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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)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors (the "Director") of Green Energy Group Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 together with comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2016*

| | Notes | **2016** HK$'000 | 2015 HK$'000 |
|---|---|---|---|
| Revenue | 4 | **2,552** | 1,211 |
| Changes in inventories of finished goods | | **(392)** | (281) |
| Write-down of inventories to net realisable value | | **(32)** | (3) |
| Other income and gains | 5 | **1,591** | 2,168 |
| Staff costs | | **(9,967)** | (9,996) |
| Depreciation | | **(781)** | (1,230) |
| Other expenses | | **(26,235)** | (29,233) |
| Impairment loss on property, plant and equipment | | **–** | (240) |
| Impairment loss on deposit for acquisition of property, plant and equipment | 16 | **(2,848)** | – |
| Finance costs | 6 | **(718)** | (5,544) |

* *For identification purposes only*

| | Notes | **2016** | 2015 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Loss before income tax | 7 | **(36,830)** | (43,148) |
| Income tax | 8 | **–** | – |
| **Loss for the year** | | **(36,830)** | (43,148) |
| **Other comprehensive income** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of foreign operations | | **120** | 2,830 |
| **Other comprehensive income for the year** | | **120** | 2,830 |
| **Total comprehensive income for the year** | | **(36,710)** | (40,318) |
| **Loss attributable to:** | | | |
| Owners of the Company | | **(36,630)** | (43,148) |
| Non-controlling interest | | **(200)** | – |
| | | **(36,830)** | (43,148) |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **(36,515)** | (40,318) |
| Non-controlling interest | | **(195)** | – |
| | | **(36,710)** | (40,318) |
| | | ***HK cents*** | *HK cents* |
| **Loss per share** | | | |
| **– Basic and diluted** | 10 | **(5.47)** | (6.79) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2016*

| | *Notes* | **2016** *HK$'000* | 2015 *HK$'000* |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **24,021** | 9,069 |
| Intangible assets | | **–** | – |
| Deposit for acquisition of property, plant and equipment | | **–** | 5,655 |
| | | **24,021** | 14,724 |
| **Current assets** | | | |
| Inventories | 12 | **877** | 256 |
| Trade receivables | 13 | **105** | 107 |
| Prepayments, deposits and other receivables | | **1,478** | 8,432 |
| Cash and cash equivalents | | **26,665** | 58,375 |
| | | **29,125** | 67,170 |
| Assets of a disposal group classified as held for sale | 16 | **3,000** | – |
| | | **32,125** | 67,170 |
| **Current liabilities** | | | |
| Trade payables | 15 | **684** | – |
| Accruals and other payables | | **3,382** | 2,158 |
| Convertible redeemable bonds – liability component | 14 | **–** | 6,611 |
| Provision for income tax | | **853** | 853 |
| | | **4,919** | 9,622 |
| **Net current assets** | | **27,206** | 57,548 |
| **Net assets** | | **51,227** | 72,272 |
| **EQUITY** | | | |
| Share capital | | **68,103** | 66,603 |
| Reserves | | **(16,704)** | 5,669 |
| Equity attributable to owners of the Company | | **51,399** | 72,272 |
| Non-controlling interest | | **(172)** | – |
| **Total equity** | | **51,227** | 72,272 |

*NOTES:*

## 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### (a) Statement of compliance

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 of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under historical cost convention.

### (b) 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.

### (c) 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.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

### (a) Adoption of new/revised HKFRSs – first effective on 1 January 2016

In the current year, the Group has applied for the first time the following new standards and amendments issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's consolidated financial statements for the current year:

| | |
|---|---|
| HKFRSs (Amendments) | Annual Improvements 2012-2014 Cycle |
| Amendments to HKAS 1 | Disclosure Initiative |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements |

The adoption of these amendments has no material impact on the consolidated financial statements of the Group.

**(b) New/Revised HKFRSs – issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

| | |
|---|---|
| Amendments to HKAS 7 | Disclosure Initiative[1] |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses[1] |
| Amendments to HKFRS 2 | Classification and Measurement of Share-Based Payment Transactions[2] |
| HKFRS 9 | Financial Instruments[2] |
| HKFRS 15 | Revenue from Contracts with Customers[2] |
| Amendments to HKFRS 15 | Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2] |
| HKFRS 16 | Leases[3] |

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

*Amendments to HKAS 7 Statement of Cash Flows – Disclosure Initiative*

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

*Amendments to HKAS 12 Income Tax – Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

*Amendments to HKFRS 2 Share-Based Payment – Classification and Measurement of Share-Based Payment Transactions*

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

*HKFRS 9 Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

*HKFRS 15 Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction* Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

*Amendments to HKFRS 15 Revenue from Contracts with Customers (Clarifications to HKFRS 15)*

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

*HKFRS 16 Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases* and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Group is not yet in a position to state whether the application of these new pronouncements will result in substantial changes to the Group's accounting policies or financial statements.

## 3. 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:

| | | |
|---|---|---|
| Bio-cleaning materials | – | Trading of bio-cleaning materials |
| Waste construction materials and waste processing services | – | Trading of waste construction materials and provision of waste processing services |
| Renewable energy | – | Production and trading of biodiesel |
| Plastic recycling | – | Production and trading of plastic recycling materials |

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, finance costs 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 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, provision for income tax and deferred tax liabilities.

Segment information about these businesses is presented below:

**Segment revenue and results**
**2016**

| | Bio-cleaning materials *HK$'000* | Waste construction materials and waste processing services *HK$'000* | Renewable energy *HK$'000* | Plastic recycling *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Sales to external customers | 94 | 2,458 | – | – | 2,552 |
| **RESULTS** | | | | | |
| Segment results | (252) | 818 | (1,062) | (1,737) | (2,233) |
| Share-based payments | | | | | (12,387) |
| Other corporate expenses | | | | | (23,083) |
| Finance costs | | | | | (718) |
| Other income | | | | | 1,591 |
| Loss before income tax | | | | | (36,830) |

2015

| | Bio-cleaning materials *HK$'000* | Waste construction materials and waste processing services *HK$'000* | Renewable energy *HK$'000* | Plastic recycling *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Sales to external customers | 129 | 1,082 | – | – | 1,211 |
| **RESULTS** | | | | | |
| Segment results | (169) | (278) | (3,062) | – | (3,509) |
| Share-based payments | | | | | (14,724) |
| Other corporate expenses | | | | | (21,539) |
| Finance costs | | | | | (5,544) |
| Other income | | | | | 2,168 |
| Loss before income tax | | | | | (43,148) |

**Segment assets, segment liabilities and other segment information**
**2016**

| | Bio-cleaning materials *HK$'000* | Waste construction materials and waste processing services *HK$'000* | Renewable energy *HK$'000* | Plastic recycling *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Segment assets | 357 | 9,864 | 4,698 | 19,327 | 34,246 |
| Unallocated cash and cash equivalents | | | | | 19,573 |
| Loan receivable | | | | | 400 |
| Other corporate asset | | | | | 1,927 |
| Consolidated total assets | | | | | 56,146 |
| **LIABILITIES** | | | | | |
| Segment liabilities | 5 | 197 | 25 | 871 | 1,098 |
| Provision for income tax | | | | | 853 |
| Other corporate liabilities | | | | | 2,968 |
| Consolidated total liabilities | | | | | 4,919 |

| | Bio-cleaning materials *HK$'000* | Waste construction materials and waste processing services *HK$'000* | Renewable energy *HK$'000* | Plastic recycling *HK$'000* | Corporate *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|
| **OTHER INFORMATION** | | | | | | |
| Additions to non-current assets | – | 15 | – | 15,480 | 358 | 15,853 |
| Depreciation | 1 | 73 | 15 | 385 | 307 | 781 |
| Write-down of inventories to net realisable value | – | – | 32 | – | – | 32 |
| Share-based payments | – | – | – | – | 12,387 | 12,387 |
| Impairment loss on deposit for acquisition of property, plant and equipment | – | – | 2,848 | – | – | 2,848 |

2015

| | Bio-cleaning materials *HK$'000* | Waste construction materials and waste processing services *HK$'000* | Renewable energy *HK$'000* | Plastic recycling *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Segment assets | 384 | 9,182 | 19,136 | – | 28,702 |
| Unallocated cash and cash equivalents | | | | | 43,808 |
| Loan receivable | | | | | 1,500 |
| Deposit for acquisition of investment under negotiation | | | | | 5,136 |
| Other corporate assets | | | | | 2,748 |
| Consolidated total assets | | | | | 81,894 |
| **LIABILITIES** | | | | | |
| Segment liabilities | – | 182 | 26 | – | 208 |
| Convertible redeemable bonds | | | | | 6,611 |
| Provision for income tax | | | | | 853 |
| Other corporate liabilities | | | | | 1,950 |
| Consolidated total liabilities | | | | | 9,622 |

| | Bio-cleaning materials *HK$'000* | Waste construction materials and waste processing services *HK$'000* | Renewable energy *HK$'000* | Plastic recycling *HK$'000* | Corporate *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|
| **OTHER INFORMATION** | | | | | | |
| Additions to non-current assets | – | 5,055 | – | – | 715 | 5,770 |
| Depreciation | 1 | 92 | 849 | – | 288 | 1,230 |
| Write-down of inventories to net realisable value | – | – | 3 | – | – | 3 |
| Share-based payments | – | – | – | – | 14,724 | 14,724 |
| Impairment loss on property, plant and equipment | – | – | – | – | 240 | 240 |

**Geographical information**

The Group's operations are located in Hong Kong, the People's Republic of China ("PRC") (excluding Hong Kong), Germany and Portugal. The Group's revenue from external 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 from external customers** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hong Kong | **94** | 129 | **836** | 6,436 |
| The PRC (excluding Hong Kong) | **–** | – | **256** | 329 |
| Germany | **2,458** | 1,082 | **22,929** | 7,959 |
| | **2,552** | 1,211 | **24,021** | 14,724 |

**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:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A[#] | **NA**[1] | 123 |
| Customer B[^] | **613** | 358 |
| Customer C[^] | **289** | NA[2] |

1 Customer A contributes less than 10% of total revenue of the Group in 2016.

2 Customer C contributed less than 10% of total revenue of the Group in 2015.

# Included in the segment of bio-cleaning material and is located in Hong Kong.

^ Included in the segment of waste construction materials and waste processing services and is located in Germany.

## 4. REVENUE

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trading of bio-cleaning materials | **94** | 129 |
| Trading of waste construction materials | **1,810** | 695 |
| Provision of waste processing services | **648** | 387 |
| | **2,552** | 1,211 |

## 5. OTHER INCOME AND GAINS

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Gain on early redemption of convertible redeemable bonds | **–** | 87 |
| Interest income | **126** | 497 |
| Realised fair value gain on financial instruments | **419** | 465 |
| Recovery of bad debt | **–** | 250 |
| Sub-leasing income | **898** | 857 |
| Sundry income | **148** | 12 |
| | **1,591** | 2,168 |

## 6. FINANCE COSTS

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest expenses on convertible redeemable bonds | **718** | 5,533 |
| Interest expenses on other loans | **–** | 11 |
| | **718** | 5,544 |

## 7. LOSS BEFORE INCOME TAX

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Loss before income tax is arrived at after charging: | | |
| Depreciation for property, plant and equipment | **781** | 1,230 |
| Auditor's remuneration | **689** | 618 |
| Minimum lease payments for operating leases in respect of land and buildings | **1,733** | 1,837 |
| Research and development expenditure | **10** | 79 |
| Loss on disposal of property, plant and equipment | **8** | – |
| Net exchange loss | **3,161** | 5,267 |
| Equity-settled share-based payments to non-employee participants | **10,117** | 11,421 |
| Staff costs including Directors' remuneration | | |
| Salaries and allowances | **7,270** | 6,389 |
| Retirement benefit - defined contribution scheme | **427** | 304 |
| Equity-settled share-based payments to employees | **2,270** | 3,303 |
| | **9,967** | 9,996 |

## 8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

For the subsidiaries operated in Germany, Portugal and the PRC, no provision for corporate income tax or PRC enterprise income tax as appropriate have been made as these subsidiaries incurred a loss for taxation purposes for both years.

## 9. DIVIDEND

For both years, no dividend was paid or proposed, nor has any dividend been proposed since the end of the reporting period.

## 10. LOSS PER SHARE

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

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Loss** | | |
| Loss for the year attributable to the owners of the Company | **(36,630)** | (43,148) |

| | 2016 | 2015 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | **669,852** | 635,740 |

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

## 11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2016, the Group purchased property, plant and equipment of HK$15.9 million (2015: HK$5.8 million).

## 12. INVENTORIES

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bio-cleaning materials | **183** | 224 |
| Bio-fuel materials | **–** | 32 |
| Plastic materials | **694** | – |
| | **877** | 256 |

## 13. TRADE RECEIVABLES

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **105** | 107 |

The Group allows a credit period of 14 days (2015: 14 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:

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Based on invoice date** | | |
| 0 – 90 days | **91** | 106 |
| 91 – 180 days | **13** | – |
| Over 365 days | **1** | 1 |
| | **105** | 107 |

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:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Based on due date** | | |
| Not yet past due | **84** | 101 |
| 0 – 90 days past due | **11** | 5 |
| 91 – 180 days past due | **9** | – |
| Over 365 days past due | **1** | 1 |
| | **105** | 107 |

Certain trade receivables are 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 debtors and the balances are still considered fully recoverable.

## 14. CONVERTIBLE REDEEMABLE BONDS

The Company issued one-year 8% convertible redeemable bonds at a total principal amount of HK$60,060,000 on 22 April 2015. The bonds will mature in one year from the issue date on 21 April 2016 and can be converted into ordinary shares of the Company at the holder's option at initial conversion price of HK$0.78 per share after the date of issuance up to and including the maturity date. The maximum number of shares to be converted upon full conversion of the bonds is 77,000,000.

The bonds may be redeemed by the Company during the period commencing on the date immediately following the expiry of restriction period to and including the maturity date at a redemption amount equal to 100% of the principal amount of the outstanding bonds together with all interest accrued thereon. Restriction period is defined as the three-month period commencing from the date of issue of the bonds.

The bonds have two components – liability and equity components. On initial recognition, the fair value of the liability component of the convertible redeemable bonds was determined using the prevailing market interest of similar non-convertible bond with the Company's redemption option. The difference between the issue price of the convertible redeemable bonds and the fair value assigned to the liability component, representing the option for conversion of the convertible redeemable bonds into equity, is included in equity as convertible redeemable bonds equity reserve. The liability component of the bonds is subsequently measured at amortised cost using effective interest rate of 31.1% per annum.

The net proceeds from the issue of the convertible redeemable bonds after the direct transaction costs of HK$1,501,000 were HK$58,559,000. The transaction costs were allocated based on the fair values at initial recognition of both components.

During the year ended 31 December 2015, the bonds with principal amount of HK$25,116,000 were converted at the conversion price of HK$0.78 per share, resulting in the issue of 32,200,000 new shares of HK$0.1 each and the transfer of a sum of HK$5,111,000 from convertible redeemable bonds equity reserve to share capital and share premium, and the derecognition of liability component by HK$19,764,000.

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

During the year 31 December 2016, no convertible bond was converted into ordinary shares of the Company. All the outstanding convertible redeemable bonds brought forward from 31 December 2015, with principal amount of HK$6,786,000, were redeemed at the maturity date resulting in transfer of a sum of HK$1,381,000 from convertible redeemable bonds equity reserve to accumulated losses.

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

| | **Liability component** *HK$'000* | **Equity component** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| Value on initial recognition less direct transaction cost | 46,337 | 12,222 | 58,559 |
| Imputed interest expense recognised | 5,533 | – | 5,533 |
| Conversion of convertible redeemable bonds | (19,764) | (5,111) | (24,875) |
| Early redemption of convertible redeemable bonds | (25,495) | (5,730) | (31,225) |
| At 31 December 2015 and 1 January 2016 | **6,611** | **1,381** | **7,992** |
| Imputed interest expense recognised | **718** | **–** | **718** |
| Redemption of convertible redeemable bonds at maturity date | **(7,329)** | **(1,381)** | **(8,710)** |
| **At 31 December 2016** | **–** | **–** | **–** |

## 15. TRADE PAYABLES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **684** | – |

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Less than 1 month | **684** | – |

## 16. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

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 Holding 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. Accordingly, the following major classes of assets relating to the Disposal Group have been classified as held for sale in the consolidated statement of financial position.

| | *HK$'000* |
|---|---|
| Property, plant and equipment | 10 |
| Deposit for acquisition of property, plant and equipment (net of impairment) | 2,807 |
| Prepayments, deposits and other receivables | 52 |
| Bank balances and cash | 131 |
| | 3,000 |

In accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets of the Disposal Group have been written down to their fair value less costs to sell of HK$3,000,000. The fair value less costs to sell of the Disposal Group was estimated with reference to the agreed selling price stipulated in the sale and purchase agreement. This is a non-recurring fair value measurement.

An impairment loss of HK$2,848,000 has been recognised in profit or loss and has been allocated to the item of deposit for acquisition of property, plant and equipment of the Disposal 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.

## 17. CAPITAL COMMITMENT

The Group had the following outstanding capital commitments at the end of reporting period:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contracted but not provided for, in respect of: | | |
| – Acquisition of property, plant and equipment | **1,139** | 1,150 |

## 18. 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 Planning Department and 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") which is 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 Plaintff 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.

Up to the date of this report, the trial is in still in progress and no further decision has been reached by the court. In the opinion of the Directors, as the trial is still in progress, the amount of the claim cannot be measured reliably as it is dependent on the outcome of the trial. Accordingly, no provision has been made in the consolidated financial statements as at 31 December 2016.

As assessed by the Directors, based on the current situation and information, it is unlikely that the litigation would result in material impact to the consolidated financial statements of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### INCOME

During the year, the Group has engaged in the trading of (a) bio-cleaning materials, (b) waste construction materials and provision of waste processing services, (c) renewable energy and (d) plastic recycling business. The Group's total revenue for the year ended 31 December 2016 ("FY2016") was approximately HK$2.6 million (FY2015: approximately HK$1.2 million) representing an increase of approximately 110.7% as compared with that for the year ended 31 December 2015 ("FY2015").

**(a) Bio-cleaning Products**

The revenue arising from activities of bio-cleaning sector for the FY2016 was approximately HK$94,000 (FY2015: approximately HK$129,000) representing a decrease of approximately 27.1% as compared with that for FY2015.

**(b) Waste Construction Materials**

The revenue arising from waste construction material sector for FY2016 was approximately HK$2.5 million (FY2015: approximately HK$1.08 million) representing an increase of approximately 127.2% compared with FY2015.

**(c) Renewable Energy**

On 29 December 2016, after taking into account that (i) the uncertainties in relation to the fluctuation in crude oil prices and thereby impacting upon the competitiveness in the biodiesel industry; and (ii) sourcing of raw materials for the production of biodiesel has not been as satisfactory as the Company had expected, the Board considers that it is in the interest of the Company to dispose of a subsidiary in this segment which invested in production of biodiesel in Portugal to an independent third party at a consideration of HK$3,000,000 (the "Disposal"). The Company currently intends to use the proceeds from the Disposal for financing future potential investment opportunities and/or general working capital of the Group.

**(d) Plastic Recycling**

No revenue was recognized from this segment during FY2016. The property, plant, and equipment of plastic recycling segment were newly acquired by the Group in September 2016, details of which are set out in the Company's announcements dated 23 May 2016 and 30 September 2016.

## EXPENDITURE

In FY2016, total expenditures excluding finance costs were recorded at HK$39.9 million (FY2015: HK$40.7 million).

The net loss of HK$36.8 million for FY2016 included (i) equity-settled share-based payments of approximately HK$12.4 million was recognized as two lots of options granted on 4 November 2016 and 6 December 2016 respectively, (ii) exchange differences of approximately HK$3.2 million was recorded 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 during FY2016, and (iii) impairment loss on deposit for acquisition of plant and equipment of approximately HK$2.8 million due to the outlook of the oil price market is not promising.

Other expenses which included legal and professional fees, amortization and general administrative expenses, decreased by 10.3% from approximately HK$29.2 million in FY2015 to HK$26.2 million in FY2016.

Finance costs of approximately HK$0.7 million relate to imputed interest of convertible redeemable bonds outstanding during FY2016 (FY2015: HK$5.5 million).

During FY2016, the Group recorded a net loss of approximately HK$36.8 million. However, excluding (i) the equity-settled share base payments amounting to approximately HK$12.4 million, and (ii) impairment loss on deposit for acquisition of plant and equipment of approximately HK$2.8 million which is non-recurring in nature, the Group has recorded a net loss of approximately HK$21.6 million only. The share-based payments and impairment loss on deposit for acquisition of plant and equipment were non-cash accounting items and were charged to the profit and loss for the year but has no effect on the cash flow of the Group's operation.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had total current assets of approximately HK$32.1 million (As at 31 December 2015: approximately HK$67.2 million) while total current liabilities were approximately HK$4.9 million (As at 31 December 2015: approximately HK$9.6 million). The current ratio, an indicator to demonstrate the ability to meet the short term liabilities, was approximately 6.5 (As at 31 December 2015: approximately 7.0). Notwithstanding that there was a decline in the current ratio, the Group has sufficient fund to meet its liabilities as they fall due.

As at 31 December 2016, the Group had total assets of approximately HK$56.1 million (As at 31 December 2015: approximately HK$81.9 million). The Group did not have external borrowing as at 31 December 2016. As at 31 December 2015, the gearing ratio, calculated by dividing the total debts over its total assets was 8.1%.

**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 the placing agent conditionally agreed with the Company to endeavor to place up to 133,206,000 placing shares to not less than six placees which are professional investors, who and whose ultimate beneficial owners are 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 is HK$13,320,600. The aggregate gross and net proceeds from the placing are approximately HK$34.63 million and approximately HK$34.11 million, respectively. The net price to the Company of each placing share, which is calculated by dividing the aggregate net proceeds from the placing by the total number of placing shares, is approximately HK$0.256.

The directors of the Company consider the placing represents a good opportunity to raise additional funds and widen the shareholder base of the Company. Accordingly, the directors consider that the placing is in the interests of the Company and shareholders as a whole.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the placees and their ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

## YEAR IN REVIEW AND OUTLOOK

**(a) Bio-Cleaning Products**

As in the previous financial years, all revenues in FY2016 from this sector were contributed by sales made in Hong Kong. The Group will continue to grow its business in Hong Kong and will also promote and broaden its sales to overseas markets. Plans to sell and gain market access to overseas customers have also been put in place and the Company will continue to explore business opportunities outside of Hong Kong.

**(b) Waste Construction Materials**

The performance in this segment has improved in FY2016 because the demand for our product is picking up. As a result, more orders were placed from local construction companies and government authorities. Steady growth is expected in this segment in the coming year as the Group is still in the process of building up its customer's base in Germany.

**(c) Renewable energy**

The business environment for this sector remains challenging and the fluctuation of crude oil price will continue to affect our competitiveness of the new products in the market. Taking into the consideration of the outlook on the demand side is not promising and to minimise further losses and other anticipated capital costs required to be injected in order to turn biodiesel plant into commercial production, the project in Portugal has been terminated by the Group and the management has been reviewing this situation closely in order to adjust its development plan. These are all steps taken by the management to be prudent in the current environment.

**(d) Plastic Recycling business**

In FY2016, the Group has purchased certain property, plant and equipment for development of a new business in the trading of plastic recycling materials. As stated in the Company's announcement dated 30 September 2016, the Group has completed the acquiring of the land (the "Property") upon which the Group's plastic recycling business is to be carried on, and has removed and cleared all existing scrap materials at the Property. In addition to this, the Group also has carried out maintenance and recalibration works for those production facilities in order to improve the overall production efficiency. Trail run of the production is anticipated to start very soon, and this new business segment is expected to contribute positively to the future growth of the Group and to bring synergy effect with the existing businesses of the Group.

## BUSINESS OUTLOOK AND FUTURE PROSPECTS

Looking back 2016, the global economy was experiencing a tough time amid uncertainties and a further slowdown in economic growth. The withdrawal of the United Kingdom from the European Union, the successful appointment of Donald J. Trump as the United States president and other unexpected events together with various factors, among others, the downward pressure of the PRC economy and the forecast on the increase of interest rate by The Federal Reserve Board, have resulted in the depreciation of Renminbi against U.S. dollars. Under the national strategy of "One Belt, One Road", an increasing number of enterprises conducted mergers and acquisitions in overseas markets. In 2016, the scale of overseas mergers and acquisitions conducted by Chinese enterprises hit a historic high with over USD200 billion, ranking the first in the world.

Looking forward, a stagnant recovery in the global economy is expected to continue in 2017 and the uprising of trade protectionism is expected to lead to a greater fluctuation in the global economy and capital markets. Regarding foreign investments, on 23 May 2016, a subsidiary of the Company entered into a purchase agreement with an independent third party to purchase the Property in Germany. The Company intends to use the Property together with the buildings and structures erected thereon to develop the plastics recycling business. Our management believes that the plastics recycling business is expected to contribute positively to the future growth of the Group and to bring synergy effect with the existing businesses of the Group. Please refer to the Company's announcement dated 23 May 2016 and 30 September 2016 for more details.

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

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

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

## FOREIGN EXCHANGE EXPOSURE

The ordinary operations and investments of the Group are mainly in Hong Kong and Germany, with revenue and expenditures denominated in Hong Kong dollars and Euro. The operations 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 instrument to hedge against such exposures at appropriate times. As at 31 December 2016, there were no derivative financial instruments employed by the Group.

## SEASONAL OR CYCLICAL FACTORS

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

## MATERIAL ACQUISITION

Save for disclosed in the Company’s announcement dated at 23 May 2016, 30 September 2016 and 29 December 2016, there was no material acquisition or disposal of the Company’s subsidiaries and associated companies for the FY2016.

## CAPITAL COMMITMENT

As at 31 December 2016 the Group had capital commitment of HK$1,139,000 (As at 31 December 2015: HK$1,150,000).

## CONTINGENT LIABILITIES

Save for disclosed in the note 18, as at 31 December 2016 the Group did not have any material contingent liabilities (As at 31 December 2015: Nil).

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016 the Group had 28 employees (As at 31 December 2015: 21 employees) in Hong Kong, the PRC and Germany.

The Group offered competitive remuneration package as an incentive to staff for improvement. The Company has a share option scheme in place 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.

## PRE-EMPTIVE RIGHTS

There is 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

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

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of 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 ("Listing Rule"). The Company conducts regular reviews of its corporate governance practices to ensure compliance with the CG Code. During the year under review, the Company has complied itself with all the CG Code except the following:

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. Yip Wai Leung Jerry, 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.

## 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") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquired of all Directors, that they have fully complied with the required standard set out in the Model Code throughout the year under review.

## AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors namely, Mr. So Yin Wai, Mr. Tam Chun Wa and Ms. Li Kit Chi Fiona as the report dated. The audit committee has reviewed the audited consolidated financial statements for the year ended 31 December 2016.

## REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## PUBLICATION OF FINAL RESULTS ANNOUNCEMENT

The annual report of the Company for the year ended 31 December 2016 containing all the information required by the Listing Rules also be available at the Company's and The Stock Exchange of Hong Kong Limited's website will be dispatched to the Company's shareholders in due course.

The results announcement is published on Company's website (www.greenenergy.hk) and The Stock Exchange of Hong Kong Limited's website.

**Yip Wai Leung Jerry**
*Chairman*

Hong Kong, 30 March 2017

*As at the date of this announcement, the Company has two executive Directors, Mr. Yip Wai Leung Jerry, Mr. Chan Wai Kit and three independent non-executive Directors, namely Ms. Li Kit Chi Fiona, Mr. So Yin Wai and Mr. Tam Chun Wa.*

* *For identification purposes only*