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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 UNAUDITED INTERIM RESULTS FOR THE PERIODS ENDED 31 DECEMBER 2018

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 and the twelve months ended 31 December 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 period ended 31 December 2018

		For the six months ended 31 December		Twelve months ended 31 December	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Audited) HK\$'000
	Notes				
Revenue	3	35,809	27,388	58,369	41,607
Other income		121	8,642	5,781	13,971
Change in inventories of finished goods		(31,140)	(20,380)	(48,972)	(29,858)
Depreciation		(763)	(1,184)	(1,555)	(1,806)
Staff costs		(5,420)	(5,161)	(11,449)	(9,815)
(Loss)/Gain on disposal of investment in subsidiaries		(43)	–	703	–
Other operating expenses	17	(8,302)	(10,220)	(15,611)	(16,064)
Finance costs		(44)	–	(44)	–

* For identification purposes only

	Notes	For the six months ended 31 December		Twelve months ended 31 December	
		2018	2017	2018	2017
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Net loss on financial assets at fair value through profit or loss		<u>-</u>	<u>(1,205)</u>	<u>-</u>	<u>(2,432)</u>
Loss before income tax	4	(9,782)	(2,120)	(12,778)	(4,397)
Income tax credit/(expense)	5	<u>114</u>	<u>(187)</u>	<u>114</u>	<u>666</u>
Loss for the period		<u>(9,668)</u>	<u>(2,307)</u>	<u>(12,664)</u>	<u>(3,731)</u>
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		<u>(15)</u>	<u>(2,815)</u>	<u>267</u>	<u>(4,746)</u>
Total comprehensive income for the period		<u>(9,683)</u>	<u>(5,122)</u>	<u>(12,397)</u>	<u>(8,477)</u>
Loss attributable to:					
Owners of the Company		<u>(9,004)</u>	(1,970)	<u>(11,499)</u>	(3,118)
Non-controlling interests		<u>(664)</u>	<u>(337)</u>	<u>(1,165)</u>	<u>(613)</u>
		<u>(9,668)</u>	<u>(2,307)</u>	<u>(12,664)</u>	<u>(3,731)</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>(9,002)</u>	(4,708)	<u>(11,286)</u>	(7,808)
Non-controlling interests		<u>(681)</u>	<u>(414)</u>	<u>(1,111)</u>	<u>(669)</u>
		<u>(9,683)</u>	<u>(5,122)</u>	<u>(12,397)</u>	<u>(8,477)</u>
Loss per share					
– Basic and diluted (HK cents)	7	<u>(0.95)</u>	<u>(0.21)</u>	<u>(1.21)</u>	<u>(0.34)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		As at 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		38,820	35,811
Loan and interest receivables	13	–	5,000
Intangible assets		500	–
		<u>39,320</u>	<u>40,811</u>
Current assets			
Inventories	8	922	667
Trade receivables	9	9,675	12,686
Prepayments, deposits and other receivables	10	7,651	5,064
Loan and interest receivables	13	23,873	–
Financial assets at fair value through profit or loss	15	–	4,819
Short-term investments	11	30,070	356
Cash and cash equivalents		20,732	81,125
		<u>92,923</u>	<u>104,717</u>
Current liabilities			
Trade payables	12	8,284	10,145
Accruals and other payables		557	7,828
Provision for income tax		17	187
Other borrowings	16	5,289	–
		<u>14,147</u>	<u>18,160</u>
Net current assets		<u>78,776</u>	<u>86,557</u>
Total assets less current liabilities		<u><u>118,096</u></u>	<u><u>127,368</u></u>

		As at 31 December 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		22,042	33,323
Equity attributable to the owners of the Company		116,735	128,016
Non-controlling interests		1,361	(648)
Total equity		118,096	127,368

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 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 31 December		For the twelve months ended 31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Trading of recyclable oil/biodiesel	27,077	24,328	44,335	37,139
Trading of bio-cleaning materials	–	2	88	92
Trading of waste construction materials, provision of waste processing services	1,993	1,496	3,812	2,575
Plastic/metal scrap recycling business	5,239	1,562	8,070	1,801
Money lending services	1,500	–	2,064	–
	<u>35,809</u>	<u>27,388</u>	<u>58,369</u>	<u>41,607</u>

Business segments

For the twelve months ended 31 December 2018, the Group was organised into five operating divisions. All of the segment revenue reported below is from external customers. Information regarding the Group's reportable segments, as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the periods has presented the following segments.

Segment revenue and results

	Revenue				Segment results			
	Six months ended		Twelve months ended		Six months ended		Twelve months ended	
	31 December		31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue								
Money lending	1,500	–	2,064	–	214	–	729	–
Renewable energy	27,077	24,328	44,335	37,139	283	2,521	1,204	5,788
Bio cleaning materials	–	2	88	92	–	(201)	(44)	(268)
Waste construction materials and waste processing services	1,993	1,496	3,812	2,575	409	666	981	1,081
Plastic/metal scrap recycling business	5,239	1,562	8,070	1,801	(3,215)	(3,182)	(5,787)	(5,906)
	<u>35,809</u>	<u>27,388</u>	<u>58,369</u>	<u>41,607</u>	<u>(2,309)</u>	<u>(196)</u>	<u>(2,917)</u>	<u>695</u>
Other income					78	8,642	6,484	13,971
Other corporate expenses					(7,507)	(10,566)	(16,301)	(19,063)
Finance cost					(44)	–	(44)	–
Profit (loss) before tax					<u>(9,782)</u>	<u>(2,120)</u>	<u>(12,778)</u>	<u>(4,397)</u>

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

As at 31 December 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/ metal scrap recycling business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
ASSETS						
Segment assets	22,937	17,200	78	15,450	25,204	80,869
Unallocated cash and cash equivalents						4,606
Short-term investment						30,070
Unallocated corporate assets						16,698
Consolidated total assets						132,243
LIABILITIES						
Segment liabilities	-	6,290	-	169	2,141	8,600
Unallocated corporate liabilities						243
Other borrowings						5,287
Tax liabilities						17
Consolidated total liabilities						14,147

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 31 December		For the twelve months ended 31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	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	5,420	5,161	11,449	9,815
Equity-settled share-based payment to employees	—	—	—	—
	5,420	5,161	11,449	9,815
Interest income/realised fair value gain on financial instruments	(606)	(587)	(814)	(976)
Loss/(gain) on disposal of fixed assets	—	196	(114)	205
Loss/(gain) on disposal of investment in subsidiaries	43	—	(703)	26
Net exchange (gain)/loss	2,563	(6,452)	1,650	(10,807)

5. INCOME TAX

No Hong Kong profits tax has been provided for the twelve months ended 31 December 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.

Hong Kong profits tax is calculated at 16.5% on the estimated profits for the year ended 31 December 2017 after deduction of tax concession.

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 twelve months ended 31 December 2018 (2017: Nil).

7. LOSS PER SHARE

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

	Six months ended 31 December		Twelve months ended 31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss for the period attributable to owners of the Company	<u>(9,004)</u>	<u>(1,970)</u>	<u>(11,499)</u>	<u>(3,118)</u>
	Number of shares Six months ended 31 December		Number of shares 12 months ended 31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	<u>946,928,176</u>	<u>946,928,176</u>	<u>946,928,176</u>	<u>927,520,000</u>

Diluted loss per share for the twelve months ended 31 December 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 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Bio-cleaning materials	–	214
Plastic materials	<u>922</u>	<u>453</u>
	<u>922</u>	<u>667</u>

9. TRADE RECEIVABLES

	As at 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Trade receivables	9,778	12,686
Less: Provision of impairment	<u>(103)</u>	<u>–</u>
	<u>9,675</u>	<u>12,686</u>

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 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
0 – 90 days	9,437	12,651
90 – 180 days	222	26
Over 365 days	<u>16</u>	<u>9</u>
	<u>9,675</u>	<u>12,686</u>

The Group allows a credit period of up to 90 days to its customers. A longer credit period may be granted to large or long established customers with good payment history. Approximately 97.7% of the trade receivables as at 31 December 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 due to customer base being unrelated.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Prepayments	271	456
Deposits and other receivables	7,380	4,608
	<u>7,651</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 2018, they were subjected to maturity within one month. The estimated return from these short-term investments was approximately 2.8% 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 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
0 to 90 days	8,284	5,038
91 – 180 days	–	5,107
181 – 365 days	–	–
Over 365 days	–	–
	<u>8,284</u>	<u>10,145</u>

13. LOAN AND INTEREST RECEIVABLES

	As at 31 December 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Loan and interest receivables	<u>23,873</u>	<u>7,938</u>
Analysed for reporting purpose as:		
Non current assets	–	5,000
Current assets	<u>23,873</u>	<u>2,938</u> (note)
	<u><u>23,873</u></u>	<u><u>7,938</u></u>

Particulars of significant individual loan receivable are as follows:

		Effective interest rate	Carrying amount 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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	
Financial 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>

16. OTHER BORROWINGS

The amount at 31 December 2018 represented a loan from a director of the Group's subsidiaries. The amount was unsecured, interest bearing and repayable on demand.

17. OTHER OPERATING EXPENSES – UNAUDITED

Other operating expenses for the twelve months period ended 31 December 2018 amounted to HK\$15.6 million (2017:HK\$16.1 million) mainly represented, among other things, legal and professional fees paid in relation to the continuing obligation of the issuer on listing HK\$4.4 million (2017:HK\$6.7 million), office rental expenses and overheads HK\$2.8 million (2017:HK\$2.4 million), repair and maintenance expenses and wastage treatment costs for production facilities in Germany, which is in line with the increase in business activities HK\$2.5 million (2017:HK\$2.0 million) and an exchange loss of approximately HK\$1.65 million was recorded for the period (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating Results

Owing to the change of our financial year to the end of June starting from 2019, this is the second interim results for the eighteen months period ending 30 June 2019. The turnover of the Group for the twelve months ended 31 December 2018 (the “FY2018”) was approximately HK\$58.4 million (twelve months ended 31 December 2017 (the “FY2017”): approximately HK\$41.6 million), representing an increase of HK\$16.8 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 FY2018 was approximately HK\$11.5 million (FY2017: the net loss was approximately HK\$3.1 million), representing an increase of approximately of 271% 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 FY2018, which was in line with increase in business activities for the period under review; and (ii) an exchange loss of approximately HK\$1.65 million was recorded for FY2018 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 the rates rises of the US Federal Reserve Board and the uncertainty of Brexit. The outbreak of trade war between China and the United States also has exerted pressures on the Euro, as compared with exchange gain of approximately HK\$10.8 million was recorded for FY2017.

The loss for FY2018 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 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. (FY2017: NIL).

Segment Information

(a) *Renewable Energy*

As supplemented by additional revenue arising from the formation of the joint venture company, the Group recorded a revenue of HK\$44.3 million from the trading of recyclable oil/biodiesel for the period ended 31 December 2018 (FY2017: HK\$37.1 million).

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

The Group has successfully diversified customer mix and product mix to enhance our product's competitiveness in the market. Certain asian countries, including Malaysia and Taiwan, are expected to be the new markets of the Group, which is consistent with the Group's strategies to mitigate the concentration risk reduce the reliance on european market.

(b) *Bio-cleaning materials*

The turnover arising from the sale of bio-cleaning materials was approximately HK\$88,000 for the twelve months ended 31 December 2018 (twelve months ended 31 December 2017: HK\$92,000). It was mainly due to less new orders were secured for the period ended 31 December 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\$2,575,000 for the period ended 31 December 2017 to approximately HK\$3,812,000 for the period ended 31 December 2018 with an increase of 48%. 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 stable income from this sector in future.

(d) *Plastic/metal scrap recycled business*

This business segments contribute HK\$8.1 million in total to the Group, the turnover from trading of plastic recycling materials and provision of plastic processing services segment recorded a revenue of HK\$7.0 million for the twelve months ended 31 December 2018. (FY2017: HK\$1.8 million), an increase of 289% for the twelve months period compared to the corresponding period last year. Net loss of this segment for twelve months are HK\$5.8 million (2017: HK\$5.9 million). The overall performance for this segment was not satisfactory, due to the fact that the PRC government has launched anti-pollution campaign 《禁止洋垃圾入境推進固體廢物進口管理制度改革實施方案》 to strengthen the restrictions and standards in importing foreign garbage (eg. unsorted/low-grade feedstock) into the PRC, and had implemented since January 2018. As a result, the supply of low-grade plastic materials in the domestic Germany market has increased substantially, triggering competition among local Germany recyclers and pressuring on the selling price of the Group's recycled plastic products. Therefore, the Group has been taking prudent approaches in accepting new orders to migrate such risks.

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

As part of the Group's business diversification, the Group has begun recycling of metal scrap due to outlook of this business is encouraging. It contribute revenue HK\$1.1 million to the Group for the twelve months ended 31 December 2018 (2017: nil). The business has developed steadily. The pursuit of the recycling materials business is certainly not a new experience for the Company, because during the period between 2007 and 2013, Green Energy Trading Limited, a wholly-owned subsidiary of the Company, was previously engaged in similar trading, recycling and recompressing of waste materials imported from Germany. We believe that recycling of metal scrap will generate a stable income and return to the Group in the near future.

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

(e) *Money lending business*

The turnover arising from this sector was approximately HK\$2,064,000 for the twelve months ended 31 December 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 2018, 23 April 2018 and 22 October 2018 for more details.

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 31 December 2018 the Group had total current assets of approximately HK\$92.9 million (as at 31 December 2017: approximately HK\$104.7 million) and the total current liabilities were approximately HK\$14.1 million (as at 31 December 2017: approximately HK\$18.2 million). The current ratio of the Group was approximately 6.6 (as at 31 December 2017: approximately 5.8). The Group has sufficient funds to settle its debts.

As at 31 December 2018 the Group had total assets of approximately HK\$132.2 million (as at 31 December 2017: approximately HK\$145.5 million). The Group had other borrowing of approximately HK\$5.29 million (2017: Nil). The gearing ratio, calculated by divided the total debts over its total assets was approximately 4.0% (As at December 2017: Nil).

Placing of new shares

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

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

As at 31 December 2018, the Net Placing Proceeds of approximately HK\$34.11 million were applied as to (i) approximately HK\$15 million for the acquisition of additional properties and machineries in Germany for the further development and expansion of the plastic recycling business, the storage area for new equipment acquired and the new office; (ii) approximately HK\$2 million for the further development of the existing business segments, principally in relation to the repair and re-conditioning of the plant and equipment used in the waste construction materials and waste processing services business; (iii) approximately HK\$10 million as general working capital of the Group and (iv) approximately HK\$2 million as additional general working capital for the plastic recycling business.

The remaining net proceeds have not been utilized and are still held in an account with a reputable licensed financial institution. Based on the business needs of the Group and the changes in the business environment after 31 December 2017, as at the date of the Interim Report, the Company intended to use the remaining Net Placing Proceeds of approximately HK\$5.11 million for the further development of the plastic recycling business as and when opportunities which the Directors consider to be in the interests of the Company and the Shareholders arise.

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 31 December 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 15 to the second interim report 2018, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the Period.

Capital Commitments

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

Contingent Liabilities

As at 31 December 2018, the Group did not have any material contingent liabilities.

BUSINESS OUTLOOK AND FUTURE PROSPECTUS

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

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

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

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

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

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

EMPLOYEES

As at 31 December 2018 the Group had 25 employees (As at 31 December 2017: 32 employees) in Hong Kong, the PRC and Germany.

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

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

CORPORATE GOVERNANCE

The Board considers that the Company has complied throughout the twelve months ended 31 December 2018 (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. Luo Xian Ping, 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 second interim results of the Company for the six months and twelve months periods ended 31 December 2018.

PUBLICATION OF INTERIM RESULTS

The second interim report will be despatched to shareholders and published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.greenenergy.hk) in due course.

By order of the Board
Luo Xian Ping
Chairman

Hong Kong, 28 February 2019

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

* *For identification purposes only*