



**GREEN ENERGY GROUP LIMITED**

**綠色能源科技集團有限公司**

(Incorporated in Bermuda with limited liability)

Stock Code: 979



**INTERIM REPORT**  
**2022**



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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Lo Kam Wing, *JP (Chairman)*  
(appointed on 1 December 2022)

Mr. Wong Sai Hung  
(resigned on 1 December 2022)

Mr. Luo Xian Ping

Mr. Ho Wai Hung

#### Independent Non-Executive Directors

Mr. Tam Chun Wa

Mr. Sze Cheung Pang

Mr. Lau Ka Wing

### AUDIT COMMITTEE

Mr. Tam Chun Wa (*Chairman*)

Mr. Sze Cheung Pang

Mr. Lau Ka Wing

### REMUNERATION COMMITTEE

Mr. Tam Chun Wa (*Chairman*)

Mr. Sze Cheung Pang

Mr. Lau Ka Wing

### NOMINATION COMMITTEE

Mr. Lo Kam Wing, *JP (Chairman)*  
(appointed on 1 December 2022)

Mr. Wong Sai Hung  
(resigned on 1 December 2022)

Mr. Tam Chun Wa

Mr. Sze Cheung Pang

### COMPANY SECRETARY

Mr. Ng Chi Keung

### AUDITORS

Mazars CPA Limited

### LEGAL ADVISORS

Conyers Dill & Pearman

### PRINCIPAL BANKERS

OCBC Wing Hang Bank Limited

Bank of Communications Co Ltd (Hong Kong branch)

Chiyu Banking Corporation Ltd.

Bank of China (Hong Kong) Limited

Bank of Communications (Hong Kong) Limited

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

4C Derrick Industrial Building

49 Wong Chuk Hang Road

Hong Kong

### PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Codan Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17/F Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

### STOCK CODE

979

### WEBSITE

<http://www.greenenergy.hk>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 31 December 2022

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	Notes	For the six months ended 31 December	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Revenue</b>	4	<b>46,158</b>	202,778
Other income		1,881	461
Changes in inventories of finished goods		514	(3,589)
Purchases of goods and consumables		(39,005)	(189,053)
Staff costs		(9,927)	(11,471)
Depreciation of property, plant and equipment		(1,361)	(2,171)
Depreciation of right-of-use assets		(763)	(904)
Net exchange (loss) gain		(745)	12
Finance costs		(17)	(68)
Other operating expenses		(6,401)	(9,791)
<b>Loss before income tax</b>	5	<b>(9,666)</b>	(13,796)
Income tax expenses	6	(10)	(2)
<b>Loss for the period</b>		<b>(9,676)</b>	(13,798)
<b>Other comprehensive income/(loss)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of financial statements of foreign operations		411	(810)
<b>Other comprehensive income/(loss) for the period</b>		<b>411</b>	(810)
<b>Total comprehensive loss for the period</b>		<b>(9,265)</b>	(14,608)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(9,470)	(11,835)
Non-controlling interests		(206)	(1,963)
		<b>(9,676)</b>	(13,798)
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		(8,999)	(12,855)
Non-controlling interests		(266)	(1,753)
		<b>(9,265)</b>	(14,608)
		<b>(HK cents)</b>	<b>(HK cents)</b>
<b>Loss per share</b>			
– Basic and diluted	8	<b>0.83</b>	1.04

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

	Notes	As at 31 December 2022 (Unaudited) HK\$'000	As at 30 June 2022 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20,459	24,401
Intangible assets		28	78
Prepayments, deposits and other receivables	11	894	968
Right-of-use assets		286	1,049
		<u>21,667</u>	<u>26,496</u>
<b>Current assets</b>			
Inventories	9	1,056	1,570
Trade receivables	10	2,495	3,034
Loan receivables		2,000	–
Prepayments, deposits and other receivables	11	7,326	6,930
Cash and cash equivalents		23,170	33,566
		<u>36,047</u>	<u>45,100</u>
<b>Current liabilities</b>			
Trade payables	12	712	3,529
Accruals and other payables		19,967	18,403
Contract liabilities		1,591	4,502
Lease liabilities		1,589	2,042
		<u>23,859</u>	<u>28,476</u>
<b>Net current assets</b>		<u>12,188</u>	<u>16,624</u>
<b>Total assets less current liabilities</b>		<u>33,855</u>	<u>43,120</u>
<b>Net assets</b>		<u>33,855</u>	<u>43,120</u>
<b>EQUITY</b>			
Share capital	13	113,631	113,631
Reserves		(72,064)	(63,065)
<b>Equity attributable to the owners of the Company</b>		<u>41,567</u>	<u>50,566</u>
Non-controlling interests		(7,712)	(7,446)
<b>Total equity</b>		<u>33,855</u>	<u>43,120</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 31 December 2022

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	Equity attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance as at 1 July 2021 (audited)	113,631	415,011	56,897	6,983	71	(511,720)	80,873	(2,979)	77,894
Loss for the period	-	-	-	-	-	(11,835)	(11,835)	(1,963)	(13,798)
<b>Other comprehensive income/(loss):</b>									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(1,020)	-	-	(1,020)	210	(810)
<b>Total comprehensive (loss)/income</b>	-	-	-	(1,020)	-	-	(1,020)	210	(810)
<b>Total comprehensive loss for the period</b>	-	-	-	(1,020)	-	(11,835)	(12,855)	(1,753)	(14,608)
<b>Balance as at 31 December 2021 (unaudited)</b>	<b>113,631</b>	<b>415,011</b>	<b>56,897</b>	<b>5,963</b>	<b>71</b>	<b>(523,555)</b>	<b>68,018</b>	<b>(4,732)</b>	<b>63,286</b>
Balance as at 1 July 2022 (audited)	113,631	415,011	56,897	4,407	71	(539,451)	50,566	(7,446)	43,120
Loss for the period	-	-	-	-	-	(9,470)	(9,470)	(206)	(9,676)
<b>Other comprehensive income/(loss):</b>									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	471	-	-	471	(60)	411
<b>Total comprehensive income/(loss)</b>	-	-	-	471	-	-	471	(60)	411
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	471	-	(9,470)	(8,999)	(266)	(9,265)
<b>Balance as at 31 December 2022 (unaudited)</b>	<b>113,631</b>	<b>415,011</b>	<b>56,897</b>	<b>4,878</b>	<b>71</b>	<b>(548,921)</b>	<b>41,567</b>	<b>(7,712)</b>	<b>33,855</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 31 December 2022

	Note	For the six months ended 31 December	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(9,666)	(13,796)
Adjustments for:			
Bank interest income		(90)	(301)
Interest expense		17	68
Amortisation of intangible assets		50	50
Depreciation of property, plant and equipment		1,361	2,171
Depreciation of right-of-use assets		763	904
Loss on disposal of subsidiaries		-	3
Gain on derecognition of property, plant and equipment	5	(617)	-
Net exchange loss/(gain)		347	(243)
<b>Operating cash flows before movements in working capital</b>		(7,835)	(11,144)
Decrease/(Increase) in inventories		514	(3,572)
Decrease/(Increase) in trade receivables		528	(5,226)
Increase in prepayments, deposits and other receivables		(337)	(1,173)
Increase in loan receivables		(2,000)	-
(Decrease)/Increase in trade payables		(2,814)	13,672
Decrease in contract liabilities		(2,911)	(18)
Increase in accruals and other payables		5,091	4,029
<b>Cash used in operations</b>		(9,764)	(3,432)
Income tax paid		(10)	(2)
<b>Net cash used in operating activities</b>		(9,774)	(3,434)
<b>Cash flows from investing activities</b>			
Bank Interest received		90	301
Purchase of property, plant and equipment		-	(432)
<b>Net cash generated from (used in) investing activities</b>		90	(131)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 31 December 2022*

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	For the six months ended 31 December	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Cash flows from financing activities</b>		
Interest paid	(17)	(68)
Repayment of lease liabilities	(453)	(909)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(470)</b>	<b>(977)</b>
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,154)</b>	<b>(4,542)</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at 1 July</b>	<b>33,566</b>	<b>40,224</b>
Effect of foreign exchange rate changes	(242)	349
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<b>23,170</b>	<b>36,031</b>
	<hr/> <hr/>	<hr/> <hr/>



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 31 December 2022***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”).

In the opinion of the directors of the Company (the “Directors”), the Company’s parent is New Glory Business Corporation which was incorporated in the British Virgin Islands and the ultimate parent is Marvel Express Limited which was incorporated in the British Virgin Islands.

The Company together with its subsidiaries are collectively referred to as the “Group” hereinafter.

**2. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

**3. PRINCIPAL ACCOUNTING POLICIES**

These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2022. They have been prepared on the historical cost basis.

The accounting policies and methods of computation applied in preparation of these interim financial statements are consistent with those applied in preparing the Group’s annual financial statements for the year ended 30 June 2022 except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current period as stated below:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018–2020 Cycle

The adoption of these amendments to HKFRS and HKAS did not have any significant effect on the financial position or performance of the Group.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022



## 4. REVENUE AND SEGMENT INFORMATION

	For the six months ended 31 December	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<i>At a point in time:</i>		
Trading of recyclable oil/biodiesel	41,045	193,152
Trading of waste construction materials	1,374	1,633
Trading of plastic recycling/metal scrap materials	60	495
Sales of healthcare products	212	2,299
	<hr/>	<hr/>
	42,691	197,579
	<hr/>	<hr/>
<i>Over time:</i>		
Provision of construction materials processing services	692	1,531
Provision of plastic processing services	1,167	1,646
Provision of clinical health services and laboratory diagnostic services	1,542	2,022
	<hr/>	<hr/>
	3,401	5,199
	<hr/>	<hr/>
<b>Revenue from contracts with customer within HKFRS 15</b>	<b>46,092</b>	<b>202,778</b>
	<hr/>	<hr/>
Provision of money lending services	66	–
	<hr/>	<hr/>
	<b>46,158</b>	<b>202,778</b>
	<hr/> <hr/>	<hr/> <hr/>

**Business segments**

For the six months ended 31 December 2022, the Group was organised into five operating divisions. All of the segment revenue reported below is from external customers. Information regarding the Group's reportable segments, as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the periods has presented the following segments.

Segment assets include all assets with the exception of corporate assets, including bank balances and cash, certain other receivables 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 trade payables, accruals and other payables and other liabilities directly attributable to the business activities of operating segments, and exclude corporate liabilities and provision for income tax.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

## Segment assets and segment liabilities

The following table presents assets and liabilities by segment of the Group as at 31 December 2022 and 30 June 2022:

As at 31 December 2022

	Waste construction materials and processing services HK\$'000 (Unaudited)	Renewable energy HK\$'000 (Unaudited)	Plastic recycling/ metal scrap HK\$'000 (Unaudited)	Healthcare HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>ASSETS</b>						
Segment assets	7,328	12,942	14,664	2,479	2,173	39,586
Unallocated cash and cash equivalents						16,573
Other corporate assets						1,555
Consolidated total assets						<u>57,714</u>
<b>LIABILITIES</b>						
Segment liabilities	120	3,990	666	10,788	-	15,564
Other corporate liabilities						8,295
Consolidated total liabilities						<u>23,859</u>

As at 30 June 2022

	Waste construction materials and processing services HK\$'000 (Audited)	Renewable energy HK\$'000 (Audited)	Plastic recycling/ metal scrap HK\$'000 (Audited)	Healthcare HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>ASSETS</b>						
Segment assets	8,274	21,238	17,303	2,888	198	49,901
Unallocated cash and cash equivalents						20,538
Other corporate assets						1,157
Consolidated total assets						<u>71,596</u>
<b>LIABILITIES</b>						
Segment liabilities	459	7,221	3,855	9,562	-	21,097
Other corporate liabilities						7,379
Consolidated total liabilities						<u>28,476</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

## 5. LOSS BEFORE INCOME TAX

	For the six months ended 31 December	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
This is stated after changing (crediting):		
Staff costs (including Director's remuneration):		
– Salaries and allowances	9,289	10,817
– Retirement benefit – defined contribution scheme	638	654
	<u>9,927</u>	<u>11,471</u>
Amortisation of intangible assets	50	50
Legal and professional fee	1,634	4,080
Repair and maintenance	944	917
Lease charges on short-term leases	1,155	1,646
Utilities expenses	1,098	1,442
Gain on derecognition of property, plant and equipment (note)	(617)	–
	<u>(617)</u>	<u>–</u>

Note:

In September 2022, the Group entered into a settlement agreement with a related party to transfer a machine of its plastic recycling business unit in Japan for offsetting the amount due to the related party of USD450,000 (equivalent to HK\$3,510,000). The transaction was completed in 15 September 2022, the carrying amount of the machine of HK\$2,893,000 and the amount due to the related party of HK\$3,510,000 were derecognised and the difference of HK\$617,000 was recognised in the other income during the six months ended 31 December 2022.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 31 December 2022

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**6. INCOME TAX EXPENSES**

	For the six months ended 31 December	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Current tax</b>		
Hong Kong profits tax	10	–
People's Republic of China ("PRC") Enterprise Income Tax ("EIT")	–	2
	<u>10</u>	<u>2</u>

Hong Kong profits tax is calculated at 16.5% on the estimated profits for the six months ended 31 December 2022 after deduction of tax concession.

No Hong Kong profits tax has been provided for the six months ended 31 December 2021 as the Company incurred losses for tax purpose and certain subsidiaries of the Group have tax losses brought forward to set-off the estimated assessable profits.

The PRC EIT provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (2021: 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 is calculated at the rate of 30% (2021: 30%) on the estimated assessable profits for the six months ended 31 December 2022, based on the existing legislation, interpretations and practices in respect thereof. No provision for income tax of Germany has been made as the Group incurred a loss for taxation purpose for the six months ended 31 December 2022 and 2021.

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

**7. INTERIM DIVIDEND**

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2022 (2021: Nil).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 31 December 2022

**8. LOSS PER SHARE**

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

	For the six months ended 31 December	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Loss</b>		
Loss for the period attributable to owners of the Company	<u>(9,470)</u>	<u>(11,835)</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	<u>1,136,308,176</u>	<u>1,136,308,176</u>

There were no dilutive potential ordinary shares outstanding for the six months ended 31 December 2022 and 2021.

**9. INVENTORIES**

	As at 31 December 2022 (Unaudited) HK\$'000	As at 30 June 2022 (Audited) HK\$'000
Plastic materials	25	39
Recyclable oil	591	1,051
Waste construction materials	2	3
Vaccines and medicines	<u>438</u>	<u>477</u>
	<u>1,056</u>	<u>1,570</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

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## 10. TRADE RECEIVABLES

	As at 31 December 2022 (Unaudited) HK\$'000	As at 30 June 2022 (Audited) HK\$'000
Trade receivables	2,540	3,079
Less: Allowance for expected credit losses	(45)	(45)
	<u>2,495</u>	<u>3,034</u>

The Group makes cash-on-delivery sales and makes sales with a credit period of 0-30 days (as at 30 June 2022: 0-30 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:

	As at 31 December 2022 (Unaudited) HK\$'000	As at 30 June 2022 (Audited) HK\$'000
0 – 90 days	2,441	3,008
91 – 180 days	23	23
Over 180 days	31	3
	<u>2,495</u>	<u>3,034</u>

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2022 (Unaudited) HK\$'000	As at 30 June 2022 (Audited) HK\$'000
Prepayments	713	406
Trade deposits paid	2,808	2,808
Amount due from a related party	3,360	3,360
Other deposits and receivables	1,339	1,324
	<u>8,220</u>	<u>7,898</u>
Less: Non-current portion	(894)	(968)
	<u>7,326</u>	<u>6,930</u>

All the prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year except for security and rental deposit, of approximately HK\$894,000 (as at 30 June 2022: approximately HK\$968,000) which are expected to be recovered more than one year.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 31 December 2022***12. TRADE PAYABLES**

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

	As at <b>31 December 2022 (Unaudited) HK\$'000</b>	As at 30 June 2022 (Audited) HK\$'000
0 to 90 days	574	3,040
Over 90 days	138	489
	<u>712</u>	<u>3,529</u>

The payment terms with suppliers are generally within 30 days (as at 30 June 2022: 30 days).

**13. SHARE CAPITAL**

	Number of shares '000	Nominal value HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.10 each		
At 1 July 2021, 30 June 2022 and <b>31 December 2022</b>	<u>4,000,000</u>	<u>400,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.10 each		
At 1 July 2021, 30 June 2022 and <b>31 December 2022</b>	<u>1,136,308</u>	<u>113,631</u>

## MANAGEMENT DISCUSSION AND ANALYSIS



### BUSINESS REVIEW

During the period ended 31 December 2022, the Group has principally engaged in (a) renewable energy business, (b) waste construction materials and processing service, (c) plastic recycling/metal scrap business, (d) money lending business, and (e) healthcare business.

#### Renewable Energy Business

The Group has begun to focus its development on trading of recyclable oil/biodiesel since 2017. The recyclable oil is in the nature of used cooking oil which could be further used as one of the components in refining biodiesel, one of the renewable energy commonly used.

The operation of the renewable energy business is accredited with an International Sustainability and Carbon Certificate ("ISCC") according to the Renewable Energy Directive 2018/2001/EU (RED II) of the European Parliament. The Group handles the customers' product specification and discuss product specification with the raw material suppliers, as well as inspects their raw material quality.

The Group has well-established network and partnership in the fields of used cooking oil and biodiesel, which in turn allows the Group to secure constant supply for the operations of the Renewable Energy as well as timely fulfil the demands from the customers. The Group is able to (i) source suitable raw material suppliers in accordance with specified product specification and identify suitable providers; (ii) review customers' requirements with the raw material suppliers; (iii) inspect and assure raw material quality; (iv) follow up on reprocessing and logistics arrangement; (v) the operations are conducted in accordance with the procedural requirements of the ISCC; (vi) serve as a significant bridge in between both ends to accommodate credit requirements arising from timing difference of credit period in the supply chain; and (vii) provide confidence to the customers regarding the quality of products as the Group possesses ISCC certifications which are world-wide recognized, and help them to meet the requirements set in the Renewable Energy Directive 2018/2001/EU (RED II) and Fuel Quality Directive 2009/30/EC.

Further, the consulting and brokerage firms in relation to wasted-based feedstock and biofuels have been acting as important intermediaries in the industry who will provide valuable market information and foreign customer bases to the market players in the renewable energy business segment. The Group has established solid relationship with various reputable and sizeable consulting and brokerage firms, such as Olyx B.V., Nexus-brokerage and Greenea, for several years which has continuously facilitated the Group to approach and secure a number of new customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (I) **Products**

The Group primarily purchases/collects used cooking oils, recyclable oil and/or biodiesel as well as palm oil mill effluent methyl ester in the PRC and Hong Kong, which have been reprocessed according to the quality specification required by different customers, and sells them as feedstock to overseas and PRC buyers for the trading/production of biodiesel and/or for use in other industrial applications.

### (II) **Customers**

The customers mainly comprise feedstock suppliers and recyclers who are engaged in the trading of recyclable waste cooking oils, palm oil mill effluent methyl ester and/or production of biodiesel in European countries, South East Asia and the PRC.

### (III) **Suppliers**

The recyclable oil and/or biodiesel are supplied by waste oil collectors in Hong Kong and the PRC; and palm oil mill effluent methyl ester are sourced from suppliers in South East Asia and the PRC through the business partner. The Group is also sourcing used cooking oil directly from restaurants with its own collection trucks in Hong Kong.

The Group has formulated/implemented the following business development plans for the renewable energy business:

#### (i) **Expansion of operating team**

During 2022, the Group has recruited additional new staff with relevant experiences in the trading and collection of used cooking oils in the Hong Kong market to join the operating team (including the sourcing team). The number of staff operating the renewable energy business has expanded to 13 staff.

The expanded team will reinforce the Group's capability to reach its new and potential customers as well as advance its sourcing abilities. The Group targets to further expand its total headcount for the renewable energy in 2023.

#### (ii) **Commencement of operation of the Group's own storage and processing factory**

During 2022, the Group has successfully set up its own storage and processing factory at an industrial site in Hong Kong to store and process the used cooking oils. The Group has procured the necessary processing machineries and storage facilities for the used cooking oils, including but not limited to those which are to be collected by the Group's own used cooking oil collection trucks.

The processing machineries and storage facilities have been installed, the renovation works have been completed and the relevant licences have been obtained. The Group's factory is ready and has commenced its preliminary operation during the 2nd quarter of 2022.

#### (iii) **Collection of used cooking oils in Hong Kong with the Group's own fleet of trucks**

During 2022, the Group has purchased 6 used cooking oil collection trucks in Hong Kong and begins to collect used cooking oils in Hong Kong with its own capability. The Group has to delve into the newly established collection operations and needs time to solve technical and operational problems encountered. Therefore the Group would further delay the expansion of its collection fleet to approximately 10 trucks to the end of 2023.

At the same time, the Group has been actively building up its local supplier network, and have entered into contracts with food and beverages providers in Hong Kong which provides the Group the exclusive rights to collect used cooking oils.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Waste Construction Materials and Processing Service

The Group has commenced the waste construction materials and processing service business since 2007. With more than a decade of operating history, the Group's waste construction materials and processing service in Germany has established stable operation as well as long-term relationships with its business partners and customers in the local market.

**(I) Products**

The Group collects and recycles construction waste material and asphalt, and resells the recovered and/or recycled materials for a profit. Besides, the Group also performs processing service and mixing service according to formulas and proportion as provided by customers.

**(II) Customers**

The customers mainly comprise local construction companies, government authorities and individual customers in Germany.

**(III) Suppliers**

The Group primarily sources construction waste material and asphalt from various construction companies and construction waste collectors in Germany.

### Plastic Recycling/Metal Scrap Business

The Group has commenced its plastic recycling business in Germany since 2016. The Group had also started the business of high-grade plastic recycling and processing in Japan in June 2020, but the processing operation had been ceased since April 2022 due to the continuing shortage of feedstock supply under the prolonged pandemic. Besides, the Group was also engaged in the trading of metal scrap, but it was inactive now. During the six months ended 31 December 2022, the Group has approximately 9 staff operating the plastic recycling/metal scrap business.

**(I) Products**

The Group's plastic recycling business represents the recycling (sorting, washing and shredding) of plastic materials. The operations are basically divided into two streams, as follows:

*Processing Activities:*

Plastic materials are supplied by commercial waste collectors, for which the Group charges the customers by reference to the weight of the incoming materials and bear the cost of disposal of waste arising from such recycling activities.

*Purchase-Recycling-Resell Activities:*

The Group purchases the plastic materials from both commercial waste collectors and plastics dealers for resale at a higher profit margin after recycling.

**(II) Customers**

The customers mainly comprise plastic recycling companies in Germany and member states of EU.

**(III) Suppliers**

The Group has been purchasing feedstock from reputable suppliers who are engaged in, among others, environmental services and waste materials collection.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Money Lending Business

The Group has commenced the money lending business since 2018 with its money lenders licence in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

With the uncertainties in the economic conditions and business environment during the COVID-19 pandemic, the Group has adopted a cautious and prudent approach in the assessment and approval of new loans and/or renewal of existing loans in order to mitigate its credit risk.

### Healthcare Business

With the emergence of the COVID-19 pandemic, the Group saw demand growth in lab testing and coronavirus test kits. People are also increasingly opting for health diagnoses and preventive healthcare. In mid-November 2020, the Group had diversified and set up its subsidiaries to commence the healthcare business which mainly involved the laboratory diagnostic service and clinical health service. During the Period, the Group has approximately 11 staff operating the healthcare business.

#### (I) Services

The Group has established its own medical centre and laboratory in Sheung Wan, Hong Kong offering a wide range of clinical health services and laboratory diagnostic services, which include doctor consultation and medication, laboratory test service, health screening and medical check-up packages, COVID-19 test package and test kits as well as vaccination service.

#### (II) Customers

The customers mainly comprise individual patients from the general public and corporate customers in Hong Kong.

#### (III) Suppliers

The major suppliers include (i) equipment vendors which facilitate the operation of the laboratory and clinic; and (ii) pharmaceutical companies and test kits companies.

### Operating Results

The revenue of the Group for the six months ended 31 December 2022 (the "Period") was approximately HK\$46.2 million (2021 corresponding period: approximately HK\$202.8 million), representing a decrease of HK\$156.6 million as compared with the corresponding period of last year. The decrease in revenue was mainly resulted from the renewable energy business segment with the shift of focus on its newly established operations on collection and processing of used cooking oil.

The net loss attributable to the owners of the Company for the six months ended 31 December 2022 was approximately HK\$9.5 million (2021 corresponding period: approximately HK\$11.8 million), representing a decrease of 19.5% as compared with the corresponding period of last year. Although there was a reduction of approximately 57.6% in the net profit of the renewable energy business segment from approximately HK\$3.3 million to HK\$1.4 million, it was much less than its sales drop of 78.8% from approximately HK\$193.2 million to HK\$41.0 million as compared with the corresponding period of last year. It was a strategic shift to a higher value added operations with collection and processing of used cooking oil from the sales of palm oil mill effluent methyl ester in bulk quantity with a much lower profit margin. Following the cessation of the processing plant in Japan, the plastic recycling business segment reported a drop of approximately 25.0% in the net loss from HK\$4.4 million to HK\$3.3 million as compared with the corresponding period of last year. Furthermore, the healthcare segment also reported a drop of approximately 57.4% in the net loss from HK\$5.4 million to HK\$2.3 million as compared with the corresponding period of last year. The Group had taken active role to reduce the overheads in the healthcare segment. Upon the signing and completion of the Settlement Agreement as disclosed in the announcement of the Company dated 15 September 2022, a gain of HK\$0.6 million was resulted from the transfer of one set of the processing machine of the closed Japanese plastic processing plant of the Group to settle its remaining consideration.

## MANAGEMENT DISCUSSION AND ANALYSIS



## Segment Information

**(a) Renewable energy – trading and processing of recyclable oil/biodiesel**

The Group recorded a revenue of approximately HK\$41.0 million from the trading of recyclable oil/biodiesel for the six months ended 31 December 2022 (2021 corresponding period: approximately HK\$193.2 million) representing a drop of approximately 78.8% as compared with the corresponding period of last year. The decrease was mainly resulted from the shift from the bulk shipment of palm oil mill effluent methyl ester to PRC customers with a much lower profit margin to the new operation on the locally collected and processing of used cooking oil.

Oil prices were on a roller coaster ride in 2022, continued to fall into the tailend of 2022 after a strong start to the year. A slowing worldwide economy, China's lockdowns, and a stronger dollar have brought the price of oil down more than 23% in the last six months. The drop of oil prices in the second half of 2022 brought unfavourable impacts on the sales and profit margin of the segment.

The Group is in still in the stage of transition and adaptation in the local collection and processing of used cooking oil, which inevitably slow down its sales operation. However, the value added brought by the new venture had compensated much of the loss of profit from the sales decrease. There was a decrease of approximately 57.6% in the net profit of the segment for the six months ended 31 December 2022 as compared with the corresponding period of last year, while the drop in the sales was approximately 78.8%.

**(b) Waste construction materials and waste processing service**

The revenue of this business segment involves the collection and recycling of waste construction materials and the sale of recycled construction materials. The revenue arising from this sector was approximately HK\$2.1 million for the six months ended 31 December 2022 (2021 corresponding period: approximately HK\$3.2 million). The decrease in revenue was resulted from the lack of incoming materials and the keen competition in the nearby region.

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

The plastic recycling/metal scrap sector recorded a revenue approximately of HK\$1.2 million for the six months ended 31 December 2022 (2021 corresponding period: approximately HK\$2.1 million) representing a drop of approximately 42.9% as compared with the corresponding period of last year. The persistent lack of feedstock supply barely kept the minimal operation of the production plant in Germany. The cessation of the operation of the processing plant in Japan also led to decrease in sale revenue as compared to the corresponding period of last year.

Since early 2019, COVID-19 has had major effects on production, occasionally positive but mostly negative. And now, just as Europe and the rest of the world was recovering from the devastating two years of the pandemic, the Ukraine conflict had been escalated. The crisis is weighing heavy on the plastics business, in terms of cost inflation including rising energy price and the worsening of supply chain bottlenecks.

**(d) Money lending business**

The revenue arising from this sector was approximately HK\$0.1 million for the six months ended 31 December 2022 (2021 corresponding period: Nil). Negative macroeconomic trends – including persistent global inflation, tightening monetary policy, a surging U.S. dollar, and slowing consumption – have weighed on financial markets in 2022. The ongoing tightening cycle is unfolding against a backdrop of decelerating growth and persistently high inflation. A more cautious and conservative approach had been taken on credit quality of new lending by closer monitoring and higher level of collateral requirements. The Group would restrict credit in order to preserve capital due to anticipated credit writedowns and recession risk in the market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (e) *Healthcare business*

The key element of this sector involves the laboratory diagnostic service and clinical health service. The healthcare business recorded a revenue of approximately HK\$1.8 million for the six months ended 31 December 2022 (2021 corresponding period: approximately HK\$4.3 million) representing a drop of approximately 58.1% as compared with the corresponding period of last year. In view of China's lockdown under its tough zero-COVID policy, change of government's requirements on COVID-19 testing for citizens, the Group had shifted its focus from COVID-19 testing to clinical health service. However, as a new entrant to the healthcare market, the Group faced keen competition from large medical groups. The Group had thus liaised for rent concession and cut some staff and consultants during 2022 in order to minimize the losses, and it had been reduced by approximately 57.4% to HK\$2.3 million as compared to HK\$5.4 million in the corresponding period of last year. Nevertheless, the Group has to reassess the viability of the business and take more radical measure to cut the losses.

## FINANCIAL REVIEW

### **Liquidity, financial resources and cashflow**

As at 31 December 2022, the Group had total current assets of approximately HK\$36.0 million (as at 30 June 2022: approximately HK\$45.1 million), including cash and cash equivalents of approximately HK\$23.2 million (as at 30 June 2022: approximately HK\$33.6 million) and the total current liabilities were approximately HK\$23.9 million (as at 30 June 2022: approximately HK\$28.5 million). The current ratio of the Group was approximately 1.5 (as at 30 June 2022: approximately 1.6). The Group has sufficient funds to settle its debts.

As at 31 December 2022, the Group had total assets of approximately HK\$57.7 million (as at 30 June 2022: approximately HK\$71.6 million). The Group did not have external borrowing as at 31 December 2022 and 30 June 2022, and therefore gearing ratio was not applicable.

### **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. The operating results of the Group may be affected by the volatility of foreign currencies. In addition, we are exposed to foreign currency risks arising from certain bank balances which are denominated in Renminbi, US dollars and euro. 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 31 December 2022, 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 Acquisitions and Disposals of Subsidiaries and Associates**

During the Period, the Group had no material acquisition and disposal of subsidiaries and associated companies.

### **Capital Commitments**

As at 31 December 2022, the Group did not have any material capital commitment (as at 30 June 2022: Nil).

### **Contingent Liabilities**

As at 31 December 2022, the Group did not have any material contingent liabilities (as at 30 June 2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS



### BUSINESS OUTLOOK AND FUTURE PROSPECTUS

2023 is going to be a tough year for the global economy as the main engines of global growth – the US, Europe and China – all experience weakening activity as warned by the head of the International Monetary Fund. China's economy weakened dramatically in 2022 because of its rigid zero-Covid policy, which left it out of sync with the rest of the world, disrupting supply chains and damaging the flow of trade and investment. China abandoned COVID restrictions in early December 2022, but the recovery is going to be erratic and painful.

Oil prices are set for small gains in 2023 as a darkening global economic backdrop and COVID-19 flare-ups in China threaten demand growth and offset the impact of supply shortfalls caused by sanctions on Russia. Most analysts said oil demand will grow in the second half of 2023, driven by the easing of COVID-19 restrictions in China and by central banks adopting a less aggressive approach on interest rates. Container freight rates are expected to drop in 2023 forecasts with a combination of depressed demand and fleet growth. The Group may resume part of the sales of the used cooking oils to European customers with a higher margin. Although the Group has shifted some of its focus to the sales of palm oil mill effluent methyl ester in the past year due to the impacts from the coronavirus pandemic, the sales of used cooking oils to Europe and overseas buyers remains as one of its important revenue streams, and will be re-focused once the impacts from the coronavirus pandemic (e.g. high international shipping rates) are diminished. With the gradual increase in the volume of collection and processing of used cooking oil by the Group, the gross margin on the renewable energy business would further increase.

The Plastics Recycling market is expected to register fluctuating growth trends in the long term, while inflation and supply chain concerns are expected to continue in 2023. Shifting consumer preferences in a projected economic downturn scenario, huge fluctuations in raw material costs triggered by prevailing geo-political tensions, and expected economic turbulences are noted as key challenges to be addressed by the Plastics Recycling industry players during the short and medium term forecast. In face of the persistent lack of feedstock supply and the rising energy cost in Europe the Group may reassess the business viability of the plastics recycling business in Germany in order to plan for better allocation of the group funding and resources.

### EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group had 52 employees (As at 30 June 2022: 57 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.

### INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2022.



## OTHER INFORMATION

## DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2022, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”).

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON’S INTERESTS

As at 31 December 2022, 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 the chief executive of the Company, the following persons had interests or short positions in the shares and the underlying shares of the Company:

## Substantial shareholders – long position in the shares of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued share capital of the Company (Note 1)
New Glory Business Corporation	Beneficial owner	267,829,436	23.57%
Rich Bay Global Limited (“Rich Bay”) (Note 2)	Beneficial Owner	147,244,000	12.96%
Superactive Asset Management Limited (“Superactive”) (Note 2)	Interest of a controlled corporation	147,244,000	12.96%
Lee Chi Shing Caesar (Note 2)	Interest of controlled corporations	147,244,000	12.96%
Yeung So Lai (Note 2)	Interest of controlled corporations	147,244,000	12.96%

## Notes:

- 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 31 December 2022, i.e. 1,136,308,176 shares.
- 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 25 July 2019, such shares of the Company were held by Rich Bay, which was wholly-owned by Superactive, Superactive which was in turn 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 Bay by virtue of the SFO.

Save as disclosed above, as at 31 December 2022, no person (other than the Directors or the chief executive of the Company) had an interest or a short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by shareholders of the Company on 27 May 2016, the Company terminated the Company's share option scheme adopted in 2006 (the "Old Share Option Scheme"), and adopted a new share option scheme (the "New Share Option Scheme"). The adoption of the New 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. As at the date of this report, no share option has been granted under New Share Option Scheme.

### CORPORATE GOVERNANCE

The Board considers that the Company has complied throughout the Period with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, except for the deviation on the code provision C.2.1 (formerly code provision A.2.1) and F.2.2 (formerly code provision E.1.2).

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

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

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

Code provision F.2.2 (formerly code provision E.1.2) stipulates that the chairman should attend the annual general meeting. Due to health reason, the chairman of the Board was unable to attend the annual general meeting of the Company held on 24 November 2022 (the "AGM"). Meanwhile, management and external auditor of the Company together with the chairmen and/or members of the Board's committees attended the AGM and were available to answer relevant questions raised by and understand the views of the shareholders of the Company thereat.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

### AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") has been set up with terms of reference in accordance with Appendix 14 of Listing Rules. The Audit Committee has reviewed the accounting principles and policies adopted by the Group with management and discussed risk management systems internal control and financial reporting matters including the review of these unaudited condensed consolidated interim results of the Company for the six months ended 31 December 2022.

## OTHER INFORMATION

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### PUBLICATION OF INTERIM REPORT

The interim report is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.greenenergy.hk](http://www.greenenergy.hk)).

Hong Kong, 27 February 2023

By order of the Board  
**Lo Kam Wing, JP**  
*Chairman*