

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)

### **CHANGE IN USE OF PROCEEDS**

Reference is made to (i) the announcement of Green Energy Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) dated 5 July 2019 (“**Placing Announcement**”) in relation the placing (“**Placing**”) of new shares under general mandate by the Company; (ii) the annual report of the Company for the eighteen months ended 30 June 2019 (“**Annual Report**”); (iii) the interim report of the Company for the six months ended 31 December 2019 (“**Interim Report**”); and (iv) the announcement of the Company dated 10 September 2020 (“**2020 Announcement**”) providing supplemental information on the Annual Report and the Interim Report. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the 2020 Announcement.

#### **USE OF PROCEEDS**

The Placing was completed on 24 July 2019 and provided the Company with net proceeds (“**Net Proceeds**”) in the amount of approximately HK\$22.5 million. As disclosed in the Placing Announcement and the 2020 Announcement, the Net Proceeds were intended to be used by the Group for the following purposes:

- (i) approximately HK\$10 million to be used for the further development of the existing plastic recycling business of the Group;
- (ii) approximately HK\$8 million to be used for the future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company; and
- (iii) approximately HK\$4.5 million to be used as additional general working capital of the Group.

\* *For identification purposes only*

As at the date of this announcement, approximately HK\$8 million of the Net Proceeds allocated for the future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company, which were intended to be utilised by the Group by 30 June 2021, remain unused. The remaining Net Proceeds in the amount of approximately HK\$14.5 million had been fully utilised as at 31 December 2019 in accordance with their intended purposes as disclosed in the Placing Announcement and the 2020 Announcement.

## CHANGE IN USE OF PROCEEDS

On 16 June 2021, the Board, after having considered the business environment and development of the Group and for reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” below in this announcement, resolved to reallocate the unutilised balance of the Net Proceeds in the amount of approximately HK\$8 million from the future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company, to additional general working capital of the Group. The utilisation of the Net Proceeds up to the date of this announcement and the revised use of the Net Proceeds after reallocation are set out below:

Use of Net Proceeds	Planned use of Net Proceeds (HK\$ million)	Actual use of Net Proceeds as at the date of this announcement (HK\$ million)	Remaining balance of Net Proceeds as at the date of this announcement (HK\$ million)	Revised use of remaining balance of Net Proceeds (HK\$ million)
Further development of the existing plastic recycling business of the Group	10.0	10.0	0.0	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	0.0
Additional general working capital of the Group	4.5	4.5	0.0	8.0 <sup>(Note)</sup>
<b>Total</b>	<b>22.5</b>	<b>14.5</b>	<b>8.0</b>	<b>8.0</b>

Note: It is expected that the unused balance of the Net Proceeds in the amount of approximately HK\$8 million reallocated to additional general working capital of the Group will be fully utilised by the Group by 30 June 2022.

Save for the above-mentioned change, there is no other change in the use of the Net Proceeds from the manner in which the Net Proceeds were intended to be used as disclosed in the Placing Announcement and the 2020 Announcement.

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

In order to improve the capital utilisation efficiency of the Group and increase the flexibility in the Group's financial management to enable the Group to better cope with the economic challenges in light of the persisting Coronavirus Disease (“**COVID-19**”) pandemic and trade disputes between the United States of America (“**US**”) and the People's Republic of China (“**PRC**”), the Board has resolved to reallocate the unutilised balance of the Net Proceeds in the amount of approximately HK\$8 million from the future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company, to additional general working capital of the Group, after taking into consideration the following factors:

### **(a) Decline in the prospects of the renewable energy business**

The global outbreak of COVID-19 has adverse impacts on the renewable energy business of the Group, which involves the trading of recyclable oil/biodiesel, under which the Group ships recyclable oil from Hong Kong and the PRC to Europe for the oil to be further processed into biodiesel. To control the outbreak of COVID-19, governments have implemented various lockdown measures, leading to restrictions on international travel and the free circulation of people and goods, which greatly hit the demand for transport fuel, including biodiesel. In addition, international shipping costs have remained record high since the second half of 2020, as a result of the shortages in containers and vessels attributable to the consolidation in the global container shipping industry which enabled the shipping companies to limit volumes and raise prices, the reduction of the number of container lines by the shipping companies to stabilise their costs, as well as other factors arising from the outbreak of COVID-19, such as capacity constraints on vessels, reduced port productivity and an increase in electronic commerce leading to increased import demand for manufactured consumer goods, which were mostly shipped by sea. While the surge in international freight rates had deterred orders of the Group with slim profit margin, low container availability had delayed some of the Group's shipments. As disclosed in the interim report of the Company for the six months ended 31 December 2020, the Group recorded a revenue of approximately HK\$33.6 million from its renewable energy business segment for the six months ended 31 December 2020, as compared to approximately HK\$67.8 million for the six months ended 31 December 2019, which represented a decline of more than 50%. As it is expected that market concentration will allow the container shipping companies to continue to control their capacity so as to keep their prices high, it is unlikely that the shortage in containers will be resolved and international freight rates will come down in the next few years, which will have a

negative impact on the profit margin of the Group's renewable energy business. After taking these factors and the global economy which still remains uncertain and volatile into consideration, the Board is of the view that it will not be in the interests of the Company and its shareholders for the Group to expand its renewable energy business.

As the production of renewable energy involves the transformation of renewable resources using technologies, heavy investments in technologies and equipment need to be made to maintain the operations of the renewable energy business. However, COVID-19 has disrupted the supply chain, leading to a shortage in the supply of equipment or products required to produce renewable energy, which has detrimental effects on the ongoing operation and future development of the renewable energy business. Under these circumstances, the Board is of the view that it will not be in the interests of the Company and its shareholders for the Group to make further investments into its renewable energy business.

**(b) Increase in general working capital requirements of the Group**

COVID-19 and the US-China trade war had negative impacts on the global economy and the overall demand for the Group's products, leading to a downturn in the performance of the Group. As disclosed in the interim report of the Company for the six months ended 31 December 2020, except for the waste construction materials and waste processing services business, the performance of all of the other business segments of the Group has declined for the six months ended 31 December 2020, as compared to that for the six months ended 31 December 2019.

As the COVID-19 pandemic and the tense US-China relations persist, the business outlook and operating environment of the Group will continue to be difficult. Given that the plan of the Group is to maintain its operations while it anticipates the economy to recover, it is expected that the Group may need more financial resources to fund its operations in light of the challenging economic environment.

Taking into consideration that the global economy will likely to remain uncertain and volatile, the Board is of the view that the Group should take a prudent approach by strengthening its market positions in its different business segments and focusing on its existing business operations. In this connection, the Board resolved to reallocate the unutilised balance of the Net Proceeds in the amount of approximately HK\$8 million from the future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company, to additional general working capital of the Group.

The Board considers that the change in the use of the Net Proceeds is fair and reasonable, which will allow the Group to meet its financial needs more efficiently and flexibly. In addition, the Board considers that the revised use of the Net Proceeds is in the interests of the Company and its shareholders as a whole.

On behalf of the Board  
**Green Energy Group Limited**  
**Wong Sai Hung**  
*Chairman*

Hong Kong, 16 June 2021

*As at the date of this announcement, the Company has three executive Directors, namely, Mr. Wong Sai Hung, Mr. Luo Xian Ping 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.*