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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)

2011 INTERIM RESULT ANNOUNCEMENT

The board of directors (the “Board”) of Green Energy Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2011 (the “Period”) with comparative figures for the corresponding period in last year as set out below.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	3	1,436	1,322
Other revenue	3	329	611
Cost of goods sold		(774)	(207)
Staff costs		(3,353)	(3,820)
Depreciation and amortisation expenses		(1,502)	(1,758)
Exchange difference		1,830	(3,706)
Other operating expenses		(3,297)	(4,554)
Loss before income tax	4	(5,331)	(12,112)
Income tax	5	—	—
Loss for the period		(5,331)	(12,112)
Other Comprehensive Income			
Exchange differences on translating foreign operations		(918)	1,597
Total comprehensive income for the period		(6,249)	(10,515)

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Loss attributable to:			
Equity holders of the Company		<u>(5,331)</u>	<u>(12,112)</u>
Total comprehensive income attributable to:			
Equity holders of the Company		<u>(6,249)</u>	<u>(10,515)</u>
Dividend	<i>6</i>	–	–
Loss per share			
– Basic (cents)	<i>7</i>	<u>(1.20)</u>	<u>(2.74)</u>
– Diluted (cents)		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		At 30 June 2011 (Unaudited) HK\$'000	At 31 December 2010 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		19,100	19,805
Biological assets		4,652	4,457
Deposit for a business acquisition	14	30,000	30,000
		<u>53,752</u>	<u>54,262</u>
Current assets			
Inventories	8	589	1,151
Trade receivables	9	94	4
Prepayments, deposits and other receivables	10	2,616	1,796
Loan receivables	11	10,280	16,260
Bank balances and cash		6,223	6,906
		<u>19,802</u>	<u>26,117</u>
Current liabilities			
Trade payables	12	542	528
Accruals and other payables		1,592	2,182
Provision for income tax		987	987
		<u>3,121</u>	<u>3,697</u>
Net current assets		<u>16,681</u>	<u>22,420</u>
Total assets less current liabilities/Net assets		<u><u>70,433</u></u>	<u><u>76,682</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		44,303	44,303
Reserves		26,130	32,379
Total equity		<u><u>70,433</u></u>	<u><u>76,682</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. ACCOUNTING POLICIES

These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2010. They have been prepared on the historical cost basis.

The accounting policies and methods of computation applied in preparation of these interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2010. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current Period, did not have any significant effect on the financial position or performance of the Group.

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

3. REVENUE AND SEGMENT INFORMATION

The Group’s revenue which represents revenue from trading of renewable energy, trading of bio-cleaning materials, trading of recyclable plastic materials and relevant services, trading of waste construction materials and waste processing provision.

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Turnover	1,436	1,322
Other revenue		
Interest income	321	551
Others	8	60
	329	611
Total revenue	1,765	1,933

Segment revenue and results

For the six months ended 30 June 2011

	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	Recyclable plastic materials and relevant services (Unaudited) HK\$'000	Waste construction materials and waste processing provision (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
REVENUE						
Sales to external customers	23	112	–	935	366	1,436
Results						
Segment results	(1,654)	(95)	(1,045)	(602)	(1,213)	(4,609)
Unallocated expenses						(2,881)
Exchange difference						1,830
Other revenue						329
Loss before income tax						(5,331)

For the six months ended 30 June 2010

	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	Recyclable plastic materials and relevant services (Unaudited) HK\$'000	Waste construction materials and waste processing provision (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
REVENUE						
Sales to external customers	–	121	–	385	816	1,322
Results						
Segment results	–	(225)	(1,311)	(1,109)	(4,581)	(7,226)
Unallocated expenses						(1,791)
Exchange difference						(3,706)
Other revenue						611
Loss before income tax						(12,112)

The following table presents assets and liabilities by segment of the Group as at 30 June 2011 and 31 December 2010:

As at 30 June 2011

	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Generators (Unaudited) HK\$'000	Recyclable plastic materials and relevant services (Unaudited) HK\$'000	Waste construction materials and waste processing provision (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
ASSETS						
Segment assets	15,634	366	662	179	8,441	25,282
Unallocated corporate assets						48,272
Consolidated total assets						<u>73,554</u>
LIABILITIES						
Segment liabilities	–	–	35	2	82	119
Unallocated corporate liabilities						2,015
Tax liabilities						987
Consolidated total liabilities						<u>3,121</u>

As at 31 December 2010

	Renewable energy (Audited) HK\$'000	Bio-cleaning materials (Audited) HK\$'000	Generators (Audited) HK\$'000	Recyclable plastic materials and relevant services (Audited) HK\$'000	Waste construction materials and waste processing provision (Audited) HK\$'000	Consolidated (Audited) HK\$'000
ASSETS						
Segment assets	14,988	369	305	746	8,218	24,626
Unallocated corporate assets						55,753
Consolidated total assets						<u>80,379</u>
LIABILITIES						
Segment liabilities	33	–	50	2	179	264
Unallocated corporate liabilities						2,446
Tax liabilities						987
Consolidated total liabilities						<u>3,697</u>

4. LOSS BEFORE INCOME TAX

For the six months ended 30 June	
2011	2010
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Loss before income tax has been arrived at after charging
(crediting) the following items:

Depreciation and amortisation expenses	1,502	1,758
Staff costs	3,353	3,820
Exchange difference	(1,830)	3,706
Interest income	(321)	(551)
	<u> </u>	<u> </u>

5. INCOME TAX

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the six months ended 30 June 2011 and 2010.

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

6. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$5,331,000 (six months ended 30 June 2010: HK\$12,112,000) and on the weighted average number of 443,032,176 (six months ended 30 June 2010: 442,081,370) ordinary shares in issue during the Period.

8. INVENTORIES

	As at 30 June 2011 (Unaudited) HK\$'000	As at 31 December 2010 (Audited) HK\$'000
Big-fuel materials	340	377
Bio-cleaning materials	238	264
Recyclable plastic materials	11	510
	<u> </u>	<u> </u>
	<u>589</u>	<u>1,151</u>

9. TRADE RECEIVABLES

The Group allows a credit period of 90 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts at the ended of the reporting period:

	As at 30 June 2011 (Unaudited) HK\$'000	As at 31 December 2010 (Audited) HK\$'000
0 – 90 days	54	1
91 – 180 days	40	3
	<u>94</u>	<u>4</u>

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2011 (Unaudited) HK\$'000	As at 31 December 2010 (Audited) HK\$'000
Prepayments	1,055	1,092
Deposits and other receivables	1,561	704
	<u>2,616</u>	<u>1,796</u>

11. LOAN RECEIVABLES

	As at 30 June 2011 (Unaudited) HK\$'000	As at 31 December 2010 (Audited) HK\$'000
Loan receivables		
From Myleader Limited (“Myleader”) (note (i))	10,000	15,000
From other (note (ii))	280	1,260
	<u>10,280</u>	<u>16,260</u>

Notes:

- (i) The balance receivable from Myleader amounting to HK\$15,000,000 as at 31 December 2010 was reclassified as loan receivable for the financial year ended 31 December 2010, and HK\$5,000,000 has been repaid during the Period. The loan is interest-bearing at a fixed rate of 5% per annum commencing on 23 September 2010 and repayable within one year. The amount is secured by the joint and several personal guarantee of the directors of Myleader.
- (ii) Loan receivable from other is an amount of HK\$280,000 which is unsecured and interest-bearing at a fixed rate of 6% per annum. The loan is past due at the reporting date but not provided for impairment as the Directors are of the opinion that there has not been a significant change in credit quality of the borrower and the balance is still considered fully recoverable.

12. TRADE PAYABLES

The following is an ageing analysis of trade payables at the balance sheet date:

	As at 30 June 2011 (Unaudited) HK\$'000	As at 31 December 2010 (Audited) HK\$'000
0 to 90 days	17	3
91 to 180 days	–	–
181 to 365 days	–	9
Over 365 days	525	516
	<u>542</u>	<u>528</u>

13. SHARE CAPITAL

	Number of shares '000	Par value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 31 December 2010 and 30 June 2011	<u>4,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 31 December 2010 and 30 June 2011	<u>443,032</u>	<u>44,303</u>

14. DEPOSIT FOR A BUSINESS ACQUISITION

The deposit represents an advance to the vendors from which the Group is proposed to acquire the entire issued shares of Gioberto Limited (“Gioberto”). Details of which can be found in the Group’s 2010 annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating results

The turnover of the Group for the six months ended 30 June 2011 (the “Period”) was approximately HK\$1.4 million (six months ended 30 June 2010: HK\$1.3 million) representing an increase of 7.7% as compared with the corresponding period in 2010.

The net loss for the Period was approximately HK\$5.3 million (six months ended 30 June 2010: HK\$12.1 million) representing a decrease of 56.2%.

Renewable energy

The Group continues to maintain its business focus on the development of business in renewable energy and, to that end, has continued to engage in the cultivation of jatropha since 2009. However, no revenue from the cultivation of jatropha is to be expected until a few years later. The Group is still looking for potential strategic business partners with a view to engaging in commercial plantation of jatropha crops and the production of biodiesel and other by-products in the future.

The Group has purchased equipment capable of converting plantation and wasted organic oils into bio-diesel that meets the standard prescribed by Hong Kong and European standards. The Group will focus on this business development.

Bio-cleaning materials

The turnover arising from the sale of bio-cleaning materials has declined from approximately HK\$121,000 for the six months ended 30 June 2010 to approximately HK\$112,000 for the Period representing a reduction of 7.4%. The Group will continue to put its efforts in promoting and marketing these environmental products and to minimize operating expenses.

Recyclable plastic materials and relevant services

During the Period, the total turnover arising from the activities of this sector was approximately HK\$935,000 (six months ended 30 June 2010: HK\$385,000), of which the trading of recyclable plastic materials accounted for approximately HK\$846,000 (six months ended 30 June 2010: HK\$123,000), while the re-compressing and other related services achieved a turnover of approximately HK\$89,000 (six months ended 30 June 2010: HK\$262,000). The increase in turnover arose mainly because most recyclable plastic materials purchased and collected in previous years had been sold during the Period. However, the turnover of re-compressing and other relevant services had decreased significantly, especially in the re-compressing service.

Generators

The technical team is continuing in developing multi-fuel system, electronic fuel injection devices during the Period, targeting the telecommunication market in the People's Republic of China ("PRC"). The development of other accessories such as electronic governors and control panels for application to the electronic management of generators have reached a final stage. The Company expects to be able to launch and market these new products in the near future.

Waste construction materials and waste processing provision

The main business focus 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 declined from approximately HK\$816,000 for the six months ended 30 June 2010 to approximately HK\$366,000 for the Period representing a reduction of 55.1%.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 June 2011, the Group had total current assets of approximately HK\$19.8 million (at 31 December 2010: HK\$26.1 million) and total current liabilities approximately HK\$3.1 million (at 31 December 2010: HK\$3.7 million). The current ratio of the Group was 638.7% (at 31 December 2010: 705.4%). The Group has sufficient fund to settle its debts.

At 30 June 2011, the Group had total assets of approximately HK\$73.6 million (at 31 December 2010: HK\$80.4 million). The gearing ratio, calculated by dividing the total debts over its total assets was 4.2% (at 31 December 2010: 4.6%).

CAPITAL COMMITMENTS

During the Period, the Group made a commitment amounting to HK\$19,970,000,000 towards a proposed acquisition of a mining business (six months ended 30 June 2010: Nil), which was contracted but not provided for in the condensed consolidated financial statements. Details of this commitment can be found in the Group's 2010 annual report.

CONTINGENT LIABILITIES

At 30 June 2011, the Group did not have any material contingent liabilities (at 30 June 2010: Nil).

FUTURE PROSPECTS

The Directors will continue to carry on the existing business activities and impose serious control over expenditures.

The Group will continue its focus on renewable energy business and will seek to recruit other interested parties for further exploration in this field.

The Company continues to pursue the proposed acquisition of the entire issued shares in the capital of Gioberto, which is the holding company of 100% equity interest in Altamina Exploration & Resources Incorporated (“Altamina”), a Philippine company that has been granted the exclusive rights to explore, mine, utilize, process and refine minerals and mineral products and other by-products in certain mining areas under a financial or technical assistance agreement made between Altamina and the Republic of the Philippine.

EMPLOYEE

As at 30 June 2011, the Group had 25 employees (six months ended 30 June 2010: 28 employees) in Hong Kong, the PRC and Germany.

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

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

CORPORATE GOVERNANCE

The Board considers that the Company has complied throughout the Period with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules, except for the deviations on the code provisions A.2.1 and A.4.1.

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

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

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

Code provision A.4.1 stipulates that non-executive directors (including independent non-executive directors) should be appointed for a specific term subject to re-election. However, the independent non-executive directors of the Company were not appointed for a specific term but were subject to the retirement and rotation requirements in accordance with the Company's Bye-laws. The Company believes that the fixing of directors' tenure by the Company's Bye-laws and the shareholders right to re-elect retiring directors serves to safeguard the long term interests of the Company and such provisions are not less exacting than those in the Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS

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

On behalf of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 30 August 2011

As at the date hereby, the executive directors of the Company are Mr. Yip Wai Leung Jerry and Mr. Fan Xiaomin; and three independent non-executive directors of the Company are Mr. So Yin Wai, Mr. Tam Chun Wa and Ms. Zhu You Chun.

* For identification purpose only