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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 SIX MONTHS ENDED 31 DECEMBER 2020**

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 2020 (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 31 December 2020*

|  | <i>Notes</i> | <b>For the six months<br/>ended 31 December</b>      |  |
|--|--------------|--|--|
|  |              | <b>2020</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | <b>2019</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> |
| <b>Revenue</b>   | 3            | <b>40,159</b>  | 74,597   |
| Other income   |              | <b>3,232</b>   | 592  |
| Change in inventories of finished goods  |              | <b>(34,634)</b>                                      | (69,026)   |
| Depreciation and amortisation charges  |              | <b>(1,068)</b>                                       | (1,335)  |
| Staff costs  |              | <b>(7,866)</b>                                       | (8,005)  |
| Gain on disposal of investment in subsidiaries   |              | –  | 438  |
| Other operating expenses   |              | <b>(8,891)</b>                                       | (9,290)  |
| Finance costs  |              | <b>(46)</b>  | (56)   |
| <b>Loss before income tax</b>  | 4            | <b>(9,114)</b>                                       | (12,085)   |
| Income tax expense   | 5            | <b>(5)</b>   | (5)  |
| <b>Loss for the period</b>   |              | <b>(9,119)</b>                                       | (12,090)   |
| <b>Other Comprehensive Income/(expense)</b>  |              |  |  |
| <i>Item that may be reclassified subsequently to<br/>profit or loss:</i>               |              |  |  |
| – Exchange differences on translation of<br>financial statements of foreign operations |              | <b>1,633</b>   | 777  |
| – Reclassification of translation reserve<br>upon disposal                             |              | –  | (37)   |
| <b>Other comprehensive income for the period</b>                                       |              | <b>1,633</b>   | 740  |
| <b>Total comprehensive loss for the period</b>   |              | <b>(7,486)</b>                                       | (11,350)   |

|  |                           | <b>For the six months<br/>ended 31 December</b> |                   |
|--|---------------------------|---|-------------------|
|  |                           | <b>2020</b>                                     | 2019              |
|  |                           | <b>(Unaudited)</b>                              | (Unaudited)       |
| <i>Notes</i>                                     |                           | <b>HK\$'000</b>                                 | <b>HK\$'000</b>   |
| <b>Loss attributable to:</b>                     |                           |   |                   |
|  | Owners of the Company     | <b>(8,136)</b>                                  | (11,833)          |
|  | Non-controlling interests | <b>(983)</b>                                    | (257)             |
|  |                           | <u><b>(9,119)</b></u>                           | <u>(12,090)</u>   |
| <b>Total comprehensive loss attributable to:</b> |                           |   |                   |
|  | Owners of the Company     | <b>(6,261)</b>                                  | (11,091)          |
|  | Non-controlling interests | <b>(1,225)</b>                                  | (259)             |
|  |                           | <u><b>(7,486)</b></u>                           | <u>(11,350)</u>   |
|  |                           | <i>(HK cents)</i>                               | <i>(HK cents)</i> |
| <b>Loss per share</b>                            |                           |   |                   |
|  | – Basic and diluted       | <b>0.72</b>                                     | 1.06              |
|  |                           | <u><b>0.72</b></u>                              | <u>1.06</u>       |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2020*

|   | <i>Notes</i> | <b>As at<br/>31 December<br/>2020<br/>(Unaudited)<br/>HK\$'000</b> | <b>As at<br/>30 June<br/>2020<br/>(Audited)<br/>HK\$'000</b> |
|---|--------------|--|--|
| <b>ASSETS AND LIABILITIES</b>                           |              |  |  |
| <b>Non-current assets</b>                               |              |  |  |
| Property, plant and equipment                           |              | 34,368   | 29,351   |
| Intangible assets                                       |              | 228  | 278  |
| Prepayments, deposits and other receivables             | 10           | 964  | 914  |
|   |              | <b>35,560</b>  | 30,543   |
| <b>Current assets</b>                                   |              |  |  |
| Inventories   | 8            | 765  | 906  |
| Trade receivables                                       | 9            | 1,821  | 4,133  |
| Prepayments, deposits and other receivables             | 10           | 4,178  | 3,577  |
| Cash and cash equivalents                               |              | 62,079   | 70,133   |
|   |              | <b>68,843</b>  | 78,749   |
| <b>Current liabilities</b>                              |              |  |  |
| Trade payables  | 11           | 2,418  | 448  |
| Accruals and other payables                             |              | 8,034  | 6,825  |
| Lease liabilities                                       |              | 297  | 883  |
| Income tax payables                                     |              | 6  | 6  |
|   |              | <b>10,755</b>  | 8,162  |
| <b>Net current assets</b>                               |              | <b>58,088</b>  | 70,587   |
| <b>Net assets</b>                                       |              | <b>93,648</b>  | 101,130  |
| <b>EQUITY</b>   |              |  |  |
| Share capital   | 12           | 113,631  | 113,631  |
| Reserves  |              | (18,897)   | (12,636)   |
| <b>Equity attributable to the owners of the Company</b> |              | <b>94,734</b>  | 100,995  |
| Non-controlling interests                               |              | (1,086)  | 135  |
| <b>Total equity</b>                                     |              | <b>93,648</b>  | 101,130  |

*NOTES:*

**1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim 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 30 June 2020. 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 annual financial statements for the year ended 30 June 2020 except for 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 as stated below:

|                                      |                                |
|--------------------------------------|--------------------------------|
| Amendments to HKASs 1 and 8          | Definition of Material         |
| Amendments to HKAS 39, HKFRS 7 and 9 | Interest Rate Benchmark Reform |
| Amendments to HKFRS 3                | Definition of Business         |

The adoption of these amendments to HKFRS and HKAS did not have any significant effect on the financial position or performance of the Group.

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<br>ended 31 December |               |
|--|---|---------------|
|  | 2020                                    | 2019          |
|  | (Unaudited)                             | (Unaudited)   |
|  | HK\$'000                                | HK\$'000      |
| Trading of recyclable oil/biodiesel  | 33,649                                  | 67,806        |
| Trading of waste construction materials, provision of<br>waste processing services | 2,418                                   | 2,585         |
| Plastic recycling/metal scrap  | 3,681                                   | 2,706         |
| Money lending services   | –                                       | 1,500         |
| Healthcare services  | 411                                     | –             |
|  | <u>40,159</u>                           | <u>74,597</u> |

#### Business segments

During the six months ended 31 December 2020, the Group started its new business in laboratory diagnostic and clinical health services, with its financial information separately disclosed under healthcare segment.

For the six months ended 31 December 2020, 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 assets include all assets with the exception of corporate assets, including bank balances and cash, certain other receivables and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade payables, accruals and other payables and other liabilities directly attributable to the business activities of operating segments, and exclude corporate liabilities and provision for income tax.

Segment information about these businesses is presented below:

**Segment revenue and results**

*For the six months ended 31 December 2020*

|                          | Waste<br>construction<br>materials<br>and waste<br>processing<br>services<br><i>HK\$'000</i><br>(Unaudited) | Renewable<br>energy<br><i>HK\$'000</i><br>(Unaudited) | Plastic<br>recycling/<br>metal<br>scrap<br><i>HK\$'000</i><br>(Unaudited) | Money<br>lending<br><i>HK\$'000</i><br>(Unaudited) | Healthcare<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|--------------------------|---|---|---|--|--|---|
| <b>REVENUE</b>           | <u>2,418</u>  | <u>33,649</u>   | <u>3,681</u>  | <u>-</u>   | <u>411</u>                                   | <u>40,159</u>                           |
| <b>RESULTS</b>           |   |   |   |  |  |   |
| Segment results          | <u>1,044</u>  | <u>88</u>   | <u>(4,389)</u>  | <u>(83)</u>  | <u>(402)</u>                                 | <u>(3,742)</u>                          |
| Other corporate expenses |   |   |   |  |  | <u>(8,558)</u>                          |
| Finance costs            |   |   |   |  |  | <u>(46)</u>                             |
| Other income             |   |   |   |  |  | <u>3,232</u>                            |
| Loss before income tax   |   |   |   |  |  | <u>(9,114)</u>                          |

*For the six months ended 31 December 2019*

|                          | Waste<br>construction<br>materials<br>and waste<br>processing<br>services<br><i>HK\$'000</i><br>(Unaudited) | Renewable<br>energy<br><i>HK\$'000</i><br>(Unaudited) | Plastic<br>recycling/<br>metal<br>scrap<br><i>HK\$'000</i><br>(Unaudited) | Money<br>lending<br><i>HK\$'000</i><br>(Unaudited) | Healthcare<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|--------------------------|---|---|---|--|--|---|
| <b>REVENUE</b>           | <u>2,585</u>  | <u>67,806</u>   | <u>2,706</u>  | <u>1,500</u>                                       | <u>-</u>                                     | <u>74,597</u>                           |
| <b>RESULTS</b>           |   |   |   |  |  |   |
| Segment results          | <u>917</u>  | <u>295</u>  | <u>(2,909)</u>  | <u>215</u>   | <u>-</u>                                     | <u>(1,482)</u>                          |
| Other corporate expenses |   |   |   |  |  | <u>(11,139)</u>                         |
| Finance costs            |   |   |   |  |  | <u>(56)</u>                             |
| Other income             |   |   |   |  |  | <u>592</u>                              |
| Loss before income tax   |   |   |   |  |  | <u>(12,085)</u>                         |

The following table presents assets and liabilities by segment of the Group as at 31 December 2020 and 30 June 2020:

*As at 31 December 2020*

|  | Waste<br>construction<br>materials<br>and waste<br>processing<br>services<br><i>HK\$'000</i> | Renewable<br>energy<br><i>HK\$'000</i> | Plastic<br>recycling/<br>metal scrap<br><i>HK\$'000</i> | Money<br>lending<br><i>HK\$'000</i> | Healthcare<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|--|---|-------------------------------------|-------------------------------|--------------------------|
| <b>ASSETS</b>                            |  |  |   |                                     |                               |                          |
| Segment assets                           | <u>10,169</u>  | <u>13,486</u>                          | <u>32,722</u>   | <u>890</u>                          | <u>4,430</u>                  | 61,697                   |
| Unallocated cash and cash<br>equivalents |  |  |   |                                     |                               | 42,350                   |
| Other corporate assets                   |  |  |   |                                     |                               | <u>356</u>               |
| Consolidated total assets                |  |  |   |                                     |                               | <u><u>104,403</u></u>    |
| <b>LIABILITIES</b>                       |  |  |   |                                     |                               |                          |
| Segment liabilities                      | <u>200</u>   | <u>88</u>                              | <u>5,159</u>  | <u>-</u>                            | <u>4,828</u>                  | 10,275                   |
| Other corporate liabilities              |  |  |   |                                     |                               | <u>480</u>               |
| Total liabilities                        |  |  |   |                                     |                               | <u><u>10,755</u></u>     |

*As at 30 June 2020*

|  | Waste<br>construction<br>materials<br>and waste<br>processing<br>services<br><i>HK\$'000</i> | Renewable<br>energy<br><i>HK\$'000</i> | Plastic<br>recycling/<br>metal scrap<br><i>HK\$'000</i> | Money<br>lending<br><i>HK\$'000</i> | Healthcare<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|--|---|-------------------------------------|-------------------------------|--------------------------|
| <b>ASSETS</b>                            |  |  |   |                                     |                               |                          |
| Segment assets                           | <u>10,690</u>  | <u>13,663</u>                          | <u>32,693</u>   | <u>1,227</u>                        | <u>-</u>                      | 58,273                   |
| Unallocated cash and cash<br>equivalents |  |  |   |                                     |                               | 50,458                   |
| Other corporate assets                   |  |  |   |                                     |                               | <u>561</u>               |
| Consolidated total assets                |  |  |   |                                     |                               | <u><u>109,292</u></u>    |
| <b>LIABILITIES</b>                       |  |  |   |                                     |                               |                          |
| Segment liabilities                      | <u>299</u>   | <u>354</u>                             | <u>5,225</u>  | <u>3</u>                            | <u>-</u>                      | 5,881                    |
| Other corporate liabilities              |  |  |   |                                     |                               | <u>2,281</u>             |
| Total liabilities                        |  |  |   |                                     |                               | <u><u>8,162</u></u>      |



#### 4. LOSS BEFORE INCOME TAX

|  | For the six months<br>ended 31 December |             |
|--|---|-------------|
|  | 2020                                    | 2019        |
|  | (Unaudited)                             | (Unaudited) |
|  | HK\$'000                                | HK\$'000    |
| Loss before income tax has been arrived at after charging/<br>(crediting) the following items: |   |             |
| Staff costs including director's remuneration  |   |             |
| Salaries and allowances  | 7,866                                   | 8,005       |
| Interest income/realised fair value gain on financial<br>instruments                           | (348)                                   | (319)       |
| Loss on disposal of property, plant and equipment  | -                                       | 1           |
| Gain on disposal of investment in subsidiaries   | -                                       | (438)       |
| Net exchange (gain)/loss   | (2,447)                                 | 1,882       |
| Expenses included in other operating expenses:   |   |             |
| Administrative expenses  | 1,421                                   | 1,379       |
| Legal and professional fee   | 3,196                                   | 2,878       |
| Repair and maintenance and wastage treatment   | 2,157                                   | 1,297       |
| Utilities and other expenses   | 1,465                                   | 2,541       |

#### 5. INCOME TAX

|                    | For the six months<br>ended 31 December |             |
|--------------------|---|-------------|
|                    | 2020                                    | 2019        |
|                    | (Unaudited)                             | (Unaudited) |
|                    | HK\$'000                                | HK\$'000    |
| <b>Current tax</b> |   |             |
| PRC tax            | (5)                                     | (5)         |

No Hong Kong profits tax has been provided for the six months ended 31 December 2020 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 six months ended 31 December 2020 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% (2019: 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. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2020 (2019: Nil).

## 7. LOSS PER SHARE

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

|   | <b>For the six months<br/>ended 31 December</b> |             |
|---|---|-------------|
|   | <b>2020</b>                                     | 2019        |
|   | <b>(Unaudited)</b>                              | (Unaudited) |
|   | <b>HK\$'000</b>                                 | HK\$'000    |
| <b>Loss</b>   |   |             |
| Loss for the period attributable to owners of the Company | <b>(8,136)</b>                                  | (11,833)    |

|   | <b>Number of shares</b>             |               |
|---|-------------------------------------|---------------|
|   | <b>Six months ended 31 December</b> |               |
|   | <b>2020</b>                         | 2019          |
|   | <b>(Unaudited)</b>                  | (Unaudited)   |
| <b>Shares</b>   |                                     |               |
| Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations | <b>1,136,308,176</b>                | 1,112,506,318 |

There were no dilutive potential ordinary shares outstanding for the six months ended 31 December 2020 and 2019.

## 8. INVENTORIES

|                                 | <b>As at<br/>31 December<br/>2020</b> | As at<br>30 June<br>2020 |
|---------------------------------|---------------------------------------|--------------------------|
|                                 | <b>(Unaudited)</b>                    | (Audited)                |
|                                 | <b>HK\$'000</b>                       | HK\$'000                 |
| Plastic materials               | <b>539</b>                            | 904                      |
| Waste construction materials    | <b>4</b>                              | 2                        |
| Medical and laboratory supplies | <b>222</b>                            | –                        |
|                                 | <b>765</b>                            | 906                      |

## 9. TRADE RECEIVABLES

|  | As at<br>31 December<br>2020<br>(Unaudited)<br><i>HK\$'000</i> | As at<br>30 June<br>2020<br>(Audited)<br><i>HK\$'000</i> |
|--|--|--|
| Trade receivables                          | 1,821  | 4,149  |
| Less: Allowance for expected credit losses | —  | (16)   |
|  | <u>1,821</u>   | <u>4,133</u>   |

The Group makes cash-on-delivery sales and makes sales with a credit period of 0-30 days (as at 30 June 2020: 30 days) to certain of its trade customers. The following is an ageing analysis of trade receivables based on invoice date at the end of the reporting period:

|               | As at<br>31 December<br>2020<br>(Unaudited)<br><i>HK\$'000</i> | As at<br>30 June<br>2020<br>(Audited)<br><i>HK\$'000</i> |
|---------------|--|--|
| 0 – 90 days   | 1,237  | 4,133  |
| 91 – 180 days | 584  | —  |
|               | <u>1,821</u>   | <u>4,133</u>   |

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|                                | As at<br>31 December<br>2020<br>(Unaudited)<br><i>HK\$'000</i> | As at<br>30 June<br>2020<br>(Audited)<br><i>HK\$'000</i> |
|--------------------------------|--|--|
| Prepayments                    | 1,146  | 577  |
| Trade deposits                 | 2,570  | 2,219  |
| Other deposits and receivables | <u>1,426</u>   | <u>1,695</u>   |
|                                | 5,142  | 4,491  |
| Less: Non-current portion      | <u>(964)</u>   | <u>(914)</u>   |
|                                | <u><u>4,178</u></u>  | <u><u>3,577</u></u>                                      |

All the prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year except for rental, utility and sundry deposits, in aggregate of HK\$964,000 (as at 30 June 2020: HK\$914,000) which are expected to be recovered after more than one year.

## 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<br>31 December<br>2020<br>(Unaudited)<br><i>HK\$'000</i> | As at<br>30 June<br>2020<br>(Audited)<br><i>HK\$'000</i> |
|--------------|--|--|
| 0 to 90 days | <u><u>2,418</u></u>  | <u><u>448</u></u>  |

The payment terms with suppliers are generally within 30 days (as at 30 June 2020: 30 days).

## 12. SHARE CAPITAL

|   | Number of<br>shares<br>'000 | Nominal value<br>HK\$'000 |
|---|-----------------------------|---------------------------|
| Authorised:   |                             |                           |
| Ordinary shares of HK\$0.10 each                    |                             |                           |
| At 1 July 2019, 30 June 2020 and 31 December 2020   | 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 1 July 2019                                      | 946,928                     | 94,693                    |
| Issue of new shares through placing ( <i>note</i> ) | 189,380                     | 18,938                    |
|   | <u>1,136,308</u>            | <u>113,631</u>            |
| As at 30 June 2020 and 31 December 2020             | 1,136,308                   | 113,631                   |
|   | <u>1,136,308</u>            | <u>113,631</u>            |

*note:*

On 5 July 2019, the Company entered into a placing agreement with a placing agent to place up to 189,380,000 placing shares at the placing price of HK\$0.12 per placing share, a discount of approximately 19.46% to the closing price of HK\$0.149 per share as quoted on the Stock Exchange on the same date of the placing agreement. On 24 July 2019, 189,380,000 placing shares were placed to not less than six places at HK\$0.12 per placing share. Net proceeds generated from this share placing amounted to approximately HK\$22,500,000. HK\$18,938,000 was credit to share capital and the balance of approximately HK\$3,562,000 was credited to share premium account.

## **BUSINESS REVIEW**

### **Operating Results**

The revenue of the Group for the six months ended 31 December 2020 was approximately HK\$40.2 million (2019 corresponding period: approximately HK\$74.6 million), representing a decrease of HK\$34.4 million as compared with the corresponding period in last year.

The net loss attributable to the owners of the Company for the six months ended 31 December 2020 was approximately HK\$8.1 million (2019 corresponding period: approximately HK\$11.8 million), representing a decrease of 31.4% as compared with the corresponding period in last year. The reduction in loss was mainly resulted from the exchange gain of approximately HK\$2.4 million as compared with the loss of HK\$1.9 million in 2019 corresponding period, which was resulted from the translation of balances denominated in foreign currencies. Uncertainty from the coronavirus pandemic, a tumbling US economy and an increase in USD money supply have caused the US dollar decline. The U.S. currency is near its lowest level in 3 years and is down about 10% from its 2020 peak against the basket of major world currencies. Euro rallied against US dollar and HK dollar in the second half of 2020, and thus resulting in the exchange gain. Nevertheless, the magnitude of loss reduction had been lessened by the increase in loss in plastic recycling segment under the adverse impact of the plummeting crude oil price as well as the stagnant plastic recycling market and shortage in feedstock supply in face of the COVID-19 pandemic.

### **Segment Information**

#### **(a) *Renewable Energy – trading of oil/biodiesel***

The Group recorded a revenue of HK\$33.6 million from the trading of recyclable oil/biodiesel for the six months ended 31 December 2020 (2019 corresponding period: HK\$67.8 million).

The price of biodiesel had slumped from its record-high in January 2020 and picked up slowly after April 2020. Restrictions on international travel and regional and local movement prevented people and goods from circulating freely, which greatly hit the transport fuel demand. In addition, a lowering of crude oil prices since the start of the pandemic had also made biofuels less competitive with fossil transport fuels.

Besides, a shortage of containers and unexpected demand for delivery by sea has driven a surge in international freight rates in the second half of 2020. Container shipping rates remained at record highs in all routes, which had deterred lots of orders with slim profit margin. Low container availability had also delayed some shipments in the second half of 2020. This business segment has been facing different challenges in 2020, which led to approximately 50% reduction in revenue as compared to last corresponding period.

**(b) *Waste construction materials and waste processing service***

The revenue of this business segment involves the collection and recycling of waste construction materials and the sale of recycled construction materials. The revenue arising from this sector was approximately HK\$2.4 million for the six months ended 31 December 2020 (2019 corresponding period: HK\$2.6 million). The Group had strived for the continuous operation of this segment even under the severe conditions of COVID-19 pandemic, so it could still keep a similar level of revenue as the 2019 corresponding period. It is also a way to maintain the long-established trust and relationship with the local construction companies and government authorities.

**(c) *Plastic Recycling/Metal Scrap***

This revenue arising from plastic recycling/metal scrap sector recorded a revenue of HK\$3.7 million for the six months ended 31 December 2020 (2019 corresponding period: HK\$2.7 million). The increase in revenue was mainly resulted from the contribution by the subsidiary in Japan. Nevertheless, the segment had resulted in a loss of HK\$4.4 million (2019 corresponding period: HK\$2.9 million) as the revenue of the Japanese operation still could not cover its fixed operating cost and overhead.

With the outbreak of COVID-19, reduced economic activity has seen sharp falls in global oil prices. The pandemic has also intensified a price war between recycled and new plastic, made by the oil industry. The economic viability of the European and global plastics recycling market is presently under significant pressure.

In addition, a devastating second wave of the pandemic has forced reluctant governments back into lockdowns or restrictions and inflicted new scars on European economies. Since the COVID-19 struck, the recycling business of the Group in Germany had shrunk as recyclers worldwide.

For the new business on high-grade plastic waste recycling and processing in Japan, the completion of machine installation and its live run has been postponed to the second quarter of 2020 due to the COVID-19 pandemic. The COVID-19 pandemic had paralyzed tourism and economies in Japan after the declaration of the state of emergency to compel a lockdown. The plummeting in demand of plastic packaging had created shortage in feedstock of reclaimed plastic, so the processing operation of the Group in Japan ran far below its full capacity.

**(d) *Money lending business***

There was no revenue arising from this sector for the six months ended 31 December 2020 (2019 corresponding period: HK\$1.5 million). With economic conditions worsening and incomes negatively affected by the global pandemic, the delinquency rates in money lending market continued their upward trend. New deal launches grounded to a halt amid COVID-19. The Group had to take a more cautious and conservative approach to weigh on credit quality of new lending.

**(e) *Healthcare business***

The key element of this sector involves the laboratory diagnostic service and clinical health service. The revenue arising from the healthcare business sector was approximately HK\$0.4 million for the six months ended 31 December 2020 (2019 corresponding period: Nil). The Group started its new venture in the healthcare business segment in December 2020 in view of the needs of COVID-19 testing service in Hong Kong. It was a part of the business diversification of the Group.

**FINANCIAL REVIEW**

**Liquidity, financial resources and cashflow**

As at 31 December 2020, the Group had total current assets of approximately HK\$68.8 million (as at 30 June 2020: approximately HK\$78.7 million) and the total current liabilities were approximately HK\$10.8 million (as at 30 June 2020: approximately HK\$8.2 million). The current ratio of the Group was approximately 6.4 (as at 30 June 2020: approximately 9.6). The Group has sufficient funds to settle its debts.

As at 31 December 2020, the Group had total assets of approximately HK\$104.4 million (as at 30 June 2020: approximately HK\$109.3 million). The Group did not have external borrowing as at 31 December 2020 (as at 30 June 2020: Nil).

**Use of proceeds from the placing of new shares**

On 5 July 2019, the Company conducted a placing of 189,380,000 new ordinary shares at a price of HK\$0.12 each to raise a net proceeds of approximately HK\$22.50 million (the “Placing”). For further details of the Placing, please refer to the announcements of the Company dated 5 July 2019 and 24 July 2019.



The table below has summarised the use of net proceeds of the Company:

|   | Planned use<br>of net<br>proceeds<br>(HK\$ million) | Actual use of<br>net proceeds<br>up to<br>31 December<br>2020<br>(HK\$ million) | Unused net<br>proceeds as at<br>31 December<br>2020<br>(HK\$ million) | Expected<br>timeline for<br>utilization of<br>the unused<br>net proceeds |
|---|---|---|---|--|
| Further development of the existing plastic recycling business of the Group   | 10.0  | 10.0  | 0.0   | –  |
| Future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company | 8.0   | 0.0   | 8.0   | On or before<br>30 June 2021   |
| Additional general working capital of the Group   | 4.5   | 4.5   | 0.0   | –  |
| <b>Total</b>  | <b>22.5</b>   | <b>14.5</b>   | <b>8.0</b>  |  |

As at the date of this announcement, the Directors are not aware of any material change to the expected timeline for the application of the net proceeds as aforesaid and the planned use of the net proceeds as previously disclosed. The remaining proceeds is expected to be used in accordance with the intended purposes as stated above. Further announcement will be made by the Company in relation to the use of the remaining proceeds as and when appropriate.

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

### Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong, Germany and Japan, with revenue and expenditures denominated in US dollars, euro and Japanese yen. 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 Renminbi 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 2020, 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 Acquisitions and Disposals of Subsidiaries and Associates**

In mid-November 2020, the Group had set up its subsidiaries to engage in healthcare business which mainly involved the laboratory diagnostic service and clinical health service. During the Period, the Group had no material disposal of subsidiaries and associated companies.

### **Capital Commitments**

As at 31 December 2020, the Group did not have any material capital commitment (as at 30 June 2020: Nil).

### **Contingent Liabilities**

As at 31 December 2020, the Group did not have any material contingent liabilities.

## **BUSINESS OUTLOOK AND FUTURE PROSPECTUS**

The macroeconomic conditions of the globe are likely to remain under stress at least for the first half of 2021. COVID-19 vaccines are distributed en masse, the global economic recovery in 2021 may prove the fastest in decades. However, it is too difficult to predict how long the globe's recessionary economy can get back on track. The pandemic, and associated lockdowns, will leave a grim legacy that could also take decades to overcome.

On the other hand, under a Biden administration, there is a higher likelihood of less volatile U.S.-China trade relations. It may reduce fluctuation in the global economy and capital markets, and thus accelerating the post-COVID-19 economic recovery.

Looking ahead, the Group will keep on exercising disciplined expense and payment control to optimize its liquidity and financial health. The Group will take a prudent and cautious approach in developing its existing and new businesses to broaden its income stream. In pursuit of high-grade plastic waste recycling and processing, the subsidiary in Japan strives for quality improvement by fine tuning the machineries and technology in order to meet the tightening requirements of various countries on import of recycled plastics.

In the last quarter of 2020, the Group made a head start in the new venture in the healthcare business segment in order to grab a slice of the market share. The COVID-19 pandemic seems to augur well for the healthcare industry and diagnostic testing industry as people are increasingly opting for health diagnoses and preventive healthcare.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2020 the Group had 30 employees (As at 30 June 2020: 30 employees) in Hong Kong, the PRC, Germany and Japan.

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.

## **INTERIM DIVIDEND**

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2020.

## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied throughout the six months ended 31 December 2020 (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 deviation on the code provision 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 these unaudited condensed consolidated interim results of the Company for the six months ended 31 December 2020.

## **PUBLICATION OF INTERIM REPORT**

The interim report will be available on the websites of the Company and the Stock Exchange in due course.

By order of the Board  
**Wong Sai Hung**  
*Chairman*

Hong Kong, 25 February 2021

*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*