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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)

2018 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 2018 (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 2018

		For the six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
	Notes		
Revenue	3	22,560	14,219
Other income		5,660	5,329
Change in inventories of finished goods		(17,832)	(9,478)
Depreciation		(792)	(622)
Staff costs		(6,029)	(4,654)
Gain on disposal of investment in a subsidiary	15	746	—
Other operating expenses		(7,309)	(5,844)
Finance costs		—	—
Loss before loss on financial assets at fair value through profit or loss		(2,996)	(1,050)
Net loss on financial assets at fair value through profit or loss		—	(1,227)
Loss before income tax	4	(2,996)	(2,277)
Income tax credit/(expense)	5	—	853
Loss for the period		(2,996)	(1,424)
Other Comprehensive Income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		282	(1,931)
Total comprehensive income for the period		(2,714)	(3,355)
Loss attributable to:			
Owners of the Company		(2,495)	(1,148)
Non-controlling interests		(501)	(276)
		(2,996)	(1,424)
Total comprehensive income attributable to:			
Owners of the Company		(2,284)	(3,100)
Non-controlling interests		(430)	(255)
		(2,714)	(3,355)
Loss per share			
— Basic and diluted (HK cents)	7	(0.26)	(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		39,102	35,811
Loan and interest receivables	13	–	5,000
		39,102	40,811
Current assets			
Inventories	8	323	667
Trade receivables	9	14,875	12,686
Prepayments, deposits and other receivables	10	9,457	5,064
Loan and interest receivables	13	22,948	–
Financial assets at fair value through profit or loss	15	–	4,819
Short-term investments	11	–	356
Cash and cash equivalents		52,537	81,125
		100,140	104,717
Current liabilities			
Trade payables	12	10,231	10,145
Accruals and other payables		1,050	7,828
Provision for income tax		187	187
		11,468	18,160
Net current assets		88,672	86,557
Total assets less current liabilities		127,774	127,368

		As at 30 June 2018 (Unaudited) <i>HK\$'000</i>	As at 31 December 2017 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
EQUITY			
Share capital	14	94,693	94,693
Reserves		<u>31,039</u>	<u>33,323</u>
Equity attributable to the owners of the Company		125,732	128,016
Non-controlling interests		<u>2,042</u>	<u>(648)</u>
Total equity		<u>127,774</u>	<u>127,368</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 2017. 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 2017. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current period, did not have any significant effect on the financial position or performance of the Group.

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

3. REVENUE AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Trading of recyclable oil/biodiesel	17,258	12,811
Trading of bio-cleaning materials	88	90
Trading of waste construction materials, provision of waste processing services	1,819	1,079
Plastic recycling business	2,831	239
Money lending services	564	—
	22,560	14,219

Business segments

For the six months ended 30 June 2017, the Group was organised into five operating divisions. 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 period ended 30 June 2018 has presented the following segments.

Segment revenue and results

For the six months ended 30 June 2018

	Money lending (Unaudited) HK\$'000	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000	Plastic recycling business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
Sales to external customers	<u>564</u>	<u>17,258</u>	<u>88</u>	<u>1,819</u>	<u>2,831</u>	<u>22,560</u>
Results						
Segment results	<u>515</u>	<u>921</u>	<u>(44)</u>	<u>572</u>	<u>(2,572)</u>	<u>(608)</u>
Unallocated expenses						(8,794)
Finance costs						-
Other revenue						<u>6,406</u>
Loss before income tax						<u><u>(2,996)</u></u>

For the six months ended 30 June 2017

	Securities investment (Unaudited) HK\$'000	Renewable energy (Unaudited) HK\$'000	Bio-cleaning materials (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000	Plastic recycling business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
Sales to external customers	–	12,811	90	1,079	239	14,219
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results						
Segment results	(1,230)	3,267	(67)	415	(2,724)	(339)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Unallocated expenses						(7,267)
Finance costs						–
Other revenue						5,329
						<u> </u>
Loss before income tax						(2,277)
						<u> </u>

The following table presents assets and liabilities by segment of the Group as at 30 June 2018 and 31 December 2017:

As at 30 June 2018

	Money lending (Unaudited) <i>HK\$'000</i>	Renewable energy (Unaudited) <i>HK\$'000</i>	Bio-cleaning materials (Unaudited) <i>HK\$'000</i>	Waste construction materials and waste processing service (Unaudited) <i>HK\$'000</i>	Plastic recycling business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
ASSETS						
Segment assets	22,062	20,010	78	14,865	23,979	80,994
Unallocated cash and cash equivalents						43,654
Unallocated corporate assets						14,594
Consolidated total assets						139,242
LIABILITIES						
Segment liabilities	–	9,808	–	93	798	10,699
Unallocated corporate liabilities						582
Tax liabilities						187
Consolidated total liabilities						11,468

As at 31 December 2017

	Renewable energy (Audited) <i>HK\$'000</i>	Bio-cleaning materials (Audited) <i>HK\$'000</i>	Waste construction materials and waste processing service (Audited) <i>HK\$'000</i>	Plastic recycling business (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
ASSETS					
Segment assets	20,088	429	11,703	29,266	61,486
Unallocated cash and cash equivalents					67,216
Loan receivable					7,004
Unallocated corporate assets					9,822
Consolidated total assets					145,528
LIABILITIES					
Segment liabilities	10,542	–	195	1,013	11,750
Unallocated corporate liabilities					6,223
Tax liabilities					187
Consolidated total liabilities					18,160

4. LOSS BEFORE INCOME TAX

**For the six months
ended 30 June**

2018	2017
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

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

Staff costs including director's remuneration

Salaries and allowances

Equity-settled share-based payment to employees

6,029	4,654
–	–

	6,029	4,654
Interest income	(218)	(389)
Loss/(gain) on disposal of fixed assets	–	9
Gain on disposal of investment in a subsidiary	746	–
Net exchange (gain)/loss	(913)	(4,355)

5. INCOME TAX

No Hong Kong profits tax has been provided for the six months ended 30 June 2018 as the Company incurred losses for tax purpose and certain subsidiaries of the Group have tax losses brought forward to set-off the estimated assessable profits.

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the six months ended 30 June 2017.

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 2018 (six months ended 30 June 2017: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to owners of the Company	(2,495)	(1,148)
	Number of shares	
	30 June	30 June
	2018	2017
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	946,928,176	909,049,781

Diluted loss per share for the period ended 30 June 2018 and 2017 have not been disclosed, as the share options and the convertible redeemable bond outstanding during the period have an anti-dilutive effect on the basic loss per share.

8. INVENTORIES

	As at	As at
	30 June	31 December
	2018	2017
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Bio-cleaning materials	–	214
Plastic materials	323	453
	323	667

9. TRADE RECEIVABLES

	As at 30 June 2018 (Unaudited) <i>HK\$'000</i>	As at 31 December 2017 (Audited) <i>HK\$'000</i>
Trade receivables	14,978	12,686
Less: Provision of impairment	(103)	–
	14,875	12,686

The Group allows a credit period of 90 days to its trade customers. The following is an ageing analysis (based on invoice date) of trade receivables net of allowance for doubtful debts at the end of the reporting period:

	As at 30 June 2018 (Unaudited) <i>HK\$'000</i>	As at 31 December 2017 (Audited) <i>HK\$'000</i>
0 – 90 days	14,843	12,651
90 – 180 days	26	26
Over 365 days	6	9
	14,875	12,686

The Group allows a credit period of 14 to 90 days to its customers. Approximately 89.5% of the trade receivables as at 30 June 2018 neither past due nor impaired and they were assessed to be of good credit rating attributable under the credit control system used by the Group.

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

As at 30 June 2018, trade receivables HK\$1,566,000 of are past due but not impaired. Such receivables related to a number of customers, and 80.9% of trade receivables as at 30 June 2018 were settled subsequently. The Group does not hold any collateral as security over these balances.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Prepayments	1,720	456
Deposits and other receivables	7,737	4,608
	<u>9,457</u>	<u>5,064</u>

11. SHORT-TERM INVESTMENTS

The short-term investments were purchased from a major bank in PRC. As at 31 December 2017, they were subjected to maturity within one month. The estimated return from these short-term investments was approximately 3.45% per annum. The accrued and unpaid interest will be received upon redemption of the investment from the banks. The directors of the Company consider that the carrying value of short-term investments were approximately to its fair value at the end of reporting period.

12. TRADE PAYABLES

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

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
0 to 90 days	10,000	5,038
91 – 180 days	231	5,107
181 – 365 days	–	–
Over 365 days	–	–
	<u>10,231</u>	<u>10,145</u>

13. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Loan and interest receivables	<u>22,948</u>	<u>7,938</u>
Analysed for reporting purpose as:		
Non current assets	–	5,000
Current assets	<u>22,948</u>	<u>2,938</u>
		(note)
	<u>22,948</u>	<u>7,938</u>

Particulars of significant individual loan receivable are as follows:

		Effective interest rate	Carrying amount 30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
	Collateral			
HK\$5,000,000 fixed rate of loan receivable	Real Estate	2%	–	5,000
HK\$20,000,000 fixed rate of loan receivable	Unsecured	15%	20,000	–

As at 30 June 2018, the unserved loan receivable from customer borne interest rates at 15% per annum, were repayable according to the terms of the loan agreements and are secured by personal guarantee.

The secured mortgage loan receivables bore fixed interests rate at 2% per annum, are secured by real estates in Hong Kong. As of the report date, the loan was fully repaid.

As of 30 June 2018, no loan to customers were past due but not impaired.

Note: Included in prepayment, deposits and other receivables balance of the Group at 31 December 2017 were amount of HK\$5,064,000 (note 10) which HK\$2,938,000 were allocated as loan and interest receivables.

14. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2017, 31 December 2017 and 30 June 2018	4,000,000	400,000
	<u>4,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
at 31 December 2017 and 30 June 2018	946,928	94,693
	<u>946,928</u>	<u>94,693</u>

15. DISPOSAL OF A SUBSIDIARY

During the period under review, an indirectly wholly owned subsidiary of the Company disposed its entire interest in Green Energy Finance Limited referred to as the “**GE Finance Disposal**”. The principle activity of Green Energy Finance Limited was the securities investment.

Summary of the effects of the disposal of Green Energy Finance Limited is as follows:

Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
Current assets	
Financials assets at fair value through profit or loss	4,819
Cash and cash equivalents	<u>1</u>
Net assets disposed of	<u>4,820</u>

Gain on disposal of a subsidiary

	<i>HK\$'000</i>
Consideration received	5,566
Net asset disposed of	<u>4,820</u>
Gain on disposal of a subsidiary	<u>746</u>

Net cash inflow on disposal of a subsidiary

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	5,566
Less: cash and cash equivalent balances disposed of	<u>(1)</u>
Net cash inflow from disposal of a subsidiary	<u>5,565</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating Results

The turnover of the Group for the six months ended 30 June 2018 (the “1HFY2018”) was approximately HK\$22.6 million (six months ended 30 June 2017 (the “1HFY2017”): approximately HK\$14.2 million), representing an increase of HK\$8.4 million as compared with the corresponding period in last year. The main reason for the increase was due to the increase in revenue from the trading of recyclable oil/biodiesel and money lending business as well as the constant income contributed from the trading of waste construction material and waste processing service.

The net loss attributable to the owners of the Company for 1HFY2018 was approximately HK\$2.5 million (1HFY2017: the net loss was approximately HK\$1.1 million), representing an increase of approximately of 127.3% as compared with the corresponding period in last year. The increase in loss arose due to (i) increase in repair and maintenance expenses and labour costs in connection with our plastic recycled production facilities in Germany for 1HFY2018, which was in line with increase in business activities for the period under review; and (ii) decrease in exchange gain of approximately HK\$0.91 million was recorded for 1HFY2018 due to the translation of balances denominated in foreign currencies, which was mostly attributable to the depreciation of Euro against Hong Kong dollars due to events in the United States. A turbulent political situation in United States has exerted pressures on the Euro. (1HFY2017: exchange gain of approximately HK\$4.4 million was recorded).

The reduction in loss for 1HFY2018 was however offset by (i) continuous improvement in the operating activities in the waste construction material and waste processing service, and renewable energy sector, (ii) the Group carried out an impairment assessment and reversed the impairment losses made in respect of non-current assets, loans and other receivables of approximately HK\$2.7 million and HK\$0.9 million respectively during the interim period, and (iii) gain on disposal of a subsidiary approximately HK\$0.7 million mainly comprised gains on GE Finance Disposal was completed on May 2018. Details of GE Finance Disposal were set out in note 15. (1HFY2017: NIL).

Segment Information

(a) Renewable Energy

The Group recorded a revenue of HK\$17.3 million from the trading of recyclable oil/biodiesel for the period ended 30 June 2018 (six months ended 30 June 2017: HK\$12.8 million).

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

(b) Bio-cleaning materials

The turnover arising from the sale of bio-cleaning materials was approximately HK\$88,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$90,000). It was mainly due to less new orders were secured for the period ended 30 June 2018. The Group will continue to put effort in promoting and marketing environmental products and to tighten control over its operating expenses.

(c) Waste construction materials and waste processing service

The key element of this sector involves the collection and recycling of waste construction materials and the sale of recycled construction materials. The turnover arising from this sector has increased from HK\$1,079,000 for the six months ended 30 June 2017 to approximately HK\$1,819,000 for the six months ended 30 June 2018 with an increase of 68.6%. The Group has been working with the local construction companies and government authorities for many years. The Group believes that with such a close relationship and trust with these parties, the Group would be able to generate more income from this sector in future.

(d) Plastic Recycled business

For the Plastic Recycling business development, the Group has submitted the application for an extension of the existing industrial permit that allows the Group to undertake an extended scope of plastic recycling activities using advanced technologies. The Group is awaiting the results from the relevant authority in Germany. The Group completed a successful trial production in May 2017 and went into soft commercial production in early June 2017. The turnover arising from this sector was approximately HK\$2,831,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$239,000).

(e) Money lending business

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

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 30 June 2018 the Group had total current assets of approximately HK\$100.1 million (as at 31 December 2017: approximately HK\$104.7 million) and the total current liabilities were approximately HK\$11.5 million (as at 31 December 2017: approximately HK\$18.2 million). The current ratio of the Group was approximately 8.7 (as at 31 December 2017: approximately 5.8). The Group has sufficient funds to settle its debts.

As at 30 June 2018 the Group had total assets of approximately HK\$139.2 million (as at 31 December 2017: approximately HK\$145.5 million). The Group did not have external borrowing as at 30 June 2018.

Placing of new shares

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

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

The net proceeds from the issue of the new shares were approximately HK\$34.63 million and were intended to be used for general working capital of the Group to support its normal operation and possible new investment or development of business of the Group. As at 30 June 2018, approximately HK\$29.0 million was utilized for the new investment and development of the existing business segments. The remaining net proceeds have not been utilized and are still held in an account with a reputable licensed financial institution.

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong and Germany, with revenue and expenditures denominated in Hong Kong dollars and Euro dollars. The operating results of the Group may be affected by the volatility of foreign currencies. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 30 June 2018, there were no derivative financial instruments employed by the Group.

Seasonal or Cyclical Factors

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

Material Acquisition

Save for disclosed in the Company's announcement dated at 12 April 2018, 25 May 2018 and the note 16 to the interim report 2018, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the 1HFY2018.

Capital Commitments

As at 30 June 2018, the Group did not have any material capital commitment (As at 31 December 2017: Nil).

Contingent Liabilities

Save as disclosed on the note 32 to annual report 2017, the Group did not have any material contingent liabilities.

BUSINESS OUTLOOK AND FUTURE PROSPECTUS

Looking forward, a stagnant recovery in the global economy is expected to continue in the remaining year and the uprising of trade protectionism is expected to lead to a greater fluctuation in the global economy and capital markets. In light of the demand for money lending for loans has been growing in recent years, the Directors are optimistic about the future prospect in the money lending market in Hong Kong. The Directors have not foreseen any material adverse effect on the money lending market, the Company would continue to seize the opportunities and utilise the working capital available to the Group by allocating more resources in the investment of money lending business in order to enable the Group to maintain and expand the provision of financing services business and to achieve considerable profit contributions as well as diversify the credit risk.

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

EMPLOYEES

As at 30 June 2018 the Group had 28 employees (As at 31 December 2017: 32 employees) in Hong Kong, the PRC and Germany.

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit Committee of the Company has been set up with terms of reference in accordance with Appendix 14 of Listing Rules. The audit committee of the Company has reviewed the accounting principles and policies adopted by the Group with management and discussed risk management systems internal control and financial reporting matters including the review of the unaudited interim results of the Company for the Period.

PUBLICATION OF INTERIM RESULTS

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

On behalf of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 31 August 2018

As at the date of this announcement, the Company has three executive Directors, namely Mr. Yip Wai Leung Jerry, Mr. Luo Xian Ping and Mr. Ho Wai Hung, and three independent non-executive Directors, namely Mr. Wong Sai Hung, Mr. Sze Cheung Pang, and Mr. Tam Chun Wa.

* *For identification purposes only*