



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



Interim Report
2020

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wong Sai Hung (*Chairman*)
Mr. Luo Xian Ping
Mr. Ho Wai Hung

Independent Non-Executive Directors

Mr. Tam Chun Wa
Mr. Sze Cheung Pang
Mr. Lau Ka Wing

AUDIT COMMITTEE

Mr. Tam Chun Wa (*Chairman*)
Mr. Sze Cheung Pang
Mr. Lau Ka Wing

REMUNERATION COMMITTEE

Mr. Tam Chun Wa (*Chairman*)
Mr. Sze Cheung Pang
Mr. Lau Ka Wing

NOMINATION COMMITTEE

Mr. Wong Sai Hung (*Chairman*)
Mr. Tam Chun Wa
Mr. Sze Cheung Pang

COMPANY SECRETARY

Mr. Ng Chi Keung

AUDITORS

Cheng & Cheng Limited

LEGAL ADVISORS

Conyers Dill & Pearman

PRINCIPAL BANKERS

OCBC Wing Hang Bank Limited
Bank of Communications Co Ltd (Hong Kong branch)
Chiyu Banking Corporation Ltd.

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

4C Derrick Industrial Building
49 Wong Chuk Hang Road
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Codan Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

STOCK CODE

979

WEBSITE

<http://www.greenenergy.hk>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Notes	For the six months ended 31 December	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	3	40,159	74,597
Other income		3,232	592
Change in inventories of finished goods		(34,634)	(69,026)
Depreciation and amortisation charges		(1,068)	(1,335)
Staff costs		(7,866)	(8,005)
Gain on disposal of investment in subsidiaries		–	438
Other operating expenses		(8,891)	(9,290)
Finance costs		(46)	(56)
Loss before income tax	4	(9,114)	(12,085)
Income tax expense	5	(5)	(5)
Loss for the period		(9,119)	(12,090)
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		1,633	777
– Reclassification of translation reserve upon disposal		–	(37)
Other comprehensive income for the period		1,633	740
Total comprehensive loss for the period		(7,486)	(11,350)
Loss attributable to:			
Owners of the Company		(8,136)	(11,833)
Non-controlling interests		(983)	(257)
		(9,119)	(12,090)
Total comprehensive loss attributable to:			
Owners of the Company		(6,261)	(11,091)
Non-controlling interests		(1,225)	(259)
		(7,486)	(11,350)
		<i>(HK cents)</i>	<i>(HK cents)</i>
Loss per share			
– Basic and diluted	7	0.72	1.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	As at 31 December 2020 (Unaudited) HK\$'000	As at 30 June 2020 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		34,368	29,351
Intangible assets		228	278
Prepayments, deposits and other receivables	10	964	914
		<u>35,560</u>	<u>30,543</u>
Current assets			
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
		<u>68,843</u>	<u>78,749</u>
Current liabilities			
Trade payables	11	2,418	448
Accruals and other payables		8,034	6,825
Lease liabilities		297	883
Income tax payables		6	6
		<u>10,755</u>	<u>8,162</u>
Net current assets		<u>58,088</u>	<u>70,587</u>
Net assets		<u>93,648</u>	<u>101,130</u>
EQUITY			
Share capital	12	113,631	113,631
Reserves		(18,997)	(12,636)
Equity attributable to the owners of the Company		<u>94,734</u>	<u>100,995</u>
Non-controlling interests		(1,086)	135
Total equity		<u>93,648</u>	<u>101,130</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020



	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	General reserves HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-Controlling interests HK\$'000	Total HK\$'000
Balance at 1 July 2019 (audited)	94,693	411,449	56,897	4,842	71	(464,231)	103,721	1,842	105,563
Loss for the period	-	-	-	-	-	(11,833)	(11,833)	(257)	(12,090)
Other comprehensive income/(expense)									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	814	-	-	814	(2)	812
Reclassification of translation reserve upon disposal of subsidiaries	-	-	-	(37)	-	-	(37)	-	(37)
Total other comprehensive loss	-	-	-	777	-	-	777	(2)	775
Total comprehensive loss for the period	-	-	-	777	-	(11,833)	(11,056)	(259)	(11,315)
<i>Contributions and distributions:</i>									
Issue of shares – share placement	18,938	3,463	-	-	-	-	22,401	-	22,401
<i>Changes in ownership interests:</i>									
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	5	5
Total transactions with owners	18,938	3,463	-	-	-	-	22,401	5	22,406
Balance at 31 December 2019 (unaudited)	113,631	414,912	56,897	5,619	71	(476,064)	115,066	1,588	116,654
Balance at 1 July 2020 (audited)	113,631	415,011	56,897	5,940	71	(490,555)	100,995	135	101,130
Loss for the period	-	-	-	-	-	(8,136)	(8,136)	(983)	(9,119)
Other comprehensive income/(expense)									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	1,875	-	-	1,875	(242)	1,633
Total other comprehensive loss	-	-	-	1,875	-	-	1,875	(242)	1,633
Total comprehensive loss for the period	-	-	-	1,875	-	(8,136)	(6,261)	(1,225)	(7,486)
<i>Changes in ownership interests:</i>									
Additional non-controlling interests arising from investment in subsidiaries	-	-	-	-	-	-	-	4	4
Total transactions with owners	-	-	-	-	-	-	-	4	4
Balance at 31 December 2020 (unaudited)	113,631	415,011	56,897	7,815	71	(498,691)	94,734	(1,086)	93,648

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	For the six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cash flows from operating activities		
Loss before income tax	(9,114)	(12,085)
Adjustments for:		
Interest income	(348)	(79)
Finance costs	46	56
Depreciation of property, plant and equipment	1,018	659
Amortisation of right-of-use assets	–	626
Amortisation of intangible assets	50	50
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
Operating loss before working capital changes	(10,795)	(9,328)
Decrease in trade receivables	2,311	1,358
Increase in prepayments, deposits and other receivables	(650)	(2,663)
Decrease/(increase) in inventories	141	(918)
Decrease in loan and interest receivables	–	1,250
Increase in trade payables	1,970	192
Increase/(decrease) in accruals and other payables	1,208	(2,890)
Income tax paid	–	(5)
Net cash used in operating activities	(5,815)	(13,004)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,849)	(34)
Interest received	348	79
Net cash inflow from disposal of subsidiaries	–	3,055
Net cash (used in)/generated from investing activities	(3,501)	3,100

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020



	For the six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cash flows from financing activities		
Net proceeds from issue of shares by share placement	–	22,401
Repayment of lease liabilities	(586)	(604)
Interest paid	(46)	(56)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(632)	21,741
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(9,948)	11,837
Cash and cash equivalents at 1 July	70,133	31,563
Effect of foreign exchange rate changes	1,894	171
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	62,079	43,571
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

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 ended 31 December	
	2020 (Unaudited) HK\$’000	2019 (Unaudited) HK\$’000
Trading of recyclable oil/biodiesel	33,649	67,806
Trading of waste construction materials, provision of 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

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 construction materials and waste processing services HK\$'000 (Unaudited)	Renewable energy HK\$'000 (Unaudited)	Plastic recycling/ metal scrap HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Healthcare HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE	<u>2,418</u>	<u>33,649</u>	<u>3,681</u>	<u>–</u>	<u>411</u>	<u>40,159</u>
RESULTS						
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><u>(9,114)</u></u>

For the six months ended 31 December 2019

	Waste construction materials and waste processing services HK\$'000 (Unaudited)	Renewable energy HK\$'000 (Unaudited)	Plastic recycling/ metal scrap HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Healthcare HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE	<u>2,585</u>	<u>67,806</u>	<u>2,706</u>	<u>1,500</u>	<u>–</u>	<u>74,597</u>
RESULTS						
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><u>(12,085)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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 construction materials and waste processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Healthcare HK\$'000	Total HK\$'000
ASSETS						
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 equivalents						42,350
Other corporate assets						356
Consolidated total assets						<u>104,403</u>
LIABILITIES						
Segment liabilities	<u>200</u>	<u>88</u>	<u>5,159</u>	<u>-</u>	<u>4,828</u>	10,275
Other corporate liabilities						480
Total liabilities						<u>10,755</u>

As at 30 June 2020

	Waste construction materials and waste processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Healthcare HK\$'000	Total HK\$'000
ASSETS						
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 equivalents						50,458
Other corporate assets						561
Consolidated total assets						<u>109,292</u>
LIABILITIES						
Segment liabilities	<u>299</u>	<u>354</u>	<u>5,225</u>	<u>3</u>	<u>-</u>	5,881
Other corporate liabilities						2,281
Total liabilities						<u>8,162</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020



4. LOSS BEFORE INCOME TAX

	For the six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) 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	7,866	8,005
Interest income/realised fair value gain on financial 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 ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current tax		
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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

7. LOSS PER SHARE

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

	For the six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company	<u>(8,136)</u>	<u>(11,833)</u>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	<u>1,136,308,176</u>	<u>1,112,506,318</u>

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

8. INVENTORIES

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

9. TRADE RECEIVABLES

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020



9. TRADE RECEIVABLES (Continued)

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 31 December 2020 (Unaudited) HK\$'000	As at 30 June 2020 (Audited) HK\$'000
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 31 December 2020 (Unaudited) HK\$'000	As at 30 June 2020 (Audited) HK\$'000
Prepayments	1,146	577
Trade deposits	2,570	2,219
Other deposits and receivables	1,426	1,695
	<u>5,142</u>	<u>4,491</u>
Less: Non-current portion	(964)	(914)
	<u>4,178</u>	<u>3,577</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 31 December 2020 (Unaudited) HK\$'000	As at 30 June 2020 (Audited) HK\$'000
0 to 90 days	2,418	448

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

12. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 July 2019, 30 June 2020 and 31 December 2020	<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>)	<u>189,380</u>	<u>18,938</u>
As at 30 June 2020 and 31 December 2020	<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 placees 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 of net proceeds (HK\$ million)	Actual use of net proceeds up to 31 December 2020 (HK\$ million)	Unused net proceeds as at 31 December 2020 (HK\$ million)	Expected timeline for utilization of the unused 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 30 June 2021
Additional general working capital of the Group	4.5	4.5	0.0	–
Total	22.5	14.5	8.0	

As at the date of this interim report, 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 interim report.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

OTHER INFORMATION

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2020, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS

As at 31 December 2020, as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of the Directors and the chief executive of the Company, the following persons had interests or short positions in the shares and the underlying shares of the Company:

Substantial shareholders – long position in the shares of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued share capital of the Company (Note 1)
New Glory Business Corporation	Beneficial owner	267,829,436	23.57%
Rich Bay Global Limited (“Rich Bay”) (Note 2)	Beneficial Owner	147,244,000	12.96%
Superactive Asset Management Limited (“Superactive”) (Note 2)	Interest of a controlled corporation	147,244,000	12.96%
Lee Chi Shing Caesar (Note 2)	Interest of controlled corporations	147,244,000	12.96%
Yeung So Lai (Note 2)	Interest of controlled corporations	147,244,000	12.96%

Notes:

- The approximate percentage of total issued share capital calculation was based on the total number of ordinary shares of the Company in issue as at 31 December 2020, i.e. 1,136,308,176 shares.
- Based on the notices of disclosure of interests of Rich Bay, Superactive, Lee Chi Shing Caesar and Yeung So Lai filed with the Stock Exchange on 5 March 2018, such shares of the Company were held by Rich Bay, which was wholly-owned by Superactive, Superactive which was in turn owned as to 45% by Lee Chi Shing Caesar and as to 55% by Yeung So Lai. As such, each of Lee Chi Shing Caesar and Yeung So Lai was deemed to be interested in the shares of the Company held by Rich Bay by virtue of the SFO.

Save as disclosed above, as at 31 December 2020, no person (other than the Directors or the chief executive of the Company) had an interest or a short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by shareholders of the Company on 27 May 2016, the Company terminated the Company's Share Option Scheme adopted in 2006 (the "Old Share Option Scheme"), and adopted a new share option scheme (the "New Share Option Scheme"). The adoption of the New Share Option Scheme will not in any event affect the terms of the grant of the outstanding options that has already been granted under the Old Share Option Scheme and those outstanding options shall continue to be valid and subject to the provisions of the Old Share Option Scheme. As at the date of this report, no share option has been granted under New Share Option Scheme.

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 interim financial statements of the Company for the six months ended 31 December 2020.

PUBLICATION OF INTERIM REPORT

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, 25 February 2021