Lai filed with the Stock Exchange on 5 March 2018, such shares of the Company were held by Rich Bay, which was wholly-owned by Superactive. Superactive which was in term owned as to 45% by Lee Chi Shing Caesar and as to 55% by Yeung So Lai. As such, each of Lee Chi Shing Caesar and Yeung So Lai was deemed to be interested in the shares of the Company held by Rich Way by virtue of the SFO.

3. Such shares of the Company held by Leyou represented (i) approximately 6.64% of the total issued share capital of the Company as at 26 January 2017 (i.e. 903,186,176 shares) based on the notice of disclosure of interests of Leyou filed with the Stock Exchange on 27 January 2017; and (ii) approximately 6.34% of the total issued share capital of the Company as at 30 June 2019 (i.e. 946,928,176 shares).

Save as disclosed above, as at 30 June 2019, no person (other than the Directors or chief executive of the Company) had any interest or 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report as set out on pages 24 to 34 of the annual report of the Company for the Period.

Directors' Report

AUDIT COMMITTEE

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

The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scopes of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tam Chun Wa as chairman, Mr. Sze Cheung Pang, and Mr. Wong Sai Hung as a member.

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

CONNECTED TRANSACTIONS

During the Period, the Group had connected transactions, certain details of which have been disclosed in note 35 to the consolidated financial statements and which have been disclosed in this paragraph are connected transactions or as the case may be, continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

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

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

The Company was adopted a share option scheme as an incentive to Directors, employees and other eligible participants, details of the scheme is set out in note 30 to the consolidated financial statements.

ENVIRONMENTAL PROTECTION

The Group promotes environmental protection by raising the employees' awareness of resources saving and efficient use of energy. In recent years, the Group has implemented several policies to encourage employees for saving energy and paper. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Group upholds high standards of operating practices and complies with the relevant standards. The Group has stringent requirements to maintain high levels of quality control and responsible business practices. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Directors' Report

RELATIONSHIP WITH SUPPLIES AND CUSTOMERS

The Group values mutually beneficial long standing relationships with its suppliers and customers. The Group aims at delivering high quality products to its customers and developing mutual trust among its suppliers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF SHARES OR CONVERTIBLE REDEEMABLE BONDS

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

SUFFICIENCY OF PUBLIC FLOAT

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

INDEMNITY OF DIRECTORS

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout this Period.

AUDITOR

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

On behalf of the Board

Luo Xian Ping
Chairman

Hong Kong, 30 September 2019

Corporate Governance Report

COMMITMENT TO CORPORATE GOVERNANCE

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

The Company has complied with the Code Provisions under the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the period ended 1 January 2018 to 30 June 2019 (the "**Period**"), save for the deviations discussed below. The following sections set out a discussion of the corporate governance practices adopted and observed by the Company, including any deviations therefrom, during the Period.

A. Directors' Securities Transactions

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

B. Board of Directors

(i) Board composition

The Board currently comprises a combination of executive Director and independent non-executive Directors. As at 30 June 2019, the Board consisted the following Directors:

Executive Director
Mr. Luo Xian Ping
Mr. Ho Wai Hung

Independent non-executive Directors
Mr. Sze Cheung Pang
Mr. Tam Chun Wa
Mr. Wong Sai Hung

Schedules of matters reserved for the Board include:

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

B. Board of Directors – continued

(ii) Board meetings and attendance record

The Company held twelve meetings during the Period. The attendance record of the Board meetings are as follows:

Members of the Board	**Number of board meetings held during the Director's term of office during the Period**	**Number of meeting(s) attended**
Chairman		
Mr. Yip Wai Leung Jerry *(Note 1)*	7	5
Mr. Ho Wai Hung *(Note 5)*	12	12
Mr. Luo Xian Ping *(Note 3)*	12	12
Independent non-executive Directors		
Mr. So Yin Wai *(Note 2)*	5	5
Mr. Tam Chun Wa	12	12
Ms. Li Kit Chi Fiona *(Note 2)*	5	5
Mr. Sze Cheung Pang *(Note 3)*	12	9
Mr. Wong Sai Hung *(Note 4)*	7	7

Notes:

1. Mr Yip Wai Leung, Jerry resigned as an executive Director with effect from 1 September 2018.

2. Mr So Yin Wai and Ms Li Kit Chi, Fiona, retired as an independent Director with effect from 21 June 2018.

3. Mr Sze Cheung Pang and Mr Luo Xian Ping appointed as an independent Director and executive Director with effect from 1 January 2018 respectively.

4. Mr Wong Sai Hung appointed as an independent Director with effect from 21 June 2018.

5. Mr. Ho Wai Hang appointed as an executive Director with effect from 12 March 2018.

(iii) Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors during the Period. All independent non-executive Directors brought their wealth of experience to the Board and made active contribution to the Group. They closely monitored the developments of the Group and freely expressed their opinions at board meetings. One of the independent non-executive Directors, Mr. Tam Chun Wa, obtained a Master degree of Business Administration from University of Sydney and has been in the accounting profession for more than 20 years. He is a member of the Hong Kong Institute of Certified Public Accountants. CPA (Australia) and Institute of Singapore Chartered Accountants. His accounting qualification satisfies the requirements of Rule 3.10(2) of the Listing Rules.

Corporate Governance Report

B. Board of Directors – continued

(iii) Independent non-executive Directors – continued

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

(iv) Relationship among members of the Board

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

(v) Directors' Continuous Professional Development

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

According to the records provided by the Directors, the training received by each of the Directors during the period from 1 January 2018 up to 30 June 2019 is summarized as follows:

	Type of continuous professional development training *(notes)*
Directors	
Executive Directors	
Mr. Luo Xian Ping	B
Mr. Ho Wai Hung	A and B
Independent non-executive Directors	
Mr. Sze Cheung Pang	B
Mr. Wong Sai Hung	A and B
Mr. Tam Chun Wa	A and B

Notes:

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

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

Corporate Governance Report

B. Board of Directors – continued

(vi) Board Diversity Policy

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

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

C. Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Luo Xian Ping, who was also the chairman of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

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

D. Remuneration of Directors

The Company established a remuneration committee on 21 December 2005. Members of the remuneration committee as at 30 June 2019 comprised Mr. Sze Cheung Pang, Mr. Tam Chun Wa and Mr. Wong Sai Hung. Mr. Tam Chun Wa is the chairman of the remuneration committee. All votes in the remuneration committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the remuneration committee are as follows:

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

Corporate Governance Report

D. Remuneration of Directors – continued

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

The remuneration committee held three meeting during the Period.

Members of the Remuneration Committee	Number of meeting(s) held during the committee member's term of office during the period	Number of meeting(s) attended
Mr. Sze Cheung Pang	3	2
Mr. Tam Chun Wa	3	3
Mr. Wong Sai Hung	3	3

Upon the determination of the old share option scheme, the Company has adopted a new share option scheme on 1 June 2016, which serves as an incentive to attract, reward and motivate eligible staffs etc.

Details of the share option scheme are set out in note 30 to the consolidated financial statements.

E. Nomination of Directors

The Company established a nomination committee on 21 December 2005. Members of the nomination committee as at 30 June 2019 comprised Mr. Tam Chun Wa, Mr. Sze Cheung Pang and Mr. Wong Sai Hung. Mr. Wong Sai Hung was the chairman of the nomination committee.

The main duties of the nomination committee are as follows:

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

Corporate Governance Report

E. Nomination of Directors – continued

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

The nomination committee held three meeting during the period under review.

Members of the Nomination Committee	Number of meeting(s) held during the committee member's term of office during the period	Number of meeting(s) attended
Mr. Wong Sai Hung	3	3
Mr. Tam Chun Wa	3	3
Mr. Sze Cheung Pang	3	2

F. Nomination Policy

1. Objective

This policy was approved and adopted by the board ("**Board**") of directors ("**Directors**") of the Company by resolution passed on 1 January 2019. It sets out the criteria and procedures to be adopted by the nomination committee of the Company ("**Nomination Committee**") in selecting and recommending candidates as Directors. It aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

2. Nomination criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship:

- Character and integrity;

- Professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Willingness to devote adequate time to discharge duties as a member of the Board;

- The board diversity policy and any measurable objectives adopted by the Company for achieving diversity on the Board;

- Requirements in relation to independent non-executive directors in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and whether the Company's candidates as independent non-executive Directors would be considered independent with reference to the rules concerning the independence of directors set out in the Listing Rules; and

Corporate Governance Report

F. Nomination Policy – continued

2. Nomination criteria – continued

- Such other criteria appropriate to the Company's business or as suggested by the Nomination Committee.

The above criteria are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.

3. Process for the nomination by the nomination committee

3.1 The Nomination Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board periodically and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy.

3.2 When it is necessary to fill a causal vacancy or appoint an additional Director, the Nomination Committee shall identify or select candidates suitably qualified to become a Director, with or without assistance from external agencies or the Company, pursuant to the criteria set out in section 2.

3.3 If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

3.4 The Nomination Committee shall make recommendation to the Board on the appointment of candidates as Directors, including the terms and conditions of the appointment.

3.5 The Board shall deliberate and decide on the appointment of Directors based upon the recommendation of the Nomination Committee.

Corporate Governance Report

F. Nomination Policy – continued

4. Re-election of directors at general meetings of the Company

4.1 The Nomination Committee shall review the overall contribution and services provided to the Company by the Directors who shall retire and offer themselves for re-election at general meetings of the Company. The Nomination Committee shall also review the expertise and professional qualifications of such retiring Directors to determine whether they continue to meet the criteria as set out in section 2.

4.2 Based on the review made by the Nomination Committee, the Board shall make recommendations to the shareholders of the Company ("**Shareholders**") on candidates standing for re-election at general meetings of the Company, and provide the available biographical information of the retiring Directors to the Shareholders in accordance with the Listing Rules to enable the Shareholders to make an informed decision on the re-election of such candidates at the general meetings of the Company.

5. Process for the nomination by the shareholders

5.1 The Shareholders may nominate a person, other than himself or herself, for election as a Director in accordance with the Bye-laws and applicable laws, rules and regulations, details of which are set out in the "Procedures for shareholders to propose a candidate for election as a director of the Company" of the Company adopted on 1 January 2019.

G. Remuneration of Directors and Senior Management

Remuneration of Directors and Senior Management Particulars of the Directors' remuneration for the Period are set out in Note 13 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than Directors) whose particulars are contained in the section headed "Biographical Details of Directors and Senior Management" in this annual report for the period ended 30 June 2019 by band is set out below:

Remuneration Bands	**Number of Senior Management**
Nil to HK$1,000,000	3
HK$1,000,001 to up to HK$2,000,000	1

Corporate Governance Report

H. Auditor's Remuneration

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

Services rendered	Fees paid/payable
	HK$
Audit services	590,000
Non-audit services	8,000

The non-audit services included primarily taxation services rendered.

I. Dividend Policy

The board ("**Board**") of directors of the Company has approved and adopted a dividend policy ("**Dividend Policy**") on 1 January 2019.

Under the Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company. Dividends may only be paid out of profits of the Company available for distribution but no dividend shall exceed the amount recommended by the Board.

In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the results of operations, working capital, financial position, future prospects and capital requirements of the Group, as well as any other factors which the Board may consider relevant from time to time. Any future declaration and payment of dividends by the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Board. The Company does not have any predetermined dividend payout ratio. The payment of dividend by the Company is also subject to any restrictions under the laws of Bermuda, the bye-laws of the Company and any applicable laws, rules and regulations.

The Board will review the Dividend Policy from time to time and may exercise in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

Corporate Governance Report

J. Audit Committee

As at 30 June 2019, the audit committee of the Company ("**Audit Committee**") comprised three independent non-executive Directors, namely Mr. Tam Chun Wa, Mr. Wong Sai Hung and Mr. Sze Cheung Pang. Mr. Tam Chun Wa is the chairman of the Audit Committee. Mr. Tam Chun Wa has the appropriate professional qualifications of accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

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

The main duties of the Audit Committee are as follows:

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

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

Members of the Audit Committee	Number of meetings held during the committee member's term of office during the period	Number of meeting(s) attended
Mr. Wong Sai Hung	5	5
Mr. Tam Chun Ma	5	5
Mr. Sze Cheung Pang	5	3

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

K. Risk Management and Internal Control:

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

The Board has reviewed the efficiency of the Group's internal control systems, including financial operation and compliance control and risk management procedure. The Board believes that the Group is responsible to improve the internal control system continuously in order to give hand to the risk of the deficiency in the operating system, if any, with an aim to achieve the Group's objectives.

Corporate Governance Report

K. Risk Management and Internal Control: – continued

During the year under review, the Company complied with the code provision C.2.1 of the CG Code. During the Period, the Board conducted a full review of the effectiveness of the material internal control system of the Group and considered internal audit planning presented by internal audit staff and discussed the assessment with the management.

Based on the assessment, the Board, with the concurrence of the audit committee is of the opinion that the system of internal controls established and maintained by the Group addressing financial, operational, compliance and information technology risks as well as risk management systems, were adequate to meet the needs of the Group in its current business environment.

L. Internal Audit

The Company has employed a Internal audit staff ("**IA**") to perform the internal audit function and to improve the system and processes of internal controls of the Company. IA primarily reports to the Chairman of audit committee and ensure the internal control are in place and functioning properly as intended.

The audit committee has annually reviewed the adequacy and effectiveness of the Company's risk management, the scope and results of internal audit procedures. The audit committee also reviews the adequacy and effectiveness of the internal audit function. Based on the report presented, the audit committee is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company.

M. Directors' and Officers' Liability Insurance

Insurance cover has been arranged for Directors' and officers' liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. Such insurance has also been renewed before 3 January 2019 with a term from one year until 2 January 2020.

N. Company Secretary

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

O. Directors' and Auditor's Acknowledgement

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the Period.

The external auditor of the Company acknowledge their reporting responsibilities in the auditor's report on the consolidated financial statements for the Period.

By order of the Board
Luo Xian Ping
Chairman

Hong Kong, 30 September 2019

Environmental, Social and Governance Report

The Group is pleased to present this Environmental, Social and Governance ("**ESG**") report, which provides a comprehensive account of the Group's sustainability related policies, measures and performance from 1 January 2018 to 30 June 2019 ("**Reporting Period**"). We believe that this ESG report enables us to communicate our sustainability related matters in a transparent and accountable manner, which is key to gaining the trust of our stakeholders. This is the third ESG report by the Group, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by the Stock Exchange.

This report covers the Reporting Period and the data herein covers our major operations in Germany. We have evaluated the materiality of the key ESG issues arising from our business which we believed are most important to our business and shareholders. The report sets out the Group's overall sustainability approaches and policies through four different areas, including environmental protection, our people, operating practices and community involvement.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report in this ESG report, key stakeholders including investors, shareholders and employees have been involved in regular engagement sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us via email at hr@greenenergy.hk.

ENVIRONMENTAL PROTECTION

The Group has been taking measures to reduce the possible impact on the environmental arising from the operation and production activities.

WASTE MANAGEMENT

Recycling business operations is one of the major operations of the Group. The Group strives to increase the recycling rate of the wastes collected through introducing various waste management options, classifying different types of wastes and planning for storage. The Group sets up different sorting facilities and procedures in our production lines to identify reusable and recyclable materials and store at designated areas.

The Group also resells the recyclable wastes which could not be handled in our plants to corresponding authorized waste recyclers in order to reduce solid waste disposal.

Environmental, Social and Governance Report

For solid wastes which could not be recycled or reused, the Group has appointed local authorized solid waste disposal company to ensure all the non-recyclable solid wastes were disposed in a safe and reliable manner.

The intensity of solid waste disposed per production input was 7.78 tonnes/kilo tonnes of input in the Reporting Period which decreased by 28% as compared with FY 2017.

ENERGY CONSUMPTION

The emissions from production and supporting activities are limited to reproduce the construction waste, transports, motor vehicles and recycling plastics materials. The breakdown of energy consumption is as shown in the following table:

		Reporting Period *'000*
(A)	Diesel for operations (Litres)	57
	– Intensity per production input (Liters/kilo tonnes of input)	0.8461
(B)	Diesel and gasoline for motor vehicles (Litres)	8
	– Intensity per production input (Liters/kilo tonnes of input)	0.1209
(C)	Gas for operations (kWh)	169
	– Intensity per production input (kWh/kilo tonnes of input)	2.4732
(D)	Electricity (kWh)	927
	– Intensity per production input (kWh/kilo tonnes of input)	13.5706

The Group has taken the initiatives to develop clean production, make ongoing improvements to relevant policies and operating efficiency, and conduct assessments and examinations on energy conservation on a regular basis. Targets for total energy consumption have been set to control energy consumption at plants in terms of growth and total volume, as timely warnings will be issued in respect of production lines showing excessive growth in total energy consumption and adjustments will be made accordingly.

Environmental, Social and Governance Report

EMISSIONS

Regarding Greenhouse Gas ("**GHG**") emission from our operations in the Reporting Period, the following were calculated based on the energy consumption data available.

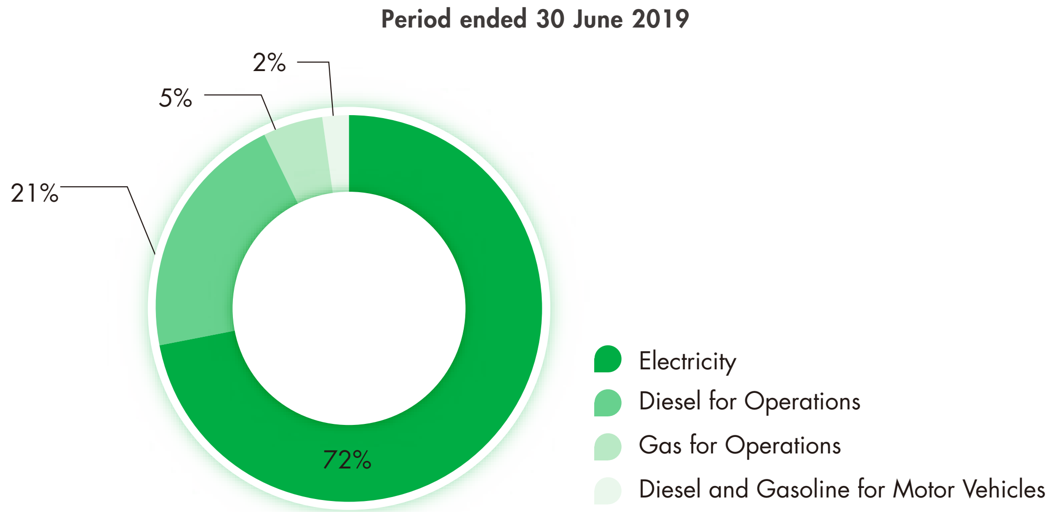

Table A: Percentage of greenhouse gas emission sources for the Reporting Period

(1) Direct Emission

Diesel For Operations

The Group recognises the importance of maintaining environmental substainability in its daily operation, a series of measures are taken to enhance the energy efficiency, such as adopting energy-efficient equipment. There was 159 tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation in the reporting period, an increase of 127% as compared with FY2017. The Reporting Period emission intensity per production input was 2.32 tCO_2e/kilo tonnes of input, which decreased by 1% compared with FY2017.

Diesel And Gasoline For Motor Vehicles

A total of 8,266 liters of diesel and gasoline was used for motor vehicles in the reporting period, contributing to 20 tonnes of carbon dioxide equivalent, which was almost the same with FY2017. The Reporting Period emission intensity per production input was 0.28 tCO_2e/kilo tonnes of input, which decreased by 57% as compared with FY2017.

Gas For Operations

A total of 169 kWh of gas was mainly used for the forklifts, the heating system and the dryers in the production lines operated in recycling plastics plant in Germany in the reporting period contributing 37 tonnes of carbon dioxide equivalent greenhouse gases. The Reporting Period emission intensity per production input was 0.54 tCO_2e/kilo tonnes of input, which decreased by 12% as compared with FY 2017.

(2) Indirect Emission

Electricity

The electricity consumption by the Group was 927,466 kWh contributing 546 tonnes of carbon dioxide equivalent greenhouse gases, an increase of 104% as compared with FY 2017 following the increase in production input in recycling plastic plant in Germany during the Reporting period. The Reporting Period emission intensity per production input was 8 tCO_2e/kilo tonnes of input, which decreased by 17% as compared with FY 2017.

Environmental, Social and Governance Report

Total Emission

The total of reporting period emission intensity per production input was 11.30 tCO_2e/kilo tonnes of input, which decreased by 18% as compared with FY 2017. The Group will continues its commitment in installing and switching to energy-saving items and sourcing energy efficient equipment to ensure functioning in optimal conditions and efficiency.

OUR PEOPLE

The Group cares about our employees and regards them as one of the important resources for the development of the Group. To attract and retain the best people for the Group, we endeavor to build a comfortable, healthy and equal working environment for our employees and ensure that all their rights and interests are protected. The Group had a total number of 25 employees as of 30 June 2019 (FY2017: 32 employees).

(A) Employment Practices

The Group strictly complies with all applicable labour standards and employment laws and regulations of its respective operating bases. The Group prohibits child labour and forced labour in any workplace.

All employees of the Group have entered into written employment contracts and such contracts shall include dismissal term where the Company has the right to terminate such contract with an employee who willfully violates local laws and regulations and the Group's policy.

Employees' remuneration packages include basic salaries and performance-based bonuses which shall be determined by their qualifications, experience and prevailing market rates. Salaries and promotion opportunities are normally reviewed annually based on individual performance appraisals. Apart from the basic remuneration package, the Group also offers a wide range of benefits including medical and hospital insurance coverage, Chinese New Year red packet and paid leaves for sick, marriage and bereavement in addition to statutory holidays.

All employees enjoy rest days, statutory holidays and paid annual leave according to the respective government laws and regulations. No employee is paid less than the minimum wage specified by the government regulations in different jurisdictions.

(B) Employee Health and Safety

The Group places the highest priority on securing health and safety of all our employees. We endeavor to protect them from work-related accidents or injuries and the Group pledges full compliance with the relevant occupational health and safety legislation of Hong Kong, People's Republic of China and Germany.

The Company provides insurance covering medical treatments and accidents to eligible employees. In order to avoid accidents and ensure that all employees work in a safe manner, we implement tailor-made "Workplace Health and Safety Manual" for different working conditions and needs which stipulates clearly the safety procedures as well as emergency response plans. Those established policies and guidelines will be reviewed periodically and further improved to better protect our employees. At the same time, first aid kit is available at each workplace to ensure that any employee who is injured or ill at work can receive immediate attention.

Environmental, Social and Governance Report

Year ended 31 December 2017

Indicators	Unit	Hong Kong	People's Republic of China	Germany	Total
Fatality or permanent disablement cases recorded	Number	0	0	0	0
Number of employees died during duty	Person	0	0	0	0
Number of working days loss from working injury	Days	0	0	76	76

Period ended 30 June 2019

Indicators	Unit	Hong Kong	People's Republic of China	Germany	Total
Fatality or permanent disablement cases recorded	Number	0	0	0	0
Number of employees died during duty	Person	0	0	0	0
Number of working days loss from working injury	Days	0	0	62	62

(C) Development and Training

The Group strives to provide an environment where our employees can grow professionally and develop their career path that meets the long-term growth of our business simultaneously. In view of that, we always encourage our staff to participate in the continuous learning activities.

The Group encourages employees to participate in various external qualification examinations. Education allowances are offered to our employees to attend training courses organized by professional institutions from time to time to enhance their professional and technical knowledge. The Group also provides its directors with regular reading materials to ensure that they keep abreast of the latest regulatory requirements, corporate governance practices, and financial information and market trends.

Environmental, Social and Governance Report

In our Germany division, we have created "Standard Operational Procedures Manual" for most of our activities which set out instructions for workers to carry out routine operations. It not only forms the basis operating training to our employees but also assists us to improve the overall operation efficiency and uniformity of performance in the long run. The procedures will be explained to each new employee before they begin their job.

OPERATING PRACTICES

The Group promotes the concept of rational development to construct a sincere and harmonious enterprise by upholding the principle of building a harmonious enterprise, following the direction of creating long-term mutual benefits with the best quality and services and creating the best situation for upstream and downstream customers.

(A) Product Liability

The Group understands that apart from the quality, customers are becoming more concerned about environmental matters and more likely to purchase and use ecofriendly products. The Group is fully aware of and in fact supports this market trend and implements product certification and well-established quality inspection procedures to ensure that all our products meet quality standard and sustainable development requirement.

(B) Customer Privacy

The Group's information technology department has maintained a comprehensive data protection system to ensure that the data we collect is protected and our customer's privacy is respected. The Group respects intellectual property rights and requires using copyrighted application software, and avoids the security flaw and legal disputes arising from the copyright of software.

(C) Anti-corruption

Employees who engage in business operations and represent the Group's professional image, are strictly prohibited to use business opportunities for personal interest or benefit. Employees are reminded that receiving gifts of any form from suppliers and customers is prohibited.

Staff handbook which lays out the Company's expectations and guiding principles on bribery prevention is provided to each employee. Meanwhile, we encourage employees to report any malpractice and misconduct directly to the human resources department or the senior management. All reports will be treated at all times with confidentiality.

During the product/service providers' selection or procurement processes, employees are reminded to avoid misuse of authority or being engaged in situations which could affect their ability to make decisions.

Environmental, Social and Governance Report

(D) Supply Chain Management

In order to maintain long term relationship with our suppliers for ensuring stable supply, the Group establishes a comprehensive vertical supply chain management system through supplier screening and logistics and resource integration. More than 90% of supplier located in the Mainland China and other suppliers located in Europe and Taiwan. Raw used cooking oil collectors are the major suppliers of the Group. Thus, the Group would evaluate the performance of the major suppliers of the Group, on whether the quality of raw materials have passed the Group's requirement and standards. Raw material that does not qualify will be returned to supplier.

The quality of our products is top priorities of the Group. The Group are committed to ensure its supply chain is operating as efficiently as possible to ensure its products are in good conditions and standardised. Greater emphasis is placed on the communication and relationship with the suppliers towards sustainable development.

COMMUNITY

Being a responsible corporate citizen, the Group has been actively involved in community projects near the towns and cities where we worked. Our strategy is focused on working with other non-profit organizations to improve underprivileged people's lives and promote environmental awareness.

- **Corporate Giving**

  1) During the period, the Group had donated a total approximately Euro448 to different charity organizations.

  2) Germany divisions have "Standard Recycling Procedures Manual" which instructs employees how to classify the office and field wastes into different recycling bins or recycling trash bags.

  3) With an emphasis on environmental protection, the Group has formulated environmental principles. The Group has signed the "No Shark Fin Pledge" initiated by WWF Hong Kong in order to enhance all employees' awareness for environmental protection.

FUTURE DIRECTIONS FROM THE GROUP

The Group will continue actively sourcing energy-saving appliances, equipment and materials with careful selection and review of suppliers and their origins. Opportunities to work with other charity partners and more training and development in terms of raising staff's awareness on environmental and social impacts from the business will also be considered.

Independent Auditor's Report

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司

10/F, Allied Kajima Building,
138 Gloucester Road, Wanchai, Hong Kong

TO THE SHAREHOLDERS OF GREEN ENERGY GROUP LIMITED
綠色能源科技集團有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Green Energy Group Limited (the "**Company**") and its subsidiaries ("**the Group**") set out on pages 49 to 143, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the eighteen months period from 1 January 2018 to 30 June 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the eighteen months period from 1 January 2018 to 30 June 2019 in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Impairment/Reversal of impairment of property, plant and equipment (Refer to Note 15 to the consolidated financial statements)

As at 30 June 2019, the Group has property, plant and equipment located in Germany with carrying amount of HK$15,560,000 and HK$11,139,000 which are utilised by the Group for its plastic recycling and metal scrap businesses and waste construction materials and waste processing services in Germany respectively.

During the period, the plastic recycling and metal scrap segment incurred segment loss of HK$5,499,000. This has increased the risk that the carrying amount of the property, plant and equipment may be impaired.

Management has concluded that there is no impairment in respect of the property, plant and equipment in the plastic and metal scrap recycling segment as their recoverable amounts are higher than their carrying values.

Further, the management has concluded that there is a reversal of impairment of HK$2,285,000 in respect of the property, plant and equipment in the waste construction materials recycling businesses as their recoverable amounts are higher than their carrying values, which evidence the impairment loss recognized in prior periods have decreased.

The recoverable amount of freehold land and building is determined based on the fair value estimated by management based on the valuation performed by an independent professional valuer while the recoverable amount of equipment is determined based on the fair value estimated by management with reference to the quoted prices for identical or similar assets in active markets.

We have identified this as a key audit matter because the estimation of fair value requires significant level of estimation and judgement, which includes selection of valuation methodologies and comparables and application of adjustments to the comparables.

Independent Auditor's Report

KEY AUDIT MATTERS – Continued

(i) Impairment/Reversal of impairment of property, plant and equipment (Refer to Note 15 to the consolidated financial statements) – Continued

Our procedures in relation to management's impairment assessment included:

- Obtaining the valuation reports on land and building prepared by the independent professional valuer;
- Evaluating the competence, capabilities and objectivity of the independent valuer;
- Assessing the methodologies used and the appropriateness of key assumptions adopted and the reasonableness of the adjustments of comparables;
- Performing impairment assessment for those property, plant and equipment other than land and buildings by reference to the quoted prices for identical or similar assets in active markets; and
- Checking the accuracy and relevance of the input data used.

(ii) Expected credit loss assessment and impairment of loan and interest receivable (Refer to Notes 19 and 36 to the consolidated financial statements)

During the current financial period, the Group has started a money lending segment as a new business. As at 30 June 2019, the carrying amount of the loan and interest receivable was HK$21,314,000 (net of allowance for expected credit loss of HK$1,000,000).

The new accounting standard HKFRS 9 has been implemented starting from 1 January 2018. Under the requirement of HKFRS 9, the management of the Group is required to estimate the expected credit loss of the loan and interest receivables by the expected credit loss model.

We have identified this as a key audit matter because the estimation of expected credit loss involves significant judgement and assumptions that may affect the result of the expected credit losses.

Our procedures in relation to management's expected credit loss assessment and impairment of loan and interest receivable included:

- Understanding and evaluating the internal controls implemented for money lending business, especially the credit control procedures;

Independent Auditor's Report

KEY AUDIT MATTERS – Continued

(ii) Expected credit loss assessment and impairment of loan and interest receivable (Refer to Notes 19 and 36 to the consolidated financial statements) – Continued

- Inquiring of management for the status of the loan and interest receivable and corroborating explanations from management with supporting evidence, such as understanding the credit profile of the debtor and guarantor, checking historical and subsequent settlement records; and

- Assessing the provision on impairment loss of loan and interest receivable based on Expected Credit Loss Model under HKFRS 9 which requires ongoing measurement of credit risk associated with financial asset.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in Management Discussion and Analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Corporate Information, Chairman's Statement, Biographical Details of Directors and Senior Management, Director's Report, Corporate Governance Report, Environmental Social and Governance Report and Five Years Financial Summary are expected to be made available to us shortly after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Information, Chairman's Statement, Biographical Details of Directors and Senior Management, Directors' Report, Corporate Governance Report, Environmental Social and Governance Report and Five Years Financial Summary, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee of the Company (the "**Audit Committee**") and take appropriate actions considering our legal rights and obligations.

Independent Auditor's Report

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – Continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – Continued

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CHENG & CHENG LIMITED
Certified Public Accountants

Chan Shek Chi
Practising Certificate Number P05540

Hong Kong, 30 September 2019

Consolidated Statement of Comprehensive Income

For the eighteen months ended 30 June 2019

	Notes	1.1.2018 to 30.6.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Continuing operations			
Revenue	5, 6	96,915	41,515
Changes in inventories of finished goods		(83,594)	(29,834)
Other income	7	2,802	3,164
Other gains and losses	8	370	10,781
Impairment loss of loan and interest receivable		(1,000)	–
Impairment loss of other receivables		(1,783)	(921)
Staff costs		(16,472)	(9,815)
Depreciation		(3,434)	(1,805)
Other expenses		(20,188)	(14,776)
Finance costs	9	(120)	–
Unrealised loss on financial assets at fair value through profit or loss		–	(2,432)
Loss before income tax	10	(26,504)	(4,123)
Income tax (expenses)/credit	11	(2)	666
Loss for the period/year from continuing operations		(26,506)	(3,457)
Discontinued operation			
Loss for the period/year from discontinued operations	38	(36)	(274)
Loss for the period/year		(26,542)	(3,731)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
– Reclassification of translation reserve upon disposal		254	–
– Exchange differences arising on translation of financial statements of foreign operations		1,363	(4,746)
Other comprehensive income/(expense) for the period/year		1,617	(4,746)
Total comprehensive expense for the period/year		(24,925)	(8,477)

Consolidated Statement of Comprehensive Income

For the eighteen months ended 30 June 2019

	Notes	1.1.2018 to 30.6.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Loss for the period/year attributable to:			
– Owners of the Company		**(25,899)**	(3,118)
– Non-controlling interests		**(643)**	(613)
		(26,542)	(3,731)
Total comprehensive expense for the period/year attributable to:			
– Owners of the Company		**(24,316)**	(7,808)
– Non-controlling interests		**(609)**	(669)
		(24,925)	(8,477)
		HK Cents	*HK Cents*
Loss per share – Basic and diluted			
– Continuing operations	14	**(2.73)**	(0.31)
– Discontinued operation	14	**(0.01)**	(0.03)
– Continuing and discontinued operations	14	**(2.74)**	(0.34)

Consolidated Statement of Financial Position

At 30 June 2019

	Notes	30.6.2019 HK$'000	31.12.2017 HK$'000
Non-current assets			
Property, plant and equipment	15	27,185	35,811
Intangible assets	16	378	–
Prepayments, deposits and other receivables	20	7,072	5,000
		34,635	40,811
Current assets			
Inventories	17	722	667
Trade receivables	18	5,812	12,686
Prepayments, deposits and other receivables	20	12,433	5,064
Loan and interest receivable	19	21,314	–
Financial assets at fair value through profit or loss	21	–	4,819
Short-term investment	22	–	356
Cash and cash equivalents	23	31,563	81,125
		71,844	104,717
Assets classified as held for sale	24	4,003	–
		75,847	104,717
Current liabilities			
Trade payables	25	362	10,145
Accruals and other payables	26	3,865	7,828
Provision for income tax payables		–	187
		4,227	18,160
Liabilities associated with assets classified as held for sale	24	692	–
		4,919	18,160
Net current assets		70,928	86,557
Net assets		105,563	127,368

Consolidated Statement of Financial Position

At 30 June 2019

	Notes	30.6.2019 HK$'000	31.12.2017 HK$'000
Equity			
Share capital	27	**94,693**	94,693
Reserves	28	**9,028**	33,323
Equity attributable to owners of the Company		**103,721**	128,016
Non-controlling interests		**1,842**	(648)
Total equity		**105,563**	127,368

The consolidated financial statements on pages 49 to 143 were approved and authorised for issue by the board of directors on 30 September 2019 and are signed on its behalf by:

Director

Director

Consolidated Statement of Changes in Equity

For the eighteen months ended 30 June 2019

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium* HK$'000	Contributed Surplus* HK$'000	Exchange reserve* HK$'000	Share option reserves* HK$'000	General reserve* HK$'000	Accumulated losses* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
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 through share placing	13,321	20,794	–	–	–	–	–	34,115	–	34,115
Shares issued upon exercise of share options	13,269	64,155	–	–	(27,114)	–	–	50,310	–	50,310
Additional non-controlling interests arising on the acquisition of subsidiaries	–	–	–	–	–	–	–	–	193	193
Transactions with owners	26,590	84,949	–	–	(27,114)	–	–	84,425	193	84,618
Loss for the year	–	–	–	–	–	–	(3,118)	(3,118)	(613)	(3,731)
Other comprehensive expense										
Exchange difference arising on translation of financial statements of foreign operations	–	–	–	(4,690)	–	–	–	(4,690)	(56)	(4,746)
Total comprehensive expense for the year	–	–	–	(4,690)	–	–	(3,118)	(7,808)	(669)	(8,477)
At 31 December 2017 and 1 January 2018	94,693	411,449	56,897	3,259	-	71	(438,353)	128,016	(648)	127,368
Additional non-controlling interests	-	-	-	-	-	-	21	21	3,099	3,120
Transactions with owners	-	-	-	-	-	-	21	21	3,099	3,120
Loss for the period	-	-	-	-	-	-	(25,899)	(25,899)	(643)	(26,542)
Other comprehensive expense										
Reclassification of translation reserve upon disposal of subsidiaries	-	-	-	254	-	-	-	254	-	254
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	1,329	-	-	-	1,329	34	1,363
Total comprehensive expense for the period	-	-	-	1,583	-	-	(25,899)	(24,316)	(609)	(24,925)
At 30 June 2019	94,693	411,449	56,897	4,842	-	71	(464,231)	103,721	1,842	105,563

* The aggregate balances underlying these accounts at the reporting date of surplus of HK$9,028,000 (31 December 2017: surplus of HK$33,323,000) are included as reserves in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the eighteen months ended 30 June 2019

	1.1.2018 to 30.6.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000
Cash flows from operating activities		
Loss before income tax	(26,540)	(4,397)
Adjustments for:		
Interest income	(270)	(244)
Interest expenses	120	–
Impairment loss of loan and interest receivable	1,000	–
Reversal of impairment of property, plant and equipment	(2,285)	–
Bad debt written-off	88	–
Impairment on disposal group classified as held for sale	3,556	–
Impairment on other receivables	1,783	921
Amortisation for intangible assets	122	–
Depreciation of property, plant and equipment	3,435	1,806
Loss on disposal/written off of property, plant and equipment	125	205
(Gain)/loss on disposal of subsidiaries	(908)	26
Unrealised loss on financial assets at fair value through profit or loss	–	2,432
Waive of debt due to a former director	(3,771)	–
Provision for litigation claim	–	182
Net exchange loss/(gain)	2,997	(10,807)
Operating cash flows before movements in working capital	(20,548)	(9,876)
(Increase)/decrease in inventories	(265)	210
Decrease/(increase) in trade receivables	6,761	(12,581)
Increase in prepayments, deposits and other receivables	(4,362)	(173)
Decrease/(increase) in short-term investment	350	(356)
Increase in loan and interest receivable	(22,314)	–
(Decrease)/increase in trade payables	(9,789)	9,461
(Decrease)/increase in accruals and other payables	(3,584)	762
Increase in financial assets at fair value through profit or loss	–	(7,251)
Net cash used in operating activities	(53,751)	(19,804)

Consolidated Statement of Cash Flows

For the eighteen months ended 30 June 2019

	1.1.2018 to 30.6.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000
Cash flows from investing activities		
Interest received	270	244
Increase in other loan and interest receivables	–	(7,775)
Repayment of other loan and interest receivables	5,150	250
Purchase of property, plant and equipment	(621)	(2,000)
Payment for deposit of acquisition of a subsidiary	(7,000)	–
Net cash outflow for acquisition of subsidiaries	(500)	(6,985)
Proceed from disposal of property, plant and equipment	–	102
Net cash inflow from disposal of subsidiaries	159	2,842
Net cash used in investing activities	(2,542)	(13,322)
Cash flows from financing activities		
Loan from a former director	5,054	–
Proceeds from issue of shares through share placing	–	34,115
Proceeds from exercise of share options	–	50,310
Capital contribution from non-controlling interests	3,120	–
Net cash generated from financing activities	8,174	84,425
Net (decrease)/increase in cash and cash equivalents	(48,119)	51,299
Effect of foreign exchange rate changes	(702)	3,030
Cash and cash equivalents at 1 January	81,125	26,796
Cash and cash equivalents at end of period/year	32,304	81,125
Analysis of balance of cash and cash equivalents		
Bank balances and cash	31,563	81,125
Bank balances and cash classified under assets held for sale	741	–
	32,304	81,125

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

1. GENERAL INFORMATION

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

Principal activity of the Company continued to be investment holding. The principal activities of its subsidiaries are set out in Note 40. The Company together with its subsidiaries are collectively referred to as the "Group" hereinafter.

The Company's parent is New Glory Business Corporation which was incorporated in the British Virgin Islands and the directors of the Company (the "**Directors**") consider its ultimate parent is Marvel Express Limited which was incorporated in British Virgin Islands.

As set out in the announcement of the Company issued on 2 November 2018, the financial year end date of the Company and the Group has been changed from 31 December to 30 June to rationalize and more efficiently use its resources for the preparation of its results announcements as well as interim and annual reports.

Accordingly, the current accounting period covers a period of eighteen months from 1 January 2018 to 30 June 2019. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of twelve months from 1 January 2017 to 31 December 2017 and therefore may not be comparable with amounts shown for the current period.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

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

New and amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current period:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarification to HKFRS 15
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application of HKFRS 15 (i.e. 1 January 2018). Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers – Continued

The Group recognises revenue from the following major sources:

(i) Trading of bio-cleaning materials
(ii) Trading of recyclable oil/biodiesel
(iii) Trading of waste construction materials, provision of waste processing services
(iv) Trading of plastic recycling/metal scrap materials
(v) Provision of plastic processing services
(vi) Provision of money lending business

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 3.

The adoption of HKFRS 15 does not have a significant impact on the timing of revenue recognition for sales of goods and services. There is no significant impact of transition to HKFRS 15 on accumulated losses at 1 January 2018.

There is no impact on the consolidated statement of financial position, consolidated statement comprehensive income and consolidated statement of cash flows for the period ended 30 June 2019.

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities and 2) expected credit losses ("**ECL**") for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognized in the opening accumulated losses, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3.

The adoption of HKFRS 9 does not have a significant impact on either 1) the classification and measurement of financial assets and financial liabilities and 2) ECL for financial assets. There is no significant impact of transition to HKFRS 9 on accumulated losses at 1 January 2018.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

New and amendments to HKFRSs in issue but not yet effective – Continued

HKFRS 16 Leases – Continued

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented a financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of HK$436,000 (31 December 2017: HK$2,291,000) as disclosed in Note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

New and amendments to HKFRSs in issue but not yet effective – Continued

HKFRS 16 Leases – Continued

In addition, the Group currently considers refundable rental deposits paid of HK$72,000 (31 December 2017: HK$299,000) as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss and short-term investment are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional and presentation currency

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

Critical accounting estimates and judgements

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of consolidation – Continued

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Business combinations – Continued

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Property plant and equipment

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

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

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

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

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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The Group's accounting policies on impairment of non-financial assets are set out in "Impairment of non-financial assets" under this note.

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Leasing

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

The Group as lessor

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

The Group as lessee

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

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets – Continued

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) – Continued

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)

The Group estimates a loss allowances for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, deposit and other receivables, loan and interest receivables and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets – Continued

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) – Continued

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets – Continued

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) – Continued

(i) Significant increase in credit risk – Continued

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets – Continued

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) – Continued

(iii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped by aging basis.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets – Continued

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired.

Loans and receivables

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

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and short-term investment.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the unrealised loss on financial assets at fair value through profit or loss line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 37.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Financial assets – Continued

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) – Continued

Impairment loss on financial assets

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

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

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

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

Financial liabilities

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

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

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9/HKAS 39.

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

Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment whenever there are indications that the assets' carrying amounts may not be recoverable.

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

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

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

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Foreign currency

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

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

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

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

Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) – Continued

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

The performance obligations of the Group for contracts with customers are summarized as follows:

(i) *Trading of bio-cleaning materials (revenue recognised at a point in time)*
Revenue from sales of bio-cleaning materials is recognized at a point in time when the materials are transferred to the customer, being at the point that the customer obtains the control of the materials.

(ii) *Trading of recyclable oil/biodiesel (revenue recognised at a point in time)*
Revenue from sales of recycle oil is recognized at a point in time when the recycle oil has been shipped to customer. The customer is normally required to pay 90% of the contract price upon signing the contract and the remaining contract price is due immediately at the point when the recycle oil has been shipped.

(iii) *Trading of waste construction materials, provision of waste processing services (revenue recognised at a point in time)*
Revenue from sales of waste construction materials and waste processing services is recognized at a point in time when the materials are transferred to the customer, being at the point that the customer obtain the control of the materials.

(iv) *Trading of plastic recycling/metal scrap materials (revenue recognised at a point in time)*
Revenue from sales of plastic recycling/metal scrap materials is recognized at a point in time when the materials has been shipped to the customer being at the point that the customer obtain the control of the materials.

(v) *Provision of plastic processing services (revenue recognised at a point in time)*
Revenue of plastic processing services is recognized at a point in time when the performance obligation is satisfied and transferred the materials to the customer, being at the point that the customer obtains the control of the goods.

(vi) *Provision of money lending business (revenue from other sources)*
Interest income from money lending business is accrued on time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and other income recognition (prior to 1 January 2018)

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

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

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

Service income is recognised when services are provided.

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Income taxes – Continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits

Defined contribution retirement plan

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries, annual leaves and sick leaves) after deducting any amount already paid.

Share-based payments

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Employee benefits – Continued

Share-based payments – Continued

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

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

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

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

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Related parties – Continued

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) The entity and the Group are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Provisions and contingent liabilities – Continued

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

Segment reporting

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

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

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9/HKAS 39 which continue to be measured in accordance with the accounting policies as set out in respective sections.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(i) Impairment/reversal of impairment of property, plant and equipment

Property, plant and equipment of the Group are reviewed by the Directors for possible impairment or reversal of impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable, or the impairment loss recognized in prior periods may no longer exist or may have decreased. In determining the recoverable amounts of these assets, fair value of property, plant and equipment was adopted. Fair value of the land and building are estimated by management based on the valuation performed by an independent valuer. Fair value of equipment are estimated by management with reference to the quoted prices for identical or similar assets in active market.

(ii) Provision of ECL for loan and interest receivable

The Group individually assesses the ECL for loan and interest receivables. The assessment is based on the credit profile of the debtor and guarantor, and the historical repayment record of the debtor taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the credit profile and the historical repayment record of the debtor is reassessed and changes as the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan and interest receivable is disclosed in Notes 3, 19 and 36.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

4. KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

(iii) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for trade receivables. The provision matrix is based on aging as groupings of various debtors that have similar loss patterns. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes as the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired, if any, are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 3, 18 and 36.

5. SEGMENT INFORMATION

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

Continuing operations		
Waste construction materials and waste processing services	–	Trading of waste construction materials and provision of waste processing services
Renewable energy	–	Trading of recyclable oil/biodiesel
Plastic recycling/metal scrap business	–	Trading of plastic recycling/metal scrap materials and provision of plastic processing services
Money lending	–	Provision and arrangement of credit financing
Discontinued operation		
Bio-cleaning materials	–	Trading of bio-cleaning materials (discontinued during the period 2019 (note 38))

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

5. SEGMENT INFORMATION – Continued

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

Segment assets include all assets with the exception of corporate assets, including bank balances and cash, short-term investment, certain other receivables, financial assets at fair value through profit or loss, assets classified as held for sale and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include accruals and other payables and other liabilities directly attributable to the business activities of operating segments, and exclude corporate liabilities, liabilities associated with assets classified as held for sale and provision for income tax.

Segment revenue and results
For the eighteen-month ended 30 June 2019

	Waste construction materials and waste processing services HK$'000	Renewable energy HK$'000	Plastic recycling/ metal scrap HK$'000	Money lending HK$'000	Continuing operations HK$'000	Discontinued operation HK$'000	Total HK$'000
REVENUE	5,170	75,184	12,997	3,564	96,915	88	97,003
RESULTS							
Segment results	3,660	231	(5,499)	2,235	627	(77)	550
Other corporate expenses					(25,461)	–	(25,461)
Other income					2,802	–	2,802
Gain on disposal of subsidiaries					867	41	908
Impairment loss of other receivables					(1,783)	–	(1,783)
Impairment loss of disposal group classified as held for sale					(3,556)	–	(3,556)
Loss before income tax					(26,504)	(36)	(26,540)

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

5. SEGMENT INFORMATION – Continued

Segment revenue and results – Continued

For the twelve-month ended 31 December 2017

	Waste construction materials and waste processing services HK$'000	Renewable energy HK$'000	Plastic recycling/ metal scrap HK$'000	Continuing operations HK$'000 (Restated)	Discontinued operation HK$'000 (Restated)	Total HK$'000 (Restated)
REVENUE	2,575	37,139	1,801	41,515	92	41,607
RESULTS						
Segment results	1,081	5,788	(5,906)	963	(268)	695
Other corporate expenses				(8,250)	(6)	(8,256)
Other income				3,164	–	3,164
Loss before income tax				(4,123)	(274)	(4,397)

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

5. SEGMENT INFORMATION – Continued

Segment assets and segment liabilities

At 30 June 2019

	Waste construction materials and waste processing services *HK$'000*	Renewable energy *HK$'000*	Plastic recycling/ metal scrap *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
ASSETS					
Segment assets	15,472	13,517	20,588	22,067	71,644
Unallocated cash and cash equivalents					23,735
Other corporate assets					11,100
Assets classified as held for sale					4,003
Consolidated total assets					110,482
LIABILITIES					
Segment liabilities	1,427	434	697	–	2,558
Other corporate liabilities					1,669
Liabilities associated with assets classified as held for sale					692
Consolidated total liabilities					4,919

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

5. SEGMENT INFORMATION – Continued

Segment assets and segment liabilities – Continued

At 31 December 2017

	Bio-cleaning materials	Waste construction materials and waste processing services	Renewable energy	Plastic recycling/ metal scrap	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	429	11,703	20,088	29,266	61,486
Unallocated cash and cash equivalents					67,216
Other loan receivables					7,004
Other corporate assets					9,822
Consolidated total assets					145,528
LIABILITIES					
Segment liabilities	–	195	10,542	1,013	11,750
Provision for income tax					187
Other corporate liabilities					6,223
Consolidated total liabilities					18,160

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

5. SEGMENT INFORMATION – Continued

Other segment information

For the eighteen-month ended 30 June 2019

	Waste construction materials and waste processing services HK$'000	Renewable energy HK$'000	Plastic recycling/ metal scrap HK$'000	Money lending HK$'000	Corporate HK$'000	Total HK$'000
OTHER INFORMATION OF CONTINUING OPERATIONS						
Additions to non-current assets	528	–	83	10	–	621
Depreciation	249	–	1,777	3	1,405	3,434
Impairment loss of loan and interest receivable	–	–	–	1,000	–	1,000
Impairment loss of other receivables	–	–	–	–	1,783	1,783
Reversal of impairment loss on property, plant and equipment	2,285	–	–	–	–	2,285
Waive of debt due to a former director	–	–	3,771	–	–	3,771
Written-off of property, plant and equipment	–	–	–	–	125	125

For the twelve-month ended 31 December 2017

	Waste construction materials and waste processing services HK$'000	Renewable energy HK$'000	Plastic recycling/ metal scrap HK$'000	Corporate HK$'000	Total HK$'000 (Restated)
OTHER INFORMATION OF CONTINUING OPERATIONS					
Additions to non-current assets	273	–	1,619	102	1,994
Additions to non-current assets by acquisition of subsidiaries	–	–	6,971	1,900	8,871
Depreciation	63	–	1,000	742	1,805

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

5. SEGMENT INFORMATION – Continued

Other segment information – Continued

Geographical information

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

	Revenue		Non-current assets	
	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)	At 30.06.2019 HK$'000	At 31.12.2017 HK$'000
Hong Kong	14,284	–	226	570
The PRC (excluding Hong Kong)	–	–	261	1,690
Europe	67,398	20,612	26,698	33,551
Malaysia	4,319	14,506	–	–
North America	–	6,397	–	–
Middle East	10,914	–	–	–
	96,915	41,515	27,185	35,811

Information about major customers

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

	Segment	Geographical location	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000
Customer A	Renewable energy	Malaysia	4,319	14,506
Customer B	Renewable energy	Europe	–	6,490
Customer C	Renewable energy	North America	–	6,397
Customer D	Renewable energy	Europe	–	5,439
Customer E	Renewable energy	Europe	–	4,307
Customer F	Renewable energy	Europe	28,768	–
Customer G	Renewable energy	Europe	14,198	–
Customer H	Renewable energy	Middle East	10,914	–

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

6. REVENUE

Revenue derived from the principal activities of the Group is recognised during the period as follows:

	1.1.2018 to 30.06.2019 *HK$'000*	1.1.2017 to 31.12.2017 *HK$'000* (Restated)
Continuing operations		
Trading of recyclable oil/biodiesel – at a point in time	**75,184**	37,139
Trading of waste construction materials – at a point in time	**3,958**	2,001
Provision of waste processing services – at a point in time	**1,212**	574
Trading of plastic recycling materials – at a point in time	**7,153**	683
Trading of metal scrap – at a point in time	**2,397**	–
Provision of plastic processing services – at a point in time	**3,447**	1,118
Revenue from contracts with customer	**93,351**	41,515
Provision and arrangement of credit financing – other source of income	**3,564**	–
	96,915	41,515

	1.1.2018 to 30.06.2019 *HK$'000*	1.1.2017 to 31.12.2017 *HK$'000* (Restated)
Discontinued operation		
Trading of bio-cleaning materials	**88**	92

7. OTHER INCOME

	1.1.2018 to 30.06.2019 *HK$'000*	1.1.2017 to 31.12.2017 *HK$'000* (Restated)
Continuing operations		
Interest income	**270**	244
Realised fair value gain on financial instruments	**809**	732
Sub-leasing income	**1,247**	1,041
Sundry income	**476**	1,147
	2,802	3,164

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

8. OTHER GAINS AND LOSSES

	notes	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Continuing operations			
Gain/(loss) on disposal of subsidiaries *(Note 33)*	*(a)*	867	(26)
Impairment loss of disposal group classified as held for sale *(Note 24)*		(3,556)	–
Net exchange (loss)/gain		(2,997)	10,807
Reversal of impairment loss of property, plant and equipment *(Note 15)*		2,285	–
Waive of debt due to a former director	*(b)*	3,771	–
		370	10,781

	notes	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Discontinued operation			
Gain on disposal of subsidiaries *(Note 38)*	*(a)*	41	–

(a) During the period, the Group disposed a group of subsidiaries to third parties at a consideration of HK$6,172,000.

(b) The former director has signed agreement to waive of debt with no other additional conditions.

9. FINANCE COSTS

	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000
Continuing operations		
Interest expenses on loan from a former director	120	–

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

10. LOSS BEFORE INCOME TAX

	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Continuing operations		
Loss before income tax is arrived at after charging:		
Amortisation of intangible assets	122	–
Auditor's remuneration		
– the Company	590	550
– Subsidiaries	180	130
Bad debts written-off	88	–
Depreciation for property, plant and equipment	3,434	1,805
Impairment loss of disposal group classified as assets held for sale	3,556	–
Loss on disposal of property, plant and equipment	–	205
Minimum lease payments for operating leases in respect of land and buildings	1,695	1,313
Provision for litigation claim *(Note 34)*	–	182
Unrealised loss on financial asset at fair value through profit or loss	–	2,432
Written off of property, plant and equipment	125	–
Staff costs including Directors' remuneration		
Salaries and allowances	14,971	9,060
Retirement benefit – defined contribution scheme	1,501	755
	16,472	9,815

	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Discontinued operation		
Loss before income tax is arrived at after charging:		
Depreciation for property, plant and equipment	1	1
Minimum lease payments for operating leases in respect of land and buildings	119	276

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

11. INCOME TAX EXPENSES/(CREDIT)

The amount of taxation charged/(credited) to the consolidated statement of comprehensive income represents:

Continuing Operations

	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Current tax:		
PRC Tax	189	–
Hong Kong Profits Tax	–	187
Overprovision in respect of prior years	(187)	(853)
	2	(666)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the period after deduction of tax concession.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (31 December 2017: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The income tax provision of the Group in respect of operations in Germany has been calculated at the rate of 30% (31 December 2017: 29.79%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

For the subsidiary operated in Portugal, no provision for corporate income tax as appropriate have been made as this subsidiary incurred estimated loss for taxation purposes for both years.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

11. INCOME TAX EXPENSES/(CREDIT) – Continued

Reconciliation between income tax and accounting loss at applicable tax rates is as follows:

Continuing operations

	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Loss before income tax	(26,504)	(4,123)
Tax on profit at the rates applicable to the jurisdictions concerned	(5,202)	(1,954)
Tax effect of non-deductible expenses	9,249	2,326
Tax effect of non-taxable income/revenue	(6,083)	(2,893)
Tax effect of tax losses not recognised	2,609	2,739
Tax relief for the period	–	(34)
Tax effect of other temporary differences not recognised	–	3
Utilisation of tax losses previously not recognised	(384)	–
Overprovision in respect of prior years	(187)	(853)
Income tax expense/(credit)	2	(666)

Discontinued operation

	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000 (Restated)
Loss before income tax	(36)	(274)
Tax on profit at the rates applicable to the jurisdictions concerned	(6)	(45)
Tax effect of non-taxable income/revenue	(7)	–
Tax effect of non-deductible expenses	13	45
Income tax credit	–	–

The Group has no material unprovided deferred tax liabilities as at the end of the reporting period (31 December 2017: Nil).

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

11. INCOME TAX EXPENSES/(CREDIT) – Continued

As at 30 June 2019, the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$50,624,000 (31 December 2017: HK$42,750,000) as it is not probable that future taxable profit against which the losses can be utilised will be available in the relevant group entities. The tax losses have no expiry date under current tax legislation. Other temporary differences are not material.

12. DIVIDEND

The Directors do not recommend the payment of final dividend for the eighteen months ended 30 June 2019 (31 December 2017: nil)

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

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

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Eighteen-month ended 30 June 2019				
Executive directors				
Mr. Yip Wai Leung Jerry *(note (a))*	–	828	34	862
Mr. Luo Xian Ping *(note (b))*	–	1,419	48	1,467
Mr. Ho Wai Hung *(note (c))*	–	451	41	492
Independent non-executive directors				
Mr. So Yin Wai *(note (f))*	57	–	–	57
Ms. Li Kit Chi Fiona *(note (g))*	57	–	–	57
Mr. Tam Chun Wa	180	–	–	180
Mr. Sze Cheung Pang *(note (d))*	540	–	–	540
Mr. Wong Sai Hung *(note (e))*	247	–	–	247
	1,081	2,698	123	3,902

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

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

(a) Directors' remuneration – Continued

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

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Waive of salaries and allowance *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Year ended 31 December 2017					
Executive directors					
Mr. Yip Wai Leung Jerry	–	1,794	–	33	1,827
Mr. Chan Wai Kit *(note (h))*	–	250	(250)	–	–
Independent non-executive directors					
Mr. So Yin Wai	120	–	–	–	120
Ms. Li Kit Chi Fiona	120	–	–	–	120
Mr. Tam Chun Wa	120	–	–	–	120
	360	2,044	(250)	33	2,187

notes:

(a) Mr. Yip Wai Leung Jerry resigned on 1 September 2018.
(b) Mr. Luo Xian Ping was appointed on 1 January 2018.
(c) Mr. Ho Wai Hung was appointed on 12 March 2018.
(d) Mr. Sze Cheung Pang was appointed on 1 January 2018.
(e) Mr. Wong Sai Hung was appointed on 21 June 2018.
(f) Mr. So Yin Wai retired on 21 June 2018.
(g) Ms. Li Kit Chi Fiona retired on 21 June 2018.
(h) Mr. Chan Wai Kit was appointed on 1 February 2017 and resigned on 14 July 2017.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

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

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (31 December 2017: one) was a director of the Company, whose emoluments are reflected in the analysis presented in note (a) above. The emoluments of the remaining four (31 December 2017: four) individuals, are as follows:

	1.1.2018 to 30.06.2019	1.1.2017 to 31.12.2017
	HK$'000	*HK$'000*
Salaries and other benefits	**3,554**	1,790
Retirement benefit scheme contributions	**175**	225
	3,729	2,015

Their emoluments were within the following band:

	Number of individuals	
	1.1.2018 to 30.06.2019	1.1.2017 to 31.12.2017
Nil to HK$1,000,000	**3**	4
HK$1,000,001 to HK$1,500,000	**1**	–
	4	4

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

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

(c) Senior management remuneration

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

	Number of individuals	
	1.1.2018 to 30.06.2019	1.1.2017 to 31.12.2017
Nil to HK$1,000,000	**4**	5
HK$1,000,001 to HK$2,000,000	**2**	1
	6	6

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

14. LOSS PER SHARE

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

	1.1.2018 to 30.06.2019	1.1.2017 to 31.12.2017
	HK$'000	*HK$'000* (Restated)
Loss for the period/year attributable to the owners of the Company:		
– Continuing operations	**(25,863)**	(2,844)
– Discontinued operation	**(36)**	(274)
	(25,899)	(3,118)

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

14. LOSS PER SHARE – Continued

Weighted average number of ordinary shares for the purpose of basic loss per share

	1.1.2018 to 30.06.2019 '000	1.1.2017 to 31.12.2017 '000
Issued ordinary shares at 1 January	**946,928**	681,030
Effect of issue of new shares through placing *(Note 27)*	**–**	131,746
Effect of share options exercised *(Note 27)*	**–**	114,744
Weighted average number of ordinary shares at 30 June 2019/31 December 2017	**946,928**	927,520

In arriving at diluted loss per share, no adjustment has been made as the share options outstanding during both years had an anti-dilutive effect on the basic loss per share for last year.

There was no difference between basic and diluted losses per share as the Company did not have any dilutive potential shares outstanding for the period end 30 June 2019.

Loss per share

	1.1.2018 to 30.06.2019	1.1.2017 to 31.12.2017 (Restated)
Basic and diluted loss per share (in HK cents per share)		
– Continuing operations	**(2.73)**	(0.31)
– Discontinued operation	**(0.01)**	(0.03)
– Continuing and discontinued operations	**(2.74)**	(0.34)

Notes to the Consolidated Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands HK$'000	Buildings HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2017	15,599	4,360	3,353	18,802	1,400	43,514
Exchange realignment	2,024	613	182	1,752	65	4,636
Additions	–	–	–	1,736	264	2,000
Acquisition of subsidiaries *(Note 32)*	3,669	3,302	1,900	–	–	8,871
Disposal	–	–	–	(277)	–	(277)
Written off	–	–	(623)	(15)	–	(638)
At 31 December 2017	**21,292**	**8,275**	**4,812**	**21,998**	**1,729**	**58,106**
Exchange realignment	**(566)**	**(250)**	**(112)**	**(552)**	**(33)**	**(1,513)**
Additions	**–**	**–**	**10**	**197**	**414**	**621**
Reclassified as held for sale *(Note 24)*	**(3,667)**	**(3,280)**	**–**	**–**	**–**	**(6,947)**
Disposal of subsidiaries *(Note 33,38)*	**–**	**–**	**(1,968)**	**(1,619)**	**(409)**	**(3,996)**
Disposal	**–**	**–**	**–**	**–**	**(204)**	**(204)**
Written off	**–**	**–**	**(729)**	**(2,575)**	**–**	**(3,304)**
At 30 June 2019	**17,059**	**4,745**	**2,013**	**17,449**	**1,497**	**42,763**
DEPRECIATION AND IMPAIRMENT						
At 1 January 2017	3,275	303	3,068	11,787	1,060	19,493
Exchange realignment	400	46	101	1,014	43	1,604
Depreciation	–	150	541	1,009	106	1,806
Elimination on disposal	–	–	–	(152)	–	(152)
Elimination on written off	–	–	(441)	(15)	–	(456)
At 31 December 2017	**3,675**	**499**	**3,269**	**13,643**	**1,209**	**22,295**
Exchange realignment	**(76)**	**(21)**	**(58)**	**(336)**	**(21)**	**(512)**
Depreciation	**–**	**360**	**1,165**	**1,626**	**284**	**3,435**
Reclassified as held for sale *(Note 24)*	**–**	**(165)**	**–**	**–**	**–**	**(165)**
Disposal of subsidiaries *(Note 33,38)*	**–**	**–**	**(1,968)**	**(1,592)**	**(247)**	**(3,807)**
Reversal of impairment loss (note)	**(2,285)**	**–**	**–**	**–**	**–**	**(2,285)**
Eliminated on disposal	**–**	**–**	**–**	**–**	**(204)**	**(204)**
Elimination on written off	**–**	**–**	**(664)**	**(2,515)**	**–**	**(3,179)**
At 30 June 2019	**1,314**	**673**	**1,744**	**10,826**	**1,021**	**15,578**
CARRYING VALUES						
At 30 June 2019	**15,745**	**4,072**	**269**	**6,623**	**476**	**27,185**
At 31 December 2017	17,617	7,776	1,543	8,355	520	35,811

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

15. PROPERTY, PLANT AND EQUIPMENT - Continued

note:

During the current period, the Company has engaged an independent valuer to perform a valuation on the freehold land as at 30 June 2019. Based on the result of the valuation, a reversal of impairment losses with an amount of HK$2,285,000 was recognized. The reversal was due to the increasing trend of market value of the land and the continuous improvement in the operating activities in the waste construction material and waste processing service.

The valuation of the freehold land was arrived by market approach which was by reference market evidence of transaction prices for similar land in the similar locations, conditions and usage. Under this approach, the recoverable amount was considered as the fair value less cost of disposal.

Discounts rate of 20% has been applied to the fair value for the different in quality and location of the comparable of which the discounts are considered as the unobservable key inputs of the valuation. The fair value hierarchy was categorised as Level 3.

16. INTANGIBLE ASSETS

	Distribution rights *HK$'000*	License *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2017	26,800	–	26,800
Written off	(26,800)	–	(26,800)
At 31 December 2017 and 1 January 2018	–	–	–
Addition	–	500	500
At 30 June 2019	–	500	500
Accumulated amortisation and impairment			
At 1 January 2017	26,800	–	26,800
Written off	(26,800)	–	(26,800)
At 31 December 2017 and 1 January 2018	–	–	–
Charge for the period	–	122	122
At 30 June 2019	–	122	122
Net carrying amount			
At 30 June 2019	–	378	378
At 31 December 2017	–	–	–

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For the eighteen months ended 30 June 2019

16. INTANGIBLE ASSETS - Continued

a) On 12 April 2018, the Group acquired 100% of Noble Ample Limited ("**Noble Ample**"). Intangible asset that arose from the acquisition of Noble Ample represented the money lending license under the Money Lenders Ordinance, Chapter 163, Law of Hong Kong. The management assessed the license to be 5 years useful lives.

The money lending license has definite useful lives and are amortised over 5 years using the straight-line method.

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

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

The Directors reviewed the carrying amounts of the Group's exclusive distribution rights and considered that it was uncertain whether future economic benefits would be derived and therefore, the distribution rights were fully impaired in previous years. During the year ended 31 December 2017, the distribution rights are expired and written off.

17. INVENTORIES

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Bio-cleaning materials	**–**	214
Plastic materials	**721**	453
Waste construction materials	**1**	–
	722	667

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18. TRADE RECEIVABLES

	30.06.2019 HK$'000	31.12.2017 HK$'000
Trade receivables	5,812	12,686

The Group makes cash-on-delivery sales and makes sales with a credit period of 14 days (31 December 2017: 14 to 90 days) to certain of its trade customers. The following is an ageing analysis of trade receivables based on invoice date at the end of the reporting period:

	30.06.2019 HK$'000	31.12.2017 HK$'000
0 – 90 days	5,793	12,651
91 – 180 days	–	26
Over 365 days	19	9
	5,812	12,686

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

	30.06.2019 HK$'000	31.12.2017 HK$'000
Not yet past due	2,028	12,045
0 – 90 days past due	3,765	606
91 – 180 days past due	–	26
Over 365 days past due	19	9
	5,812	12,686

As at 31 December 2017, receivables that were neither past due nor impaired related to certain customers for whom there was no recent history of default. Trade receivables are past due at the reporting date but not provided for impairment because the management is of the opinion based on the historical repayment record, the fundamental credit quality of these customers has not deteriorated.

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For the eighteen months ended 30 June 2019

19. LOAN AND INTEREST RECEIVABLE

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Loan and interest receivable	22,314	–
Less: Allowance for expected credit losses	(1,000)	–
	21,314	–

The loan and interest receivable was arising from Money Lending business. The loan bears fixed interest rate of 15% per annum on principal amount, repayable monthly. The principal is mature and repayable on 22 October 2019.

The loan was secured by personal guarantee of an independent third party.

The past due ageing of the loan and interest receivable are as follow:

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Neither past due nor impaired	19,000	–
Less than 3 months past due	750	–
3 to 6 months past due	750	–
Over 6 months but less than 1 year past due	814	–
	21,314	–

The directors of the Company consider that the credit risk of the loan has been significantly increased but not credit-impaired because of the information developed internally. The balances past due as at 30 June 2019 with an amount of HK$2,314,000 were fully recovered subsequent to the end of the reporting period.

The loan receivable outstanding as at 30 June 2019 are denominated in "**HK$**".

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For the eighteen months ended 30 June 2019

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Prepayments	1,536	456
Trade deposit	8,773	–
Other deposits and receivables *(note (c))*	9,210	2,591
Other loan and interest receivables *(note (a))*	2,690	7,938
Less: Allowance account	(2,704)	(921)
	19,505	10,064
Deduct: Non-current portion	(7,072)	(5,000)
	12,433	5,064

note:

(a) The other loan and interest receivables, net of allowance for doubtful debts, are repayable as follow, based on the terms of agreements:

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Within 1 year	–	2,017
More than 1 year but less than 2 years *(note (i))*	–	5,000
	–	7,017

(i) The loan bears interest of 2% per annum, secured by a first fixed legal charge on the entire issued share capital of the borrower and the deposit of the title deed and documents of two properties located in Hong Kong owned by the borrower.

(b) The past due ageing of the other loan and interest receivables, net of allowance for doubtful debts are as follow:

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Not yet past due	–	5,150
91-180 days *(note (i))*	–	1,867
	–	7,017

(i) The loans bear interest of 5% to 6% per annum. In December 2017, the Group commenced legal proceedings as plaintiffs against the debtor on the outstanding loans and lawyer was of the view that the Group enjoyed a reasonable prospect of success in asserting its claims, therefore, no impairment was made as at 31 December 2017. During the current period, the result of the adjudication is finalised and favorable to the Group. Notwithstanding the adjudication during the current period, the outstanding loans were not yet recovered as at 30 June 2019, the management considers that the loans were credit-impaired.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – Continued

note: – Continued

(c) On 1 June 2018, the Group has signed a letter of intent on co-operation for the proposed acquisition of 100% issued share capital of a company incorporated in British Virgin Islands which holds 60% interest of a company listed in Canada (the "**Listed Company**").

The Listed Company is principally engaged in exploration and development of its petroleum and natural gas properties as well as development of related energy technology applications particularly bitumen and heavy oil upgrading to light oil.

On 25 August 2018, the Group has signed supplementary agreement to extend the letter of intent on co-operation until 31 December 2019.

As at the period ended 30 June 2019, the acquisition is still under negotiation and the Group has paid HK$7,000,000 during the period as the deposit for the acquisition.

All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year except for rental, utility and sundry deposits, of HK$7,072,000 (31 December 2017: HK$5,342,000) which are expected to be recovered after more than one year.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss comprises:

	30.06.2019 *HK$'000*	31.12.2017 *HK$'000*
Equity securities listed in Hong Kong	–	4,819

22. SHORT TERM INVESTMENT

The short-term investment was purchased from a major bank in PRC, subject to maturity within one month. The estimated return from this short-term investment was approximately 3.45% per annum as at 31 December 2017. All the short-term investment and interest was redeemed and received during the period.

23. CASH AND CASH EQUIVALENTS

Included in bank balances and cash of the Group at 30 June 2019 are amounts of HK$20,995,000 (31 December 2017: HK$55,579,000) which are denominated in Renminbi ("**RMB**"). RMB is not a freely convertible currency. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

24. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 7 May 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Upframe Limited and its 94.9% owned subsidiary, NW – Assets GmbH (collectively "**Upframe Group**"), whose principal activity is holding of freehold land in Germany, at a consideration of EUR400,000. The disposal was completed in July 2019.

On 3 July 2019, the Group completed the disposal of the entire issued share capital of Almoray Limited and its wholly owned subsidiaries, Green Energy Investments Limited and GE – Natural Fuels S.A (collectively "**Almoray Group**"), whose principal activity is investment holding, at a consideration of HK$300,000.

Accordingly, the following major classes of assets and liabilities relating to the Upframe Group and Almoray Group have been classified as held for sale in the consolidated statement of financial position of the Group as at 30 June 2019.

	2019 *HK$'000* Almoray Group	2019 *HK$'000* Upframe Group	2019 *HK$'000* Total
Asset of subsidiaries classified as held for sale:			
Property, plant and equipment	–	3,226	3,226
Prepayments, deposits and other receivables	35	1	36
Bank balances and cash	289	452	741
	324	3,679	4,003
Liabilities of subsidiaries classified as held for sale:			
Accrual and other payables	(673)	(19)	(692)
Net assets directly associated with subsidiaries classified as held for sale	(349)	3,660	3,311

Carrying amount of non-controlling interests approximately HK$180,000 is relating to Upframe Group as at 30 June 2019.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

24. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – Continued

In accordance with HKFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the assets of the Upframe Group have been written down to their fair value less costs to sell of EUR400,000 (equivalent to HK$3,480,000). The fair value less costs to sell of the Upframe Group and Almoray Group was estimated with reference to the agreed selling price stipulated in the sale of purchase agreement as mentioned above, which is a non-recurring fair value measurement. An impairment loss of HK$3,556,000 has been recognised in profit or loss and has been allocated to the property, plant and equipment of the Upframe Group.

The Disposal Group does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

25. TRADE PAYABLES

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

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
0 – 90 days	**362**	5,038
91-180 days	**–**	5,107
	362	10,145

The payment terms with suppliers are generally within 30 days.

26. ACCRUALS AND OTHER PAYABLES

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Accruals	**1,537**	1,848
Other payables *(note (a))*	**2,328**	5,798
Provision for litigation claim *(Note 34)*	**–**	182
	3,865	7,828

(a) The balance included a refundable deposit with an amount of HK$5,566,000 to secure the potential disposal of assets as at 31 December 2017.

All of the accruals and other payables are expected to be settled or recognised as income within one year or are payable on demand.

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For the eighteen months ended 30 June 2019

27. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2017, 31 December 2017 and 30 June 2019	**4,000,000**	**400,000**
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1 January 2017	681,030	68,103
Issue of new shares through placing *(note (a))*	133,206	13,321
Exercise of share options *(note (b))*	132,692	13,269
At 31 December 2017 and 30 June 2019	**946,928**	**94,693**

(a) On 14 December 2016, the Company entered into a placing agreement with a placing agent to place up to 133,206,000 placing shares at the placing price of HK$0.26 per placing share, a discount of approximately 11.86% to the closing price of HK$0.295 per share as quoted on the Stock Exchange on the same date of the placing agreement. On 3 January 2017, 133,206,000 placing shares were placed to not less than six places at HK$0.26 per placing share. Net proceed generated from this share placing amounted to HK$34,115,000. HK$13,321,000 was credit to share capital and the balance of HK$20,794,000 was credited to share premium account.

(b) During the year ended 31 December 2017, 132,692,000 options were exercised at the exercise prices ranging from HK$0.290 to HK$0.541 per share, resulting in the issue of 132,692,000 new shares of HK$0.1 each. Proceeds generated from exercising the share options amounted to HK$50,310,000. HK$13,269,000 was credited to share capital, HK$27,114,000 was debited to share option reserve and HK$64,155,000 was credited to share premium account.

Notes to the Consolidated Financial Statements

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28. RESERVES

Details of the movements in the Group's reserves are set out in the consolidated statement of changes in equity of the consolidated financial statements. The natures and purposes of reserves within equity are as follows:

Accumulated losses

Accumulated losses are the cumulative net losses of the Group sustained in the business.

Share premium

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

(a) in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares;

(b) in writing off

(i) the preliminary expenses of the Company; or

(ii) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or

(c) in providing for the premiums payable on redemption of any shares or of any debentures of the Company.

Contributed surplus

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

Share option reserve

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the grantees recognised in accordance with the accounting policy adopted for share-based payments in Note 3.

General reserve

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

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

28. RESERVES – Continued

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3.

29. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessor

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

	30.06.2019	31.12.2017
	HK$'000	HK$'000
Within one year	77	1,109
In the second to fifth year, inclusive	242	788
Over five years	371	474
	690	2,371

Lease for land and building is negotiated for an average term of five to fifteen years (31 December 2017: two to fifteen years) at fixed rental.

(b) The Group as lessee

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

	30.06.2019	31.12.2017
	HK$'000	HK$'000
Within one year	352	1,588
In the second to fifth year, inclusive	84	703
	436	2,291

Leases for land and building are negotiated for an average term one to two years (31 December 2017: two to three years) at fixed rental.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

30. SHARE BASED PAYMENTS

On 27 May 2016, the shareholders of the Company passed a resolution to approve for the termination of the Company's share option scheme adopted in 2006 (the "**Old Share Option Scheme**") and the adoption of a new share option scheme (the "**Share Option Scheme**"), which is an equity-settled share option scheme. The adoption of the Share Option Scheme will not in any event affect the terms of the grant of the outstanding options that has already been granted under the Old Share Option Scheme and those outstanding options shall continue to be valid and subject to the provisions of the Old Share Option Scheme.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group.

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

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

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

Notes to the Consolidated Financial Statements

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30. SHARE BASED PAYMENTS – Continued

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who or whose associate is the proposed grantee of the share option). In addition, for granting of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares of the Company issued and to be issued upon exercise of all share options granted and to be granted to such person in the 12-month period up to the date of such grant representing in aggregate over 0.1% of shares of the Company in issue and having an aggregated value based on the closing prices of the Company shares at the date of each grant, in excess of HK$5,000,000, such further grant of share options are subject to shareholders' approval in advance in a general meeting.

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

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

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

No share options were outstanding at 30 June 2019 and 31 December 2017.

Notes to the Consolidated Financial Statements

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31. RETIREMENT BENEFIT SCHEMES

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

Both of the employees' and the Group's contributions are calculated at 5% of the employee's monthly relevant income, with the mandatory cap of HK$30,000.

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

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

For the period ended 30 June 2019, the Group made contributions to the retirement benefit schemes of HK$1,501,000 (31 December 2017: HK$755,000). There were no forfeited contributions available for offset against existing contributions during the period and prior year.

32. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

(a) On 12 April 2018, the Group entered into a sale and purchase agreement with Ms. Lai Olivia ("**Ms. Lai**") in relation to the acquisition of the entire share capital of Noble Ample Limited ("**Noble Ample**"), a company incorporated in Hong Kong, for a consideration of approximately HK$500,000. Noble Ample has not yet commenced its business. Ms. Lai, who is an independent third party, who owned 100% equity interests of Noble Ample before the acquisition. The completion date of the acquisition was 12 April 2018.

Assets acquired and liabilities recognised at the date of acquisition:

	12 April 2018
	HK$'000
Intangible assets	**500**
Satisfied by:	
Cash	**500**
Net cash outflow in respect of acquisition of the subsidiary	
Consideration paid in cash	**500**

Notes to the Consolidated Financial Statements

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32. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES – Continued

(a) – Continued

The directors of the Company are of the opinion that the acquisition of Noble Ample is in substance an acquisition of asset, instead of an acquisition of business, as Noble Ample has an intangible asset of money lending license without operation as at the acquisition date.

(b) On 31 October 2017, the Group acquired 100% of the voting equity instruments of Upframe Limited and its 94.9% owned subsidiary, NW-Assets GmbH (collectively "**Upframe Group**"), whose principal activity is holding of freehold land in Germany, at a consideration of EUR770,000 (equivalent to HK$6,969,000) which was satisfied by (i) a refundable deposit of EUR77,000 (equivalent to HK$697,000) and (ii) the remaining balance of EUR693,000 (equivalent to HK$6,272,000) by cash consideration. The Group intended to use the freehold land to further develop and expand its plastic recycling business.

The assets and liabilities of Upframe Group as at the date of acquisition were:

	2017 *HK$'000*
Property, plant and equipment	6,971
Bank balances and cash	225
Accruals	(34)
	7,162
The fair value of consideration transfer:	
Cash consideration	6,969
Consideration transferred	6,969
Plus: Non-controlling interests	193
Net assets acquired	7,162
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	225
Cash consideration paid in 2017	(6,969)
	(6,744)

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For the eighteen months ended 30 June 2019

32. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES – Continued

(c) On 22 March 2017, the Group acquired 100% of the voting equity instruments of Great Vision Bioenvironmental Engineering Limited and its wholly-owned subsidiary, Dongguan ReKRETE (collectively "**Great Vision Group**"), which leased an office premise in the PRC, at a consideration of HK$250,000 which was satisfied by cash. The Group intended to further develop the renewable energy business in the PRC through Great Vision Group's office premise.

The assets and liabilities of Great Vision Group as at the date of acquisition were:

	2017
	HK$'000
Property, plant and equipment *(Note 15)*	1,900
Bank balances and cash	9
Prepayment, deposits and other receivables	89
Other payables	(1,748)
	250
The fair value of consideration transfer:	
Cash consideration	250
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	9
Cash consideration paid in 2017	(250)
	(241)

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33. DISPOSAL OF SUBSIDIARIES

a) During the period, Dongguan Innovative Power Equipment Limited, Green Energy Finance Limited, Green Energy Supplies Limited, Green Energy Trading Limited, Green Energy Waste Management Limited, Jensen Power Equipment Limited and Privilege Sino Limited, in which the Group had effective interest of 100% were disposed of the total consideration was HK$5,772,000.

The aggregate amounts of the assets and liabilities attributable to the subsidiaries on the date of disposal were as follows:

	2019 *HK$'000*
Non-current asset	
Property, plant and equipment *(Note 15)*	184
Current assets	
Financial assets at fair value through profit or loss	4,819
Other receivables and prepayments	398
Cash and cash equivalents	358
	5,575
Total assets	5,759
Current liability	
Other payables and accruals	1,108
Net assets disposed of	4,651
Release of translation reserve upon disposal of subsidiaries	254
Gain on disposal	867
	5,772
Consideration was settled by:	
Deposit received as at 31 December 2017	5,566
Cash consideration received during the period	206
	5,772
Net cash outflow arising on disposal	
Cash consideration received	206
Less: Cash and cash equivalents disposed of	(358)
	(152)

The subsidiaries disposed of during the period did not contribute significantly to the results and cash flows of the Group during the period prior to the disposal.

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For the eighteen months ended 30 June 2019

33. DISPOSAL OF SUBSIDIARIES – Continued

b) On 29 December 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Gold Stand Holdings Limited (the "**Target Company**"), a wholly-owned subsidiary of the Company. The principal activity of the Target Company and its subsidiary (collectively the "**Disposal Group**") is manufacturing and trading of renewable energy. The disposal was completed in January 2017 with a loss of HK$26,000 recognised for the year ended 31 December 2017.

Summary of the effects of the disposal of the Disposal Group is as follows:

Analysis of assets and liabilities over which control lost

	2017 *HK$'000*
Property, plant and equipment *(Note 15)*	10
Deposit for acquisition of property, plant and equipment (net of impairment)	2,807
Prepayments, deposits and other receivables	51
Bank balances and cash	158
Net assets disposed of	3,026

Loss on disposal of subsidiaries

	2017 *HK$'000*
Consideration received	3,000
Net assets disposed of subsidiaries	(3,026)
Loss on disposal of subsidiaries	(26)

Net cash inflow on disposal of subsidiaries

	2017 *HK$'000*
Consideration received in cash and cash equivalents	3,000
Less: bank balances and cash disposed of	(158)
Net cash inflow on disposal of subsidiaries	2,842

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34. PROVISIONS AND CONTINGENT LIABILITIES

A subsidiary of the Group entered into a tenancy agreement for leasing of a land situated at the New Territories of Hong Kong (the "**Premises**"). The landlord of the Premises received two notices issued by the Planning Department and the Lands Department of the Government of Hong Kong which request the landlord to perform some removal and reinstatement work on the Premises and thereby requested the subsidiary to allow access to the Premises. There is a dispute over the right to access the Premises between the landlord and the subsidiary.

On 31 August 2016, the landlord, being the plaintiff (the "**Plaintiff**"), filed a claim to the district court against the subsidiary (the "**Defendant**") as follows:

– an injunction that the Defendant to provide reasonable access to the Plaintiff for the purpose of carrying out such appropriate and necessary works in compliance with the two notices, whereas the Defendant shall reimburse the Plaintiff all reasonable costs incurred thereof forthwith;

– alternatively, an injunction or order that the Defendant do forthwith at its own costs carry out all such necessary and appropriate works so as to comply with the two notices;

– an indemnity against the Defendant in favour of the Plaintiff for all loss and damages, costs and disbursement incurred for and/or arising from all enforcement and/or other proceedings in connection with and/or in respect of the unauthorised structures;

– loss and damages to be assessed; and

– interests and costs and further or other relief.

An interim decision was made by the district court on 8 March 2017 which granted an order in favour of the Plaintiff an injunction that the Defendant provides reasonable access to the Plaintiff for the purpose of carrying out all such appropriate and necessary works in compliance with the two notices in respect of the Premises, whereas the ultimate liability for such works shall be decided separately at trial.

On 23 May 2017, the district court adjudged the Defendant to return Plaintiff the vacant possession of the Premises and adjudged that the Defendant to pay the Plaintiff for the claim. Provision for litigation claim of HK$182,000 has been provided for the liability accrued up to 31 December 2017.

The subsidiary was disposed during the period and the Group was no longer responsible for the litigation claim.

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35. RELATED PARTIES TRANSACTIONS

(a) Significant related party transactions

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

		note	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000
(i)	Legal and professional fees paid to J. Chan Yip, So Partner, a solicitor firm in which the former executive director of the Company, Mr Yip Wai Leung Jerry, is a partner		1,658	1,587
(ii)	Management service fee paid to Fully Glory Investment Limited, a related company in which the former executive director of the Company, Mr Yip Wai Leung Jerry, is director and shareholder		–	453
(iii)	Green Strength Technology Limited, a non-controlling shareholder of a subsidiary			
	a) Sale to a Green Strength Technology Limited		3,562	–
	b) Purchase from Green Strength Technology Limited		69,822	–
	c) Management fee paid to Green Strength Technology Limited		250	–
(iv)	Interest expenses paid to Mr. Yip Wai Leung Jerry, a former director	(a)	120	–

a) On 1 August 2018, the former director granted a loan of EUR100,000 bearing the interest rate of 4% p.a. On 25 October 2018, the former director further granted another loan of EUR300,000 bearing the interest rate of 5% p.a. All the loans and interest were waived by the former director on 28 June 2019.

(b) Significant related party balances

		note	1.1.2018 to 30.06.2019 HK$'000	1.1.2017 to 31.12.2017 HK$'000
(i)	Amount due to Mr Yip Wai Leung Jerry	(a)	61	–
(ii)	Amount due to Mr Yip Wai Leung Jerry (included in liabilities associated with assets held for sale)	(a)	648	–
(iii)	Account payable to Green Strength Technology Limited	(a)	325	–
(iv)	Trade receivable from Green Strength Technology Limited		674	–
(v)	Trade payable to Green Strength Technology Limited		109	–

a) The loans from the related parties were unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

Members of key management personnel of the Group whose remuneration is set out in Note 13.

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36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital management

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

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

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

(b) Financial instruments

(i) Categories of financial instruments

	30.06.2019	31.12.2017
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL		
– Equity securities listed in Hong Kong held for trading	–	4,819
– Short-term investment	–	356
Financial assets at amortised costs		
– Trade receivables	5,812	–
– Deposits and other receivables	17,895	–
– Loan and interest receivable	21,314	–
Loans and receivables		
– Trade receivables	–	12,686
– Deposits and other receivables	–	9,608
	45,021	27,469
Cash and cash equivalents	31,563	81,125
	76,584	108,594
Financial liabilities at amortised cost		
– Trade payables	362	10,145
– Accruals and other payables	3,865	7,828
	4,227	17,973

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies

The Group's major financial instruments include equity securities held for trading, short-term investment, trade receivables, loan and interest receivables, deposits and other receivables, cash and cash equivalents, trade payables and accruals and other payables. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

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

Summary of exposure

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

	30.06.2019			31.12.2017		
	Financial assets HK$'000	**Financial liabilities HK$'000**	**Net exposure HK$'000**	Financial assets HK$'000	Financial liabilities HK$'000	Net exposure HK$'000
US$	**15,974**	**–**	**15,974**	11,863	–	11,863
Euro	**–**	**–**	**–**	1,381	–	1,381

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For the eighteen months ended 30 June 2019

36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Currency exchange rate sensitivity analysis

The following table indicates the approximate change in the Group's loss for the period and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. A positive number below indicates an increase in loss and accumulated losses where (i) HKD Strengthen against Euro. For a weakening of (i) HKD against Euro, there would be an equal and opposite impact on the loss for the period and accumulated losses, and the balances below would be negative.

	30.06.2019		31.12.2017	
	Weakening of foreign exchange rates	**Effects on loss for the period and accumulated losses**	Weakening of foreign exchange rates	Effects on loss for the year and accumulated losses
		HK$'000		*HK$'000*
(i) Euro	**3%**	**–**	3%	41

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

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

The relevant financial assets are held by subsidiaries of which the functional currency is HK$. As US$ is pegged to HK$, the Group considers the currency risk is insignificant.

36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Credit risk and impairment assessment

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from the ordinary course of its operations.

The carrying amounts of trade receivables, deposits and other receivables, loan and interest receivables and cash and cash equivalent included in the face of the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

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

The credit quality of deposits and other receivables, other than the receivable described in note 20(b)(i), has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of these receivables is low. Therefore, expected credit loss rate of these receivables is assessed to be minimal and no provision was made as at 30 June 2019.

In respect of trade receivables, credit evaluations are performed on all customers requiring credit over a certain amount. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

In order to minimise the credit risk in respect of trade receivables, the Group reviews the recoverable amount at the end of each reporting period to ensure that adequate allowances are made for irrecoverable amounts. The Group performs impairment assessment under ECL model upon application of HKFRS 9 (31 December 2017: incurred loss model) on trade balances individually or based on provision matrix. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – continued

(ii) Financial risk management objectives and policies – Continued

Credit risk and impairment assessment – Continued

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information. The Group assessed that there is no significant loss allowance recognized in accordance with HKFRS 9 as at 30 June 2019.

For loan and interest receivables, the Group reviews the recoverable amount at the end of each reporting period to ensure that adequate allowances are made for irrecoverable amounts so as to minimize its credit risk. The Group performs impairment assessment under ECL model upon application of HKFRS 9 (31 December 2017: incurred loss model) on loan and interest receivables individually.

The following tables show the movement in lifetime ECL that has been recognised for other receivables (included in prepayments, deposit and other receivables):

	Lifetime ECL (credit-impaired) *HK$'000*
As at 1 January 2018	**921**
Impairment losses recognised	**1,783**
As at 30 June 2019	**2,704**

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36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – continued

(ii) Financial risk management objectives and policies – Continued

Credit risk and impairment assessment – Continued

The following tables show the movement in lifetime ECL that has been recognised for loan and interest receivable:

	Lifetime ECL (not credit-impaired) *HK$'000*
As at 1 January 2018	–
Impairment losses recognised	1,000
As at 30 June 2019	1,000

Change in the loss allowance for loan and interest receivable is due to advance of new loan receivable during the period ended 30 June 2019.

Concentration risk

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has concentration of credit risk from a loan and interest receivable of HK$21,314,000 was due from the Group's largest customer.

The Group has no significant concentrations of credit risk on trade receivables, with exposure spread over a large number of counter parties and customers.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fair value interest-rate risk mainly arises from loan and interest receivables as disclosed in Note 19, which are issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no significant cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any interest rate swaps to hedge potential fluctuations in interest rates.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

Notes to the Consolidated Financial Statements

For the eighteen months ended 30 June 2019

36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables and accruals and other payables and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

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

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

	Total contractual undiscounted cashflow *HK$'000*	**Within 1 year or on demand** *HK$'000*	**Carrying amounts** *HK$'000*
At 30 June 2019			
Trade payables	**362**	**362**	**362**
Accruals and other payables	**3,865**	**3,865**	**3,865**
	4,227	**4,227**	**4,227**

	Total contractual undiscounted cashflow *HK$'000*	Within 1 year or on demand *HK$'000*	Carrying amounts *HK$'000*
At 31 December 2017			
Trade payables	10,145	10,145	10,145
Accruals and other payables	7,828	7,828	7,828
	17,973	17,973	17,973

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For the eighteen months ended 30 June 2019

36. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Other price risk

The Group is exposed to equity price changes arising from financial assets at fair value through profit or loss (Note 21) and short-term investment (Note 22). The financial assets at fair value through profit or loss are equity securities listed in Hong Kong. Decisions to buy or sell are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. The short-term investment is held for short term strategic purpose.

At 31 December 2017, it was estimated that an increase or decrease of 5% in the relevant investments, with all other variables held constant, would decrease or increase the Group's loss after tax (and accumulated losses) of HK$259,000.

During the period, all short-term investment was redeemed. In addition, the Group disposal of the subsidiary which held the financial assets at fair value through profit or loss for the whole Group during the period, no financial assets at fair value through profit or loss was held by the Group as at 30 June 2019.

Fair value measurement recognised in the consolidated statement of financial position

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

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37. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can assess at the measurement date

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Level 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

(a) Fair value of financial assets that are measured at fair value

	Fair value as at		Fair value
	30.06.2019	31.12.2017	**hierarchy**
	HK$'000	*HK$'000*	
Held-for-trading investment equity securities listed in Hong Kong	–	4,819	Level 1
Short-term investment	–	356	Level 2

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For the eighteen months ended 30 June 2019

37. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

(a) Fair value of financial assets that are measured at fair value – Continued

The fair value of equity securities listed in Hong Kong was determined based on the quoted price in active market. The fair value of short-term investment was determined based on the purchase cost of wealth management products issued by financial institutions in PRC which closed to the end of reporting period.

During the period ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2017: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date under current market condition (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements in determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

38. DISCONTINUED OPERATION

(a) Background

On 2 February 2018, a subsidiary, ReKRETE (Asia) Limited ("**ReKRETE (Asia)**") which engaged in trading of bio-cleaning materials discontinued its operation as all sale order was completed. The discontinued operation of ReKRETE (Asia) resulted in lost of bio-cleaning materials segment and classified as discontinued operation.

On 7 May 2018 (the "**Completion Date**"), the Group sold a wholly owned subsidiary, ReKRETE International Limited (the "**Target Company**") together with its subsidiary, ReKRETE (Asia), collectively the ("**Target Group**"), ("**the Disposal**") to an independent third party at a consideration of HK$400,000.

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38. DISCONTINUED OPERATION – Continued

(b) Financial performance and cash flow information

Financial information relating to the Target Group for the period to the Completion Date is set out below:

	01.01.2018 – 07.05.2018 HK$'000	01.01.2017 – 31.12.2017 HK$'000
Revenue	88	92
Cost of sales	(23)	(24)
Gross Profit	65	68
Administrative expenses	(142)	(342)
Loss of discontinued operations for the period	(77)	(274)
Gain on disposal of the Target Group	41	–
	(36)	(274)
Net cash inflow/(outflow) from operating activities	35	(409)
Net cash inflow/(outflow) from investing activities	400	(6)
Net cash inflow from financing activities	6	350
Net increase/(decrease) in cash from discontinued operation	441	(65)

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38. DISCONTINUED OPERATION – Continued

(c) Gain on disposal of the Target Group

	2019 HK$'000
Net assets disposed of	359
Gain on disposal	41
	400
Satisfied by:	
Cash received as consideration	400
Net cash inflow arising on disposal:	
Cash received as consideration	400
Less: bank balance and cash disposed of	(89)
	311

The consideration was determined by reference of the net asset value of the Target Group as at the Completion Date. As at 11 May 2018, the consideration has been fully paid.

(d) Analysis of assets and liabilities over which control was lost:

	7 May 2018 HK$'000
Non-current asset	
Property, plant and equipment	5
Current assets	
Inventories	192
Other receivables	73
Cash and cash equivalents	89
Net assets disposal of	359

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39. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	30.06.2019 HK$'000	31.12.2017 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Interests in subsidiaries		–	–
Current assets			
Prepayments, deposits and other receivables		1,754	360
Amounts due from subsidiaries		45,167	115,342
Cash and cash equivalents		615	7,966
		47,536	123,668
Current liabilities			
Accruals and other payables		590	765
Net current assets		46,946	122,903
Net assets		46,946	122,903
EQUITY			
Share capital	27	94,693	94,693
Reserves	39(b)	(47,747)	28,210
Total equity		46,946	122,903

On behalf of the directors

Director　　　　*Director*

Notes to the Consolidated Financial Statements

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39. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY – Continued

(b) Reserve of the Company

	Notes	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
1 January 2017		326,500	56,897	27,114	(429,372)	(18,861)
Loss and total comprehensive income for the year		–	–	–	(10,764)	(10,764)
Issuance of share through placing	27	20,794	–	–	–	20,794
Share issued upon exercise of share capital	27	64,155	–	(27,114)	–	37,041
At 31 December 2017 and 1 January 2018		**411,449**	**56,897**	**–**	**(440,136)**	**28,210**
Loss and total comprehensive income for the period		–	–	–	(75,957)	(75,957)
At 30 June 2019		**411,449**	**56,897**	**–**	**(516,093)**	**(47,747)**

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40. PARTICULARS OF THE COMPANY'S SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 June 2019 are as follows:

Company name	Place of incorporation and registration/ operation	Issued share capital/paid up capital	Attributable equity interests	Principal activities
China Billion Limited	British Virgin Islands	US$1	100%	Investment holding
Almoray Limited	British Virgin Islands	US$1	100%	Investment holding
Jackwell Limited	British Virgin Islands	US$1	100%	Investment holding
Proven Best Limited	British Virgin Islands	US$1	100%	Investment holding
Provost Profits Limited	British Virgin Islands	US$1	100%	Investment holding
Dubaplain Limited	British Virgin Islands	US$1	100%	Investment holding
EnviroAssets GmbH	Germany	EUR25,000	100%	Holding freehold land
EnviroEnergy GmbH	Germany	EUR500,000	100%	Holding freehold land
EnviroPlastics GmbH	Germany	EUR27,650	90%	Trading of plastic recycling materials and plastics processing provision
EnviroPower GmbH	Germany	EUR100,000	100%	Trading of waste construction materials and waste processing provision
Gain Asset Limited	Hong Kong	HK$1	100%	Management services to group companies
Casson China Limited (formerly known as Casson Global Limited)	British Virgin Islands	US$1	100%	Investment holding
Bliss Hour Limited	British Virgin Islands	US$1	100%	Investment holding
House Smart Limited	British Virgin Islands	US$1	100%	Investment holding
Red Huge Limited	Hong Kong	HK$1	100%	Trading of metal scrap materials
Easykit Limited	Hong Kong	HK$1	100%	Dormant

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40. PARTICULARS OF THE COMPANY'S SUBSIDIARIES – Continued

Company name	Place of incorporation and registration/ operation	Issued share capital/paid up capital	Attributable equity interests	Principal activities
Great Vision Bioenvironmental Engineering Limited	Hong Kong	HK$10,000	100%	Investment holding
Recycled Plastics Pellets Manufacturing (Kobe) Co. Limited	Hong Kong	HK$10,000	100%	Trading of plastics recycling materials and plastics processing provision
Upframe Limited	British Virgin Islands	US$1	100%	Investment holding
NW-Assets GmbH	Germany	EUR25,000	94.9%	Holding of freehold land
Dongguan ReKRETE Biological Technology Limited ("**Dongguan ReKRETE**")^*	PRC	HK$14,000,000	100%	Dormant
Green Strength (International) Limited (Formerly known as: Green Energy Resources Limited)	Hong Kong	HK$7,800,000	60%	Trading of recyclable oil
Green Energy Investments Limited	Hong Kong	HK$1	100%	Investment holding
GE - Natural Fuels S.A	Portugal	EUR50,000	100%	Dormant
Skylimit Ventures Limited	British Virgin Islands	US$1	100%	Investment holding
Sande Agro GmbH	Germany	EUR25,000	100%	Holding of freehold land
Noble Ample Limited#	Hong Kong	HK$500,000	100%	Money lending

* English name for identification purpose only
^ Wholly foreign owned enterprise
# Acquisition during the period (Note 32)

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

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For the eighteen months ended 30 June 2019

40. PARTICULARS OF THE COMPANY'S SUBSIDIARIES – Continued

Company name	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Loss allocated to non-controlling interests	Accumulated non-controlling interests	
		2019	2019	2019	2017
			HK$'000	HK$'000	HK$'000
Green Strength (International) Limited	Hong Kong	40%	(8)	3,091	–
Individually immaterial subsidiaries with non-controlling interest	Germany			(1,249)	(648)
				1,842	(648)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intra-Group eliminations.

	2019
	HK$'000
Green Strength (International) Limited	
Current assets	13,821
Current liabilities	(6,094)
Turnover	75,184
Loss for the period attributable to	
– Owner of the Company	13
– Non-controlling interest	8
Net cash used in operating activities	(10,816)
Net cash generated from investing activities	–
Net cash generated from financing activities	13,100

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41. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amount due to a former director HK$'000
At 1 January 2017 and 31 December 2017	–
Loan from a former director	5,054
Interest charged	120
Waive of debt due to a former director	(3,771)
Reclassified as liabilities associated with assets held for sale	(648)
Derecognition of liabilities upon disposal of subsidiaries	(694)
At 30 June 2019	61

42. MAJOR NON-CASH TRANSACTIONS

During the period, the Group has no major non-cash transactions.

43. EVENTS AFTER REPORTING PERIOD

On 24 July 2019, the Company has announced that an aggregate of 189,380,000 shares have been successfully placed at HK$0.12 per share. The net proceeds from the placing are approximately HK$22.50 million after deduction of commission and other expenses incurred in the placing.

On 22 August 2019, the Company has announced that a wholly-owned subsidiary has entered into a joint venture agreement with two independent third parties to form a joint venture by each becoming a shareholder of a company which is going to carry on business of plastic waste recycling and processing in Japan. For details, please refer to the announcement in the website of the Stock Exchange of Hong Kong (the "**SEHK**") on the same date.

On 28 August 2019, the Company has announced that an indirect non-wholly owned subsidiary has entered into an agreement with an independent third party to purchase two sets of machines at an aggregate consideration of USD1,000,000. For details, please refer to the announcements in the website of SEHK on the same date and dated on 3 September 2019.

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 September 2019.

Five Years Financial Summary

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

	30 June	Year ended 31 December			
	2019	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)			
Results					
Revenue	**96,915**	41,515	2,552	1,211	2,357
Loss attributable to owners of the Company	**(25,899)**	(3,118)	(36,630)	(43,148)	(36,198)
Assets and liabilities					
Total assets	**110,482**	145,528	56,146	81,894	44,937
Total liabilities	**(4,919)**	(18,160)	(4,919)	(9,622)	(3,041)
Total equity attributable to the owners of the Company	**103,721**	128,016	51,399	72,272	41,896