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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 2019**

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 31 December 2019 (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 2019

		For the six months ended 31 December	
		2019	2018
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Continuing operations			
Revenue	3	74,597	35,809
Other income		592	121
Change in inventories of finished goods		(69,026)	(31,140)
Depreciation and amortisation charges		(1,335)	(763)
Staff costs		(8,005)	(5,420)
(Loss)/gain on disposal of investment in subsidiaries		438	(43)
Other operating expenses	15	(9,290)	(8,302)
Finance costs		(56)	(44)
Loss before income tax	4	(12,085)	(9,782)
Income tax credit/(expense)	5	(5)	114
Loss for the period from continuing operations		(12,090)	(9,668)
Discontinued operation			
Loss for the period from discontinued operations		—	—
Loss for the period		(12,090)	(9,668)
Other Comprehensive Income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements of foreign operations		777	(15)
– Reclassification of translation reserve upon disposal		(37)	—
Other comprehensive income/(expense) for the period		740	(15)
Total comprehensive loss for the period		(11,350)	(9,683)

		For the six months ended 31 December	
		2019	2018
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Loss attributable to:			
	Owners of the Company	(11,833)	(9,004)
	Non-controlling interests	(257)	(664)
		<u>(12,090)</u>	<u>(9,668)</u>
Total comprehensive loss attributable to:			
	Owners of the Company	(11,091)	(9,002)
	Non-controlling interests	(259)	(681)
		<u>(11,350)</u>	<u>(9,683)</u>
		(HK cents)	(HK cents)
Loss per share			
	– Basic and diluted		
	– Continuing operations	(1.06)	(0.95)
	– Discontinued operations	<u>–</u>	<u>–</u>
	– Continuing and discontinued operations	<u>(1.06)</u>	<u>(0.95)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	As at 31 December 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		25,981	27,185
Prepayments, deposits and other receivables		–	7,072
Intangible assets		328	378
Right of use assets		1,575	–
		27,884	34,635
Current assets			
Inventories	8	1,640	722
Trade receivables	9	4,454	5,812
Prepayments, deposits and other receivables	10	22,168	12,433
Loan and interest receivables	12	20,064	21,314
Cash and cash equivalents		43,571	31,563
		91,897	71,844
Assets classified as held for sale		–	4,003
		91,897	75,847
Current liabilities			
Trade payables	11	554	362
Accruals and other payables		975	3,865
Provision for income tax		–	–
Lease liabilities		1,261	–
		2,790	4,227
Liabilities associated with assets classified as held for sale		–	692
		2,790	4,919
Net current assets		89,107	70,928
Total assets less current liabilities		116,991	105,563
Non-current liabilities			
Lease liabilities		337	–
Net assets		116,654	105,563
EQUITY			
Share capital	13	113,631	94,693
Reserves		1,435	9,028
Equity attributable to the owners of the Company		115,066	103,721
Non-controlling interests		1,588	1,842
Total equity		116,654	105,563

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 period ended 30 June 2019. 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 period ended 30 June 2019. 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, except as stated below:

The new accounting policies of HKFRS 16 “Leases” that have been applied from 1 July 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 from 1 July 2019, but has not restated comparatives figures for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 July 2019.

Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 range from 3.16% to 5.74%.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 “*Determining whether an Arrangement contains a Lease*”.

As a lessee, the Group’s leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Condensed consolidated interim statement of financial position (extract)	30 June 2019		1 July 2019 Restated
	As originally presented	HKFRS 16	
	HK\$’000	HK\$’000	HK\$’000
Non-current assets			
Right-of-use assets	–	2,536	2,536
Liabilities			
Lease liability	–	2,536	2,536

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

3. REVENUE AND SEGMENT INFORMATION

		For the six months ended 31 December	
		2019	2018
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
(a)	Continuing operations		
	Trading of recyclable oil/biodiesel	67,806	27,077
	Trading of waste construction materials, provision of waste processing services	2,585	1,993
	Plastic/metal scrap recycling business	2,706	5,239
	Money lending services	1,500	1,500
		<u>74,597</u>	<u>35,809</u>
(b)	Discontinued operation		
	Trading of bio-cleaning materials	<u>-</u>	<u>-</u>

On 30 June 2019, due to unsatisfactory performance of the business of bio-cleaning materials and that the commercial viability of this business was not promising, the Company decided to discontinue this segment.

Business segments

For the six months ended 31 December 2019, the Group was organised into four 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 liabilities include accruals and other payables and other liabilities directly attributable to the business activities of operating segments, and exclude corporate liabilities and tax liabilities.

Segment information about these businesses is presented below:

Segment revenue and results

For the six months ended 31 December 2018

	Continuing operations					Discontinued operations		
	Waste construction materials and waste	Money processing services	Renewable energy	Plastic/ metal scrap recycling business	Sub-total	Bio-cleaning materials	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE								
Sales to external customers	1,500	1,993	27,077	5,239	35,809	–	–	35,809
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
RESULTS								
Segment results	214	409	283	(3,215)	(2,309)	–	–	(2,309)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unallocated corporate expenses								(7,507)
Finance costs								(44)
Other income								78
								<u> </u>
Loss before income tax								(9,782)
								<u> </u>

For the period ended 31 December 2019

	Continuing operations					Discontinued operations		
	Waste construction materials and waste	Money processing services	Renewable energy	Plastic/ metal scrap recycling business	Sub-total	Bio-cleaning materials	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE								
Sales to external customers	1,500	2,585	67,806	2,706	74,597	–	–	74,597
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
RESULTS								
Segment results	215	917	295	(2,909)	(1,482)	–	–	(1,482)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unallocated corporate expenses								(11,139)
Finance costs								(56)
Other income								592
								<u> </u>
Loss before income tax								(12,085)
								<u> </u>

The following table presents assets and liabilities by segment of the Group as at 31 December 2019 and 30 June 2019:

As at 31 December 2019

	Money lending (Unaudited) HK\$'000	Renewable energy (Unaudited) HK\$'000	Waste construction materials and waste processing service (Unaudited) HK\$'000	Plastic/ metal scrap recycling business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
ASSETS					
Segment assets	20,780	15,184	13,815	20,134	69,913
Unallocated cash and cash equivalents					32,384
Unallocated corporate assets					17,484
Consolidated total assets					<u>119,781</u>
LIABILITIES					
Segment liabilities	114	–	739	1,218	2,071
Unallocated corporate liabilities					1,056
Tax liabilities					–
Consolidated total liabilities					<u>3,127</u>

As at 30 June 2019

	Money lending (Audited) HK\$'000	Renewable energy (Audited) HK\$'000	Waste construction materials and waste processing service (Audited) HK\$'000	Plastic recycling business (Audited) HK\$'000	Total (Audited) HK\$'000
ASSETS					
Segment assets	22,067	13,517	15,472	20,588	71,644
Unallocated cash and cash equivalents					23,735
Assets classified as held for sale					4,003
Unallocated corporate assets					11,100
Consolidated total assets					<u>110,482</u>
LIABILITIES					
Segment liabilities	–	434	1,427	697	2,558
Unallocated corporate liabilities					1,669
Liabilities associated with assets classified as held for sale					692
Consolidated total liabilities					<u>4,919</u>

4. LOSS BEFORE INCOME TAX

(a) Continuing operations

	For the six months ended 31 December	
	2019	2018
	(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	8,005	5,420
Equity-settled share-based payment to employees	—	—
	8,005	5,420
Interest income/realised fair value gain on financial instruments	(319)	(606)
Loss/(gain) on disposal of fixed assets	1	—
Loss/(gain) on disposal of investment in subsidiaries	(438)	43
Net exchange (gain)/loss	1,882	2,563

5. INCOME TAX

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
Current tax		
PRC tax	(5)	114

No Hong Kong profits tax has been provided for the six months ended 31 December 2019 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 period ended 31 December 2019 after deduction of tax concession.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (31 December 2018: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

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 31 December 2019 (2018/2019: Nil).

7. LOSS PER SHARE

For continuing operations

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

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000

Loss

Loss for the period attributable to owners of the Company	(11,833)	(9,004)
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	Number of shares Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)

Shares

Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	1,112,506,318	946,928,176
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Diluted loss per share for the six months ended 31 December 2019 and 2018 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 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
Waste construction materials	–	1
Plastic materials	1,640	721
	<u>1,640</u>	<u>722</u>

9. TRADE RECEIVABLES

	As at 31 December 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
Trade receivables	4,454	5,812
Less: Provision of impairment	—	—
	<u>4,454</u>	<u>5,812</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 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
0 – 90 days	4,380	5,793
90 – 180 days	52	—
181 – 365 days	6	—
Over 365 days	16	19
	<u>4,454</u>	<u>5,812</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 99.5% of the trade receivables as at 31 December 2019 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 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
Prepayments	2,773	1,536
Deposits and other receivables	19,395	10,897
	<u>22,168</u>	<u>12,433</u>

11. 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 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
0 to 90 days	552	362
91 – 180 days	2	–
181 – 365 days	–	–
Over 365 days	–	–
	<u>554</u>	<u>362</u>

12. LOAN AND INTEREST RECEIVABLES

	As at 31 December 2019 (Unaudited) HK\$'000	As at 30 June 2019 (Audited) HK\$'000
Loan and interest receivables	21,064	22,314
Less: Allowance for expected credit losses	(1,000)	(1,000)
	<u>20,064</u>	<u>21,314</u>

The loan and interest receivable was arising from Money Lending business. The loan bears fixed interest rate of 15% per annum on principal amount, repayable monthly. The principal is mature and repayable on 23 April 2020.

The loan was secured by personal guarantee of an independent third party.

The past due ageing of the loan and interest receivables are as follow:

	As at 31 December 2019 (Unaudited) <i>HK\$'000</i>	As at 30 June 2019 (Audited) <i>HK\$'000</i>
Neither past due nor impaired	19,000	19,000
Less than 3 months past due	750	750
3 to 6 months past due	314	750
Over 6 months but less than 1 year past due	—	814
	<u>20,064</u>	<u>21,314</u>

The directors of the Company consider that the credit risk of the loan has been significantly increased but not credit-impaired because of the information developed internally.

The loan receivables outstanding as at 31 December 2019 are denominated in HK\$.

13. SHARE CAPITAL

	Number of shares '000	Nominal value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 July 2018, 31 December 2018 and 31 December 2019	4,000,000	400,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 July 2018 and 30 June 2019	946,928	94,693
Issue of new shares through placing	189,380	18,938
As at 31 December 2019	<u>1,136,308</u>	<u>113,631</u>

14. DISPOSAL OF SUBSIDIARIES

During the period under review, the Group disposed its entire interest in Upframe Limited and Almoray Limited referred to as the “**Upframe Group**” and “**Almoray Group**” respectively. The principle activity of Upframe Group and Almoray Group was the holding of free hold land in Germany and investment holding respectively.

Summary of the effects of the disposal of Upframe Group and Almoray Group is as follow:

Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i> Almoray Group	<i>HK\$'000</i> Upframe Group	<i>HK\$'000</i>
Current assets			
Property, plant and equipment	–	3,275	3,275
Prepayment, deposits and other receivable	34	32	66
Cash and cash equivalents	281	444	725
	<u>315</u>	<u>3,751</u>	<u>4,066</u>
Accrual and other payable	<u>(663)</u>	<u>(24)</u>	<u>(687)</u>
Net assets disposed of	<u>(348)</u>	<u>3,727</u>	<u>3,379</u>

(Loss)/Gain on disposal of subsidiaries

	<i>HK\$'000</i>
Consideration received	3,780
Net assets disposed of	(3,379)
Release of translation reserve upon disposal of subsidiaries	<u>37</u>
(Loss)/Gain on disposal of subsidiaries	<u>438</u>

Net cash inflow on disposal of subsidiaries

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	3,780
Less: cash and cash equivalent balances disposed of	<u>(725)</u>
Net cash inflow from disposal of subsidiaries	<u>3,055</u>

15. OTHER OPERATING EXPENSES – UNAUDITED

Other operating expenses for the six months period ended 31 December 2019 amounted to HK\$9.3 million mainly represented, among other things, legal and professional fees paid in relation to the cost of operating a public-traded company amounted to HK\$2.1 million, office rental expenses and overheads HK\$1.5 million, repair and maintenance expenses and wastage treatment costs for production facilities in Germany, amounted to HK\$1.3 million and an exchange loss of approximately HK\$1.9 million was recorded for the period.

BUSINESS REVIEW

Operating Results

The turnover of the Group for the six months ended 31 December 2019 (the “1HFY2019/20”) was approximately HK\$74.6 million (six months ended 31 December 2018 (the “1HFY2018/19”): approximately HK\$35.8 million), representing an increase of HK\$38.8 million as compared with the corresponding period in last year. The main reason for the substantial increase was due to the increase in revenue from the trading of recyclable oil/biodiesel 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 1HFY2019/20 was approximately HK\$11.8 million (1HFY2018/19: the net loss was approximately HK\$9.0 million), representing an increase of approximately of 31.1% as compared with the corresponding period in last year. The increase in loss arose due to (i) the unfavourable product mix where low margin products accounted for high proportion of our total sales under the current market conditions for 1HFY2019/20; (ii) the low utilisation rate of our recycling plastic production facilities in Germany was due to the temporary suspension of certain production lines for regular repair and maintenance during the period under review and, (iii) To cope with the business growth, our increase in staff costs and incentive bonus by HK\$2.6 million, as a result of the increase in the overall sale volume, for the period under review.

The loss for 1HFY2019/20 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) gain on disposal of subsidiaries approximately HK\$0.44 million mainly comprised gains on Upframe Group and Almoray Group Disposal was completed on July 2019. Details of Upframe Group and Almoray Group Disposal were set out in note 14. (1HFY2018/19: NIL); and (iii) an exchange loss of approximately HK\$1.88 million was recorded for 1HFY2019/20, (1HFY2018/19: HK\$2.6 million) and representing a decrease of 27.7% when compared with 1HFY 2018/19, was 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 the trade war between China and the United States also has exerted pressures on the Euro.

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\$67.8 million from the trading of recyclable oil/biodiesel for the period ended 31 December 2019 (six months ended 31 December 2018: HK\$27.1 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 and reduce the reliance on European market.

(b) *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\$1,993,000 for the period ended 31 December 2018 to approximately HK\$2,585,000 for the period ended 31 December 2019 with an increase of 29.7%. 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.

(c) *Plastic/metal scrap recycled business*

The turnover from trading of plastic recycling materials and provision of plastic processing services segment recorded a revenue of HK\$2.71 million for the six months ended 31 December 2019. (Six months ended 31 December 2018: HK\$5.23 million), a decrease of 48.18% for the six months period compared to the corresponding period last year. Net loss of this segment for six months are HK\$2.9 million (1HFY2018/19: HK\$3.2 million). The overall performance for this segment has shown a good improvement, but still 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 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 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》 change provides an opportunities for our transformation, we have to adopt a cautious 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 these 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 agreed to form a joint venture with business partners to carry on the business of high-grade plastic waste recycling and processing in Japan, and to acquire two sets of machines which will facilitate the recycling business of the joint venture and broaden its product range to high-end premium plastic materials with higher profit margin by producing high-end premium products with lower impurities by using advanced technology equipment. Taking into account the substantial industry experience and expertise in waste recycling of the business partners to the joint venture, the Group expects that the joint venture will create synergy effect with the Group's existing Plastic Recycling Business, expand the revenue base to a new geographical business location, i.e. Japan, and generate considerable profits to the Group in future. The operation of this new joint venture is expected to commence in the first quarter of 2020. The first set of machine is currently being installed, and the second set of machine will be installed before the end of March 2020.

Due to the existing difficulties in operating environment of the Plastic Recycling Business in Germany as discussed above, the Company will closely monitor the developments of the Plastic Recycling Business in Germany and Japan, and will consider to re-allocate its resources to the new joint venture in Japan in order to maximize the values to be captured by the Company and minimize the risk associated with business in Germany, as and when appropriate.

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.

(d) Money lending business

The turnover arising from this sector was approximately HK\$1,500,000 for the six months ended 31 December 2019 (six months ended 31 December 2018: HK\$1,500,000), 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, 22 October 2018 and 22 October 2019 for more details.

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 31 December 2019 the Group had total current assets of approximately HK\$91.9 million (as at 30 June 2019: approximately HK\$75.8 million) and the total current liabilities were approximately HK\$2.8 million (as at 30 June 2019: approximately HK\$4.9 million). The current ratio of the Group was approximately 32.8 (as at 30 June 2019: approximately 15.5). The Group has sufficient funds to settle its debts.

As at 31 December 2019 the Group had total assets of approximately HK\$119.8 million (as at 30 June 2019: approximately HK\$110.5 million). The Group did not have external borrowing as at 31 December 2019 (As at 30 June 2019: Nil).

Fund Raising Activities in The Past Twelve Months

Save as disclosed below, there were no other equity fund raising activities of the Company during the last 12 months prior to the date of this announcement:

Date of announcements	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
5 July 2019, 24 July 2019	Placing of new shares under general mandate	HK\$22.5 million	The Company plans to use the net proceeds of the Placing as to (i) approximately HK\$10 million for further development of the existing plastic recycling business of the Group; (ii) approximately HK\$8 million for future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company; and (iii) the remaining balance of approximately HK\$4.5 million for additional general working capital of the Group	As at 31 December 2019, (i) approximately HK\$4.5 million have been utilized for general working capital of the Group, (ii) and as to approximately HK\$6 million was used to develop existing plastic recycling business, (iii) approximately HK\$4 million for future expansion plastic recycling business in Japan. The remaining net proceeds of approximately HK\$8 million have not been utilized and were maintained 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 USD and Euro dollars. The operating results of the Group may be affected by the volatility of foreign currencies. In addition, we are exposed to foreign currency risks arising from certain bank balances which are denominated in RMB and Euro. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 31 December 2019, 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 22 August 2019, 28 August 2019 and the note 14 to the interim report 2019/2020, there was no material acquisition or disposal of the Company's subsidiaries and associated companies for the Period.

Capital Commitments

As at 31 December 2019, the Group had capital commitment of HK\$3.9 million (As at 30 June 2019: Nil).

Contingent Liabilities

As at 31 December 2019, the Group did not have any material contingent liabilities.

BUSINESS OUTLOOK AND FUTURE PROSPECTUS

Looking forward, the outbreak of Sino-US trade war in 2018 and the escalating of trade protectionism 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 2019/2020.

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 formation of a new joint venture in Japan is expected to generate a stable income and return to the Group in the near future, as disclosed in the announcements dated 22 August 2019 and 28 August 2019 of the Company.

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 2019 the Group had 27 employees (2018/2019: 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 six months ended 31 December 2019 (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. Wong Sai Hung, 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 six months periods ended 31 December 2019.

PUBLICATION OF INTERIM RESULTS

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

By order of the Board
Wong Sai Hung
Chairman

Hong Kong, 28 February 2020

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

* *For identification purposes only*