

Annual Report 2020/21



**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



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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

## AUDITOR

Mazars CPA Limited

(appointed with effect from 24 May 2021)

Cheng & Cheng Limited

(resigned with effect from 24 May 2021)

## LEGAL ADVISOR

Conyers Dill & Pearman

## PRINCIPAL BANKERS

OCBC Wing Hang Bank Limited

Bank of Communications Co., Ltd. (Hong Kong Branch)

Chiyu Banking Corporation Ltd.

Bank of China (Hong Kong) Limited

Bank of Communications (Hong Kong) Limited

## 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

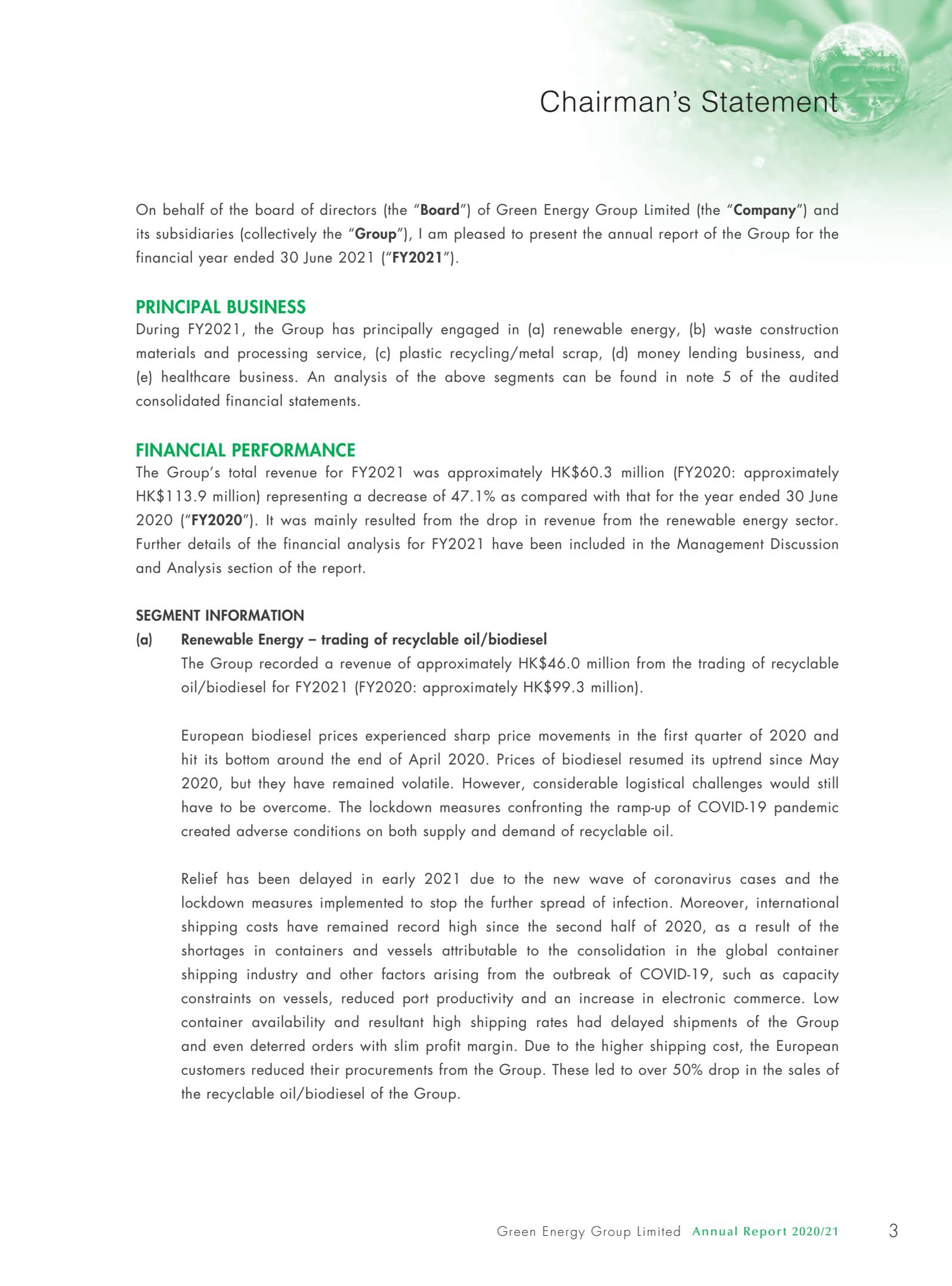
Hong Kong

## STOCK CODE

979

## WEBSITE

<http://www.greenenergy.hk>



# Chairman's Statement

On behalf of the board of directors (the “**Board**”) of Green Energy Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), I am pleased to present the annual report of the Group for the financial year ended 30 June 2021 (“**FY2021**”).

## PRINCIPAL BUSINESS

During FY2021, the Group has principally engaged in (a) renewable energy, (b) waste construction materials and processing service, (c) plastic recycling/metal scrap, (d) money lending business, and (e) healthcare business. An analysis of the above segments can be found in note 5 of the audited consolidated financial statements.

## FINANCIAL PERFORMANCE

The Group's total revenue for FY2021 was approximately HK\$60.3 million (FY2020: approximately HK\$113.9 million) representing a decrease of 47.1% as compared with that for the year ended 30 June 2020 (“**FY2020**”). It was mainly resulted from the drop in revenue from the renewable energy sector. Further details of the financial analysis for FY2021 have been included in the Management Discussion and Analysis section of the report.

## SEGMENT INFORMATION

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

The Group recorded a revenue of approximately HK\$46.0 million from the trading of recyclable oil/biodiesel for FY2021 (FY2020: approximately HK\$99.3 million).

European biodiesel prices experienced sharp price movements in the first quarter of 2020 and hit its bottom around the end of April 2020. Prices of biodiesel resumed its uptrend since May 2020, but they have remained volatile. However, considerable logistical challenges would still have to be overcome. The lockdown measures confronting the ramp-up of COVID-19 pandemic created adverse conditions on both supply and demand of recyclable oil.

Relief has been delayed in early 2021 due to the new wave of coronavirus cases and the lockdown measures implemented to stop the further spread of infection. Moreover, 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 and other factors arising from the outbreak of COVID-19, such as capacity constraints on vessels, reduced port productivity and an increase in electronic commerce. Low container availability and resultant high shipping rates had delayed shipments of the Group and even deterred orders with slim profit margin. Due to the higher shipping cost, the European customers reduced their procurements from the Group. These led to over 50% drop in the sales of the recyclable oil/biodiesel of the Group.



# Chairman's Statement

## **(b) Waste construction materials and 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 turnover arising from this sector was approximately HK\$5.0 million for FY2021 (FY2020: approximately HK\$4.9 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 last year. 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**

The business segment recorded a revenue of approximately HK\$7.2 million for FY2021 (FY2020: approximately HK\$6.7 million). Serious market disruptions have been experienced in plastic recycling during FY2021, and the volatile price development posed a major challenge to the companies in the sector. Companies have suffered from bottlenecks in the materials supply chain since the beginning of 2021.

The COVID-19 pandemic has intensified a price war between recycled and new plastic, made by the oil industry. The economic slowdown has punctured demand for oil. In turn, that has cut the price of new plastic. Recyclers worldwide are losing in such a war. In addition, the slump in automotive industry and slowdown in construction sector have further curtailed demand for plastic recyclates. Economic slowdown has extended the life of existing plastic products, which in turn created shortage of feedstock available for recycling firms.

The first half of 2021 might see a step change on the European recycled plastics markets in response to the EU's Plastics Tax. Demand and prices of recycled plastics rebound heading into 2021. However, a lack of plastic feedstock has already led to restrictions in production and delivery capacity of the German recycling plant of the Group, which is also a never-before-seen exceptional situation faced by other market participants.

On the other hand, the Japanese economy is extremely depressed by the impacts of COVID-19 pandemic. The plastic recycling and processing operation of the Group in Japan also encountered the shortage in feedstock of recyclates, and thus the recycling plant ran far below its full capacity.

Although the global economy is heating up and demand is on the rise, recycled plastics markets are still likely to remain under pressure amid COVID-19 uncertainty, shortage of feedstock materials, a lack of container availability and competitive virgin plastics.

**(d) Money lending business**

There was no turnover arising from this sector for FY2021 (FY2020: approximately HK\$2.9 million). Given the uncertain size and duration of the impact of COVID-19 and sharp deterioration in US-China ties, credit markets may become impaired. Hence, the Group had taken a more cautious and conservative approach to evaluate credit risk in its 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 was approximately HK\$2.1 million for FY2021 since its start-up in December 2020 (FY2020: Nil). The long delay in resumption of cross border travel with China and Macau as well as the travel bubble had hammered the development of the COVID-19 testing service of the Group.

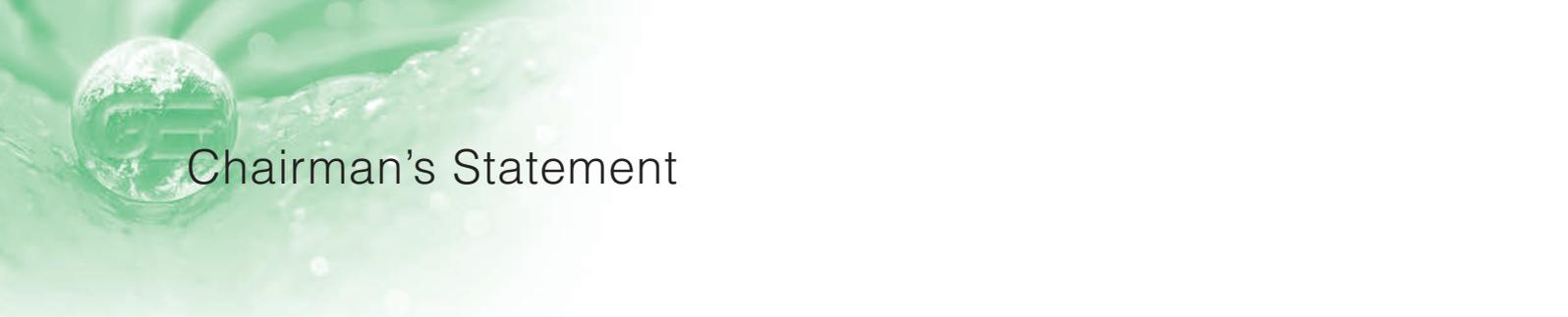
## PROSPECTS

It was a turbulent year in 2020 for global economy due to the COVID-19 pandemic, and it is expected to recover and enter 2021 with a relatively optimistic outlook.

The European Council has announced a tax for non-recycled plastic packaging waste starting in 2021. This measure should act as an encouragement for Member States to reduce packaging waste and stimulate Europe's transition towards a circular economy by implementing the European Plastics Strategy. This transition is expected to be accomplished by raising the recycling rate, converting plastic waste into secondary raw material, and making packaging reusable and recyclable. Reusing and recycling plastic waste could provide a large amount of potential material resources for European recycling and manufacturing industry. Europe's new plastics tax is creating a demand boost for recycled plastics in the region.

During the first quarter of 2021, many countries, including the United States, Canada, and those in Western Europe, experienced a measure of relief from the COVID-19 pandemic with the rapid vaccine rollout. Nevertheless, the Delta variant reversed the transition toward normalcy first in the United Kingdom, during June and July of 2021, and subsequently in the United States and elsewhere. The surge of cases led authorities to delay lifting public-health restrictions, which exacerbated the shortage of feedstock encountered by both the plastic recycling plants of the Group in Germany and Japan.

On the other hand, with the emergence of the COVID-19, the Group saw demand growth in lab testing and COVID-19 test kits. People are also increasingly opting for health diagnoses and preventive healthcare. Through diversification into healthcare business, the Group tried to turn crisis into opportunity in order to balance risks during the adverse economic environment under the pandemic.



# Chairman's Statement

## **BUSINESS OUTLOOK**

The global economy remains erratic, and high uncertainty surrounds the economic outlook. The outlook depends not just on the outcome of the battle between the virus and vaccines, and it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support.

While the global growth outlook has improved, led by robust rebound in China and the United States, surging COVID-19 infections and inadequate vaccination progress in many countries threaten a broad-based recovery of the world economy. Uneven access to vaccines across advanced and emerging economies as well as the spread of resistant mutations pose further risks and challenges to the global economy. Besides, US-China trade frictions and geopolitical conflicts are getting more intensive, which will also lead to slow recovery of the global economy.

Facing the uncertainties in the global economy, the Group will continue to closely monitor the impact of COVID-19 on its operating environment and plan proactively to maintain its liquidity and financial health. The Group will take a more prudent and cautious approach in its investment evaluation with an aim to broaden its revenue stream and strive for the greater value for the shareholders.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to take this opportunity to express my appreciation to all our shareholders, customers and business associates for their continued support throughout the years. I would also like to express my gratitude to our management and staff for their dedication and loyalty to the Group.

**Wong Sai Hung**

*Chairman and Executive Director*

Hong Kong, 29 September 2021

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Wong Sai Hung**, aged 66, was appointed as independent non-executive Director of the Company on 21 June 2018. Mr. Wong was re-designated as an Executive Director and was appointed as Chairman of the Company on 1 December 2019. Mr. Wong graduated from The Hong Kong Polytechnic University with a Higher Diploma in Business Studies in October 1977. He has been a director of One Asset Management Limited, a company incorporated in Thailand, since 1992. Mr. Wong was an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd., a company which is listed on the Main Board of the Stock Exchange (Stock Code: 2318), from June 2013 to July 2019. He was an independent non-executive director of JP Morgan Chinese Investment Trust plc, which is listed on the London Stock Exchange, from August 2014 to July 2021. Mr. Wong was a non-executive director of Ping An Securities Group (Holdings) Limited, a company which is listed on the Main Board of the Stock Exchange (Stock Code: 0231), from February 2018 to July 2018. Mr. Wong was an executive director of LW Asset Management Advisors Limited, which is an investment management company registered under the Securities and Futures Commission of Hong Kong, from April 2013 to April 2014. Mr. Wong was an independent non-executive director of Hong Kong Exchanges and Clearing Limited, a company which is listed on the Main Board of the Stock Exchange (Stock Code: 0388), from April 2003 until his retirement in April 2016. During the period from June 2008 to November 2017, he held various senior positions (including chairman, vice-chairman, executive director and non-executive director) with China Regenerative Medicine International Limited ("**China Regenerative Medicine**") (formerly known as China Bio-Med Regeneration Technology Limited), a company which is listed on GEM of the Stock Exchange (Stock Code: 8158), and he was an executive director and the vice-chairman of China Regenerative Medicine before his resignation in November 2017. Mr. Wong was a non-executive director of Chong Sing Holdings FinTech Group Limited (formerly known as Credit China FinTech Holdings Limited), a company which is listed on GEM of the Stock Exchange (Stock Code: 8207), from March 2014 to February 2018.

Mr. Wong was a non-executive director of ARN Investment SICAV, a company which is listed on the Luxembourg Stock Exchange, from June 2010 to January 2014. He was the chief executive officer of ICBC (Asia) Investment Management Company Limited from 2008 to 2011. Mr. Wong was also the chief executive officer of BOCI-Prudential Asset Management Limited, a joint venture between Bank of China International and Prudential of the United Kingdom, during 2001 to 2005, and was the regional managing director of Prudential Portfolio Managers Asia during 1999 and 2000 when the aforesaid joint venture started. In addition, he held various senior positions at LGT Asset Management from 1977 to 1998.



## Biographical Details of Directors and Senior Management

**Mr. Luo Xian Ping**, aged 57, holds a bachelor degree in Business Management from Jiangxi University and a master degree in Business Management from the Graduate School of Chinese Academy of Social Sciences University. Mr. Luo is also a Certified Public Accountant registered in the People's Republic of China ("PRC") and a Certified Public Valuer in the PRC.

Mr. Luo has over 15 years' experience in assets restructuring and corporate finance. Mr. Luo served as the chief executive officer of China Regenerative Medicine International Limited ("**CRMIL**") (formerly known as China Bio-Med Regeneration Technology Limited), a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (Stock Code: 8158), from December 2009 to August 2012 and its executive director from March 2009 to August 2012. He is currently the chairman of the board of directors of FDC Group Limited and the executive director of C.H.M.T. Peaceful Development Asia Fund Limited. From 1998 to 2001, he served as an executive director of China Securities Co., Ltd.\* (華夏證券股份有限公司), responsible for corporate assets restructuring and human resources management. He has served as an executive director of Kaili Asset Servicing Company Limited\* (北京凱利資產服務有限公司) (in partnership with Morgan Stanley). From 1995 to 1998, Mr. Luo was the vice-secretary for Youth Executive President Committee (青年總裁委員會) of National State-owned Asset Administration Bureau and worked as a general manager in Beijing Assets Valuation Company Limited.

**Mr. Ho Wai Hung**, aged 44, obtained an Advanced Diploma in Accounting and Finance from the University of Greenwich in 2010. He is experienced in accounting and finance, and the money lending business. He had worked with various money lending companies in Hong Kong, in which he was responsible for roles in the accounting and finance functions. With effect from February 2017 to February 2018, Mr. Ho was the assistant to finance director at the subsidiaries of Superactive Group Company Limited (formerly known as United Pacific Industries Limited) (Stock Code: 0176), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. Tam Chun Wa**, aged 58, is currently the chief financial officer, the company secretary and the authorized representative of Perfect Group International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 3326) and a Director of a subsidiary of Perfect Group International Holdings Limited. He was the Executive Director of Chinasing Investment Holdings Limited from April 2008 to August 2015, a company whose shares were listed on the Main Board of Singapore Exchange Limited. Mr. Tam obtained a Master degree of Business Administration from the University of Sydney. He is also a member of Hong Kong Institute of Certified Public Accountants, CPA (Australia) and Institute of Singapore Chartered Accountants. Mr. Tam has more than 30 years in the areas of auditing, accounting, tax, investment banking and company secretarial works. He has been an independent non-executive Director since 24 August 2011.

# Biographical Details of Directors and Senior Management

**Mr. Sze Cheung Pang**, aged 77, is currently the chairman of the board of directors of Geyung Group (International) Company Limited and Geyung (Real Estates) Company Limited. From December 2009 to August 2012, Mr. Sze served as a non-executive director of CRMIL.

In 2003, Mr. Sze was awarded the Bronze Bauhinia Star by the Government of Hong Kong Special Administrative Region (“HKSAR”). He was a member of the first, third and fourth Election Committee of HKSAR for the election of Chief Executive and a member of the eighth to eleventh National Committee of the Chinese People’s Political Consultative Conference. He was also a deputy director of Hong Kong, Macao, Taiwan and Overseas Chinese Committee of the CPPCC National Committee and the permanent honorary president of the Hong Kong Eastern District Community Association\* (香港東區各界協會).

Further, Mr. Sze is a standing director of China Council for the Promotion of Peaceful National Reunification, the honorary president of the Hong Kong Association for Promotion of Peaceful Reunification of China Limited, the standing director of the China, Hong Kong, Macao and Taiwan Compatriots Peaceful Development Federation, the founding president of the Association of Chinese Culture of Hong Kong, the founding president of the General Association for the Promotion of Cross-Strait Peaceful Development of Hong Kong Ltd., the special research fellow on the Chinese United Front Theory Study, the president of the Hong Kong Chinese Culture Development Research Federation, the honorary president of the Fukienese Association Ltd., and the advisor to the Hong Kong Fujianese Societies Association.

**Mr. Lau Ka Wing**, aged 37, was appointed as independent non-executive Director of the Company on 26 February 2020. Mr. Lau obtained a Bachelor of Arts (Honours) in Accountancy and a Master of Corporate Governance from The Hong Kong Polytechnic University in 2005 and 2016, respectively. He has been a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) since 2009, a practicing member of the HKICPA since 2015 and a fellow member of the HKICPA since 2017. He has also been an associate of the Hong Kong Institute of Chartered Secretaries and an associate of the Institute of Chartered Secretaries and Administrators since 2017. Mr. Lau is experienced in the accounting and audit fields. He joined HLB Hodgson Impey Cheng Limited in February 2006 and left as a manager in October 2014. Mr. Lau has been the sole proprietor of Lau Ka Wing Certified Public Accountant since March 2015, and a practising director of Unity CPA Limited since August 2019. Mr. Lau is currently independent non-executive director of Founder Holdings Limited (Stock Code: 0418) and Peking University Resources (Holdings) Company Limited (Stock Code: 0618), both companies are listed on the main board of the Stock Exchange. Mr. Lau has been appointed as an executive director of abc Multiactive Limited since 10 September 2021, a company listed on the GEM of the Stock Exchange (Stock Code: 8131).

## SENIOR MANAGEMENT

**Mr. Ng Chi Keung**, aged 57, was appointed as the Chief Financial Officer and Company Secretary of the Group in December 2019. Mr. Ng is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales. He holds a Master degree in Business Administration from the University of Manchester in the United Kingdom. Mr. Ng has over 30 years of experience in auditing, accounting and financial management.



# Management Discussion and Analysis

## **BUSINESS REVIEW**

During the year ended 30 June 2021, the Group has principally engaged in (a) renewable energy, (b) waste construction materials and processing service, (c) plastic recycling/metal scrap, (d) money lending business, and (e) healthcare business.

### **Renewable Energy Business**

The Group has begun to focus its development on trading of recyclable oil/biodiesel since 2017. The recyclable oil is in the nature of used cooking oil which could be further used as one of the components in refining biodiesel, one of the renewable energy commonly used. The operation of the renewable energy business is accredited with an International Sustainability and Carbon Certificate (“ISCC”) according to the Renewable Energy Directive 2018/2001/EU (RED II) of the European Parliament.

#### **(I) Products**

The Group primarily purchases used cooking oils, recyclable oil and/or biodiesel as well as palm oil mill effluent methyl ester in the PRC and Hong Kong, which have been reprocessed according to the quality specification required by different customers, and sells them as feedstock to overseas and PRC buyers for the trading/production of biodiesel and/or for use in other industrial applications.

#### **(II) Customers**

The customers mainly comprise feedstock suppliers and recyclers who are engaged in the trading of recyclable waste cooking oils, palm oil mill effluent methyl ester and/or production of biodiesel in European countries, South East Asia and the PRC.

#### **(III) Suppliers**

The recyclable oil and/or biodiesel are supplied by waste oil collectors in Hong Kong and the PRC; and palm oil mill effluent methyl ester are sourced from suppliers in South East Asia.

### **Waste Construction Materials and Processing Service**

The Group has commenced the waste construction materials and processing service business since 2007. With more than a decade of operating history, the Group’s waste construction materials and processing service in Germany has established stable operation as well as long-term relationships with its business partners and customers in the local market.

#### **(I) Products**

The Group collects and recycles construction waste material and asphalt, and resells the recovered and/or recycled materials for a profit. Besides, the Group also performs processing service and mixing service according to formulas and proportion as provided by customers.

#### **(II) Customers**

The customers mainly comprise local construction companies, government authorities and individual customers in Germany.

#### **(III) Suppliers**

The Group primarily sources construction waste material and asphalt from various construction companies and construction waste collectors in Germany.

# Management Discussion and Analysis

## **Plastic Recycling/Metal Scrap Business**

The Group has commenced its plastic recycling business in Germany since 2016. The Group had also started the business of high-grade plastic recycling and processing in Japan in June 2020. Besides, the Group was also engaged in the trading of metal scarp, but it was inactive now.

### **(I) Products**

The Group's plastic recycling business represents the recycling (sorting, washing and shredding) of plastic materials. The operations are basically divided into two streams, as follows:

#### *Processing activities:*

Plastic materials are supplied by commercial waste collectors, for which the Group charges the customers by reference to the weight of the incoming materials and bear the cost of disposal of waste arising from such recycling activities.

#### *Purchase-Recycling-Resell Activities:*

The Group purchases the plastic materials from both commercial waste collectors and plastics dealers for resale at a higher profit margin after recycling.

### **(II) Customers**

The customers mainly comprise plastic recycling companies in Germany, Japan and member states of European Union.

### **(III) Suppliers**

The Group has been purchasing feedstock from reputable suppliers who are engaged in, among others, environmental services and waste materials collection.

## **Money Lending Business**

The Group has commenced the money lending business since 2018 with its money lenders licence in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

With the uncertainties in the economic conditions and business environment, in particular due to Hong Kong social unrest and the outbreak of the COVID-19, the Group has adopted a cautious and prudent approach in the assessment and approval of new loans and/or renewal of existing loans in order to mitigate its credit risk.

## **Healthcare Business**

With the emergence of the COVID-19 pandemic, the Group saw demand growth in lab testing and coronavirus test kits. People are also increasingly opting for health diagnoses and preventive healthcare. In mid-November 2020, the Group had diversified and set up its subsidiaries to commence the Healthcare Business which mainly involved the laboratory diagnostic service and clinical health service.

### **(I) Services**

The Group has established its own medical centre and laboratory in Sheung Wan, Hong Kong offering a wide range of clinical health services and laboratory diagnostic services, which include doctor consultation and medication, laboratory test service, health screening and medical check-up packages, COVID-19 test package and test kits as well as vaccination service.



# Management Discussion and Analysis

## **(II) Customers**

The customers mainly comprise individual patients from the general public and corporate customers in Hong Kong.

## **(III) Suppliers**

The major suppliers include (i) equipment vendors which facilitate the operation of the laboratory and clinic; and (ii) pharmaceutical companies and test kits companies.

## **FINANCIAL REVIEW INCOME**

The Group's total revenue for the year ended 30 June 2021 ("FY2021") was approximately HK\$60.3 million (the year ended 30 June 2020 ("FY2020"): approximately HK\$113.9 million) representing a decrease of approximately 47.1% as compared with that for FY2020.

### **(a) Renewable Energy**

The Group recorded a revenue of approximately HK\$46.0 million from the trading of recyclable oil/biodiesel for FY2021 (FY2020: approximately HK\$99.3 million) representing a drop of approximately 53.7% as compared with FY2020 due to the high international shipping cost and low container availability. The pandemic and uneven global economic recovery had caused shipping costs to skyrocket, which deterred most of the potential orders.

### **(b) Waste Construction Materials and Processing Service**

The revenue arising from waste construction material sector for FY2021 was approximately HK\$5.0 million (FY2020: approximately HK\$4.9 million). The revenue of the segment could be maintained under the long-established relationship with the customers and local government authorities.

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

The revenue arising from plastic recycling/metal scrap sector for FY2021 was approximately HK\$7.2 million (FY2020: approximately HK\$6.7 million) representing an increase of approximately 7.5% as compared with FY2020. The increase in turnover was contributed from the revenue generated by the plastic processing plant in Japan since its live run in June 2020. Nevertheless, new plastic has long been cheaper to buy than recycled, and weak oil prices in 2020 widened the gap and posed severe threat to demand in recycled plastics. On the other hand, shortage in feedstock of recyclates had severely limited both the production capacities and revenue of both the German and Japanese recycling plant of the Group.

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

No revenue was generated from money lending business for FY2021 (FY2020: approximately HK\$2.9 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.

# Management Discussion and Analysis

## (e) Healthcare business

The revenue arising from the healthcare business was approximately HK\$2.1 million for FY2021 since its start-up in December 2020 (FY2020: Nil).

## EXPENDITURE

For FY2021, total expenditures excluding finance costs were recorded at approximately HK\$41.2 million (FY2020: approximately HK\$40.2 million), of which approximately HK\$7.3 million was derived from the new healthcare business segment. There was an impairment loss of trade receivables amounting to approximately HK\$1.6 million for the plastic recycling operation in Japan. The recoverability of trade receivables amounting to approximately HK\$1.6 million had been jeopardized mainly due to the financial difficulty faced by the concerned customer under the impact of successive state of emergency declared in Japan. Moreover, depreciation for property, plant and equipment increased by approximately HK\$1.4 million to approximately HK\$3.2 million (FY2020: approximately HK\$1.8 million) mainly due to the addition of clinical and laboratory equipment for the new healthcare segment. Repairs and maintenance increased by approximately HK\$1.1 million to approximately HK\$3 million (FY2020: approximately HK\$1.9 million) which was resulted mainly from the Japanese plastic recycling operation since its start-up in June 2020.

On the opposite, there was an exchange gain of approximately HK\$2.6 million as compared with the loss of approximately HK\$2.3 million in FY2020, 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. Euro had rallied against US dollar and HK dollar since the second half of 2020, and thus resulting in the exchange gain.

The net loss attributable to the owners of the Company for FY2021 was approximately HK\$21.2 million (FY2020: the net loss was approximately HK\$26.3 million), representing a decrease of 19.4% as compared with FY2020.

## FINANCIAL REVIEW

### Liquidity, financial resources and cashflow

As at 30 June 2021, the Group had total current assets of approximately HK\$56.1 million (as at 30 June 2020: approximately HK\$78.7 million), including cash and cash equivalents of approximately HK\$40.2 million (as at 30 June 2020: approximately HK\$70.1 million) and the total current liabilities were approximately HK\$12.1 million (as at 30 June 2020: approximately HK\$8.2 million). The current ratio of the Group was approximately 4.6 (as at 30 June 2020: approximately 9.6). The Group has sufficient funds to settle its debts.

As at 30 June 2021, the Group had total assets of approximately HK\$90.2 million (as at 30 June 2020: approximately HK\$109.3 million). The Group did not have external borrowing for FY2021 and FY2020, and therefore gearing ratio was not applicable.

# Management Discussion and Analysis

## Use of proceeds from the placing of new shares

On 5 July 2019, after trading hours, the Company entered into the placing agreement with the placing agent pursuant to which a placing agent conditionally agreed to place up to 189,380,000 placing shares to not less than six placees who were professional investors, who and whose ultimate beneficial owners were independent third parties at the placing price of HK\$0.12 per placing share. The placing price of HK\$0.12 per placing share represented a discount of approximately 19.46% to the closing price of HK\$0.149 per share as quoted on the Stock Exchange on 5 July 2019.

The placing was completed on 24 July 2019. 189,380,000 placing shares were successfully placed at a price of HK\$0.12 per share pursuant to the placing agreement. The aggregate nominal value of the placing shares was HK\$18,938,000. The aggregate gross and net proceeds from the placing were approximately HK\$22.73 million and approximately HK\$22.50 million (the “**Net Proceeds**”) respectively. The net price to the Company of each placing share, which was calculated by dividing the aggregate Net Proceeds from the placing by the total number of placing shares, was approximately HK\$0.119.

As disclosed in the announcement of the Company dated 16 June 2021, the Board had 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 table below has summarised the planned use, revised use and actual utilization of the Net Proceeds of the Company:

Use of Net Proceeds	Planned use of Net Proceeds (HK\$ million)	Revised use of Net Proceeds as at 16 June 2021 (HK\$ million)	Actual use of Net Proceeds as at 30 June 2021 (HK\$ million)	Unutilized Net Proceeds as at 30 June 2021 (HK\$ million)
Further development of the existing plastic recycling business of the Group	10.0	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	0.0	0.0
Additional general working capital of the Group	4.5	12.5	4.5	8.0 <i>(Note)</i>
<b>Total</b>	<b>22.5</b>	<b>22.5</b>	<b>14.5</b>	<b>8.0</b>

*Note:* The expected timeline for utilization of the unused Net Proceeds will be on or before 30 June 2022.

# Management Discussion and Analysis

## **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. 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 30 June 2021, there were no derivative financial instruments employed by the Group.

## **Seasonal or Cyclical Factors**

During the year, the Group's business operations are not significantly affected by any seasonal and cyclical factor.

## **Material Acquisition and Disposal**

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. There was no other material acquisition or disposal of the Company's subsidiaries and associated companies for the year ended 30 June 2021.

## **Capital Commitments**

As at 30 June 2021, the Group did not have any material capital commitment (as at 30 June 2020: Nil).

## **Contingent Liabilities**

As at 30 June 2021, the Group did not have any material contingent liabilities.

## **EMPLOYEES**

As at 30 June 2021, the Group had 54 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 a share option scheme in place 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.



# Directors' Report

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for FY2021 to all the shareholders.

## **PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION**

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 31 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities.

Segmental information of the Group was disclosed in note 5 to the consolidated financial statements.

## **RESULTS AND APPROPRIATIONS**

The financial performance of the Group for FY2021 are set out in the consolidated statement of comprehensive income on page 69.

The Directors do not recommend the payment of a dividend for the year.

## **BUSINESS REVIEW**

Further discussion and analysis of business activities of the Group during the year and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are set out in the Chairman's Statement on pages 3 to 6 and Management Discussion and Analysis on pages 10 to 15 of this annual report. These discussions form part of this directors' report.

The financial risk management objectives and policies of the Group are shown in note 28 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicator is set out in the Five Years Financial Summary and Management Discussion and Analysis on page 152 and pages 10 to 15 of this annual report respectively.

## **DISTRIBUTABLE RESERVES OF THE COMPANY**

The Company's reserves available for distribution to shareholders as at 30 June 2021 comprised contributed surplus of HK\$56,897,000 (as at 30 June 2020: HK\$56,897,000).

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## SHARE CAPITAL

Details of movements of the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

## RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of change in equity on page 73 of the annual report and in note 30(b) to the consolidated financial statements, respectively.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

### 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

In accordance with Clause 99 of the Company's Bye-Laws, Mr. Wong Sai Hung and Mr. Sze Cheung Pang retire by rotation and being eligible, offers himself for re-election.

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).



# Directors' Report

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2021, 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 (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

### Share Option Scheme

Particulars of the Company's share option scheme are set out in note 25 to the consolidated financial statements.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Company's share option scheme disclosed above, at no time during the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' SERVICE CONTRACTS

Mr. Wong Sai Hung has entered into a service contract with the Company commencing from 1 December 2019 to 30 November 2021, and the service contracts are subject to renewal after expiration.

Mr. Luo Xian Ping has entered into a service contract with the Company commencing from 1 January 2020 to 31 December 2021, and the service contracts are subject to renewal after expiration.

Mr. Ho Wai Hung has entered into a service contract with the Company commencing from 12 March 2020 to 11 March 2022, and the service contracts are subjected to renewal after expiration.

Mr. Tam Chun Wa, Mr. Sze Cheung Pang and Mr. Lau Ka Wing as the independent non-executive directors have a two year service contracts with the Company and the service contracts are subject to renewal after expiration.

Save as disclosed above, no Directors who are proposed for re-election at the annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## **MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save as disclosed in the section headed "Connected Transactions" of this Directors' Report, no transactions, arrangements or contract of significance to which any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **BIOGRAPHICAL DETAILS OF DIRECTORS**

Brief biographical details of the Directors as at the date of this Directors' Report are set out on pages 7 to 9.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

### Sales

– the largest customer	31%
– five largest customers combined	76%

### Purchase

– the largest supplier	92%
– five largest suppliers combined	95%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

## **MANAGEMENT CONTRACT**

There was no contracts concerning the management and administration of the whole or any substantial part of business during the year.

# Directors' Report

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS

As at 30 June 2021, as recorded in the register of substantial shareholders 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 chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company:

### Substantial shareholders – long position in the shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Number of underlying 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 a controlled corporation	147,244,000	–	12.96%
Yeung So Lai (Note 2)	Interest of a controlled corporation	147,244,000	–	12.96%

#### Notes:

1. 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 30 June 2021, i.e. 1,136,308,176 shares.
2. 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 25 July 2019, 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 30 June 2021, no person (other than the Directors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## **APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company still considers all of the independent non-executive Directors to be independent.

## **CORPORATE GOVERNANCE**

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report as set out on pages 23 to 36 of the annual report of the Company for the year.

## **AUDIT COMMITTEE**

The written terms of reference which describe the authority and duties of the audit committee of the Company ("**Audit Committee**") are set out in the code provision C.3.3 of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), which were in force prior to 1 January 2009.

The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scopes of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tam Chun Wa as chairman, Mr. Sze Cheung Pang, and Mr. Lau Ka Wing as a member.

The Audit Committee had reviewed the audited results of the Group for the year.

## **CONNECTED TRANSACTIONS**

During the year, the Group had connected transactions, certain details of which have been disclosed in note 27 to the consolidated financial statements and which have been disclosed in this paragraph are connected transactions or as the case may be, continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## **EMOLUMENT POLICY**

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company was adopted a share option scheme as an incentive to Directors, employees and other eligible participants, details of the scheme is set out in note 25 to the consolidated financial statements.

## **ENVIRONMENTAL PROTECTION**

The Group promotes environmental protection by raising the employees' awareness of resources saving and efficient use of energy. In recent years, the Group has implemented several policies to encourage employees for saving energy and paper. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group.



# Directors' Report

## COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Group upholds high standards of operating practices and complies with the relevant standards. The Group has stringent requirements to maintain high levels of quality control and responsible business practices. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

## RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

The Group values mutually beneficial long standing relationships with its suppliers and customers. The Group aims at delivering high quality products to its customers and developing mutual trust among its suppliers.

## PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## PURCHASE, SALE OR REDEMPTION OF SHARES OR CONVERTIBLE REDEEMABLE BONDS

The Company did not redeem any of its shares during the year under review. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year under review.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float.

## INDEMNITY OF DIRECTORS

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout this year.

## CHANGE OF AUDITOR

With reference to the announcement of the Company dated 24 May 2021, Cheng & Cheng Limited resigned as the auditor of the Group with effect from 24 May 2021 and Mazars CPA Limited was appointed as the Group's auditor to fill the casual vacancy following the resignation of Cheng & Cheng Limited with effect from 24 May 2021.

## AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

On behalf of the Board

**Wong Sai Hung**

*Chairman*

Hong Kong, 29 September 2021

# Corporate Governance Report

## COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The board (“**Board**”) of directors (“**Directors**”) of the Company ensures that effective self-regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has adopted the requirements under the Code Provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. The Company has complied with the Code Provisions in the CG Code throughout the year ended 30 June 2021 (the “**year under review**”), save for the deviations from the code provisions A.2.1 and A.6.7 discussed below. The following sections set out a discussion of the corporate governance practices adopted and observed by the Company, including any deviations therefrom, during the year under review.

### A. Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own securities dealing code for the Directors. All the Directors confirmed, upon specific enquiry made by the Company on them, that they had complied with the required standard set out in the Model Code regarding their securities transactions.

### B. Board of Directors

#### (i) Board composition

The Board currently comprises a combination of executive Directors and independent non-executive Directors. As at 30 June 2021, the Board consisted the following Directors:

Executive Directors

Mr. Wong Sai Hung

Mr. Luo Xian Ping

Mr. Ho Wai Hung

Independent non-executive Directors

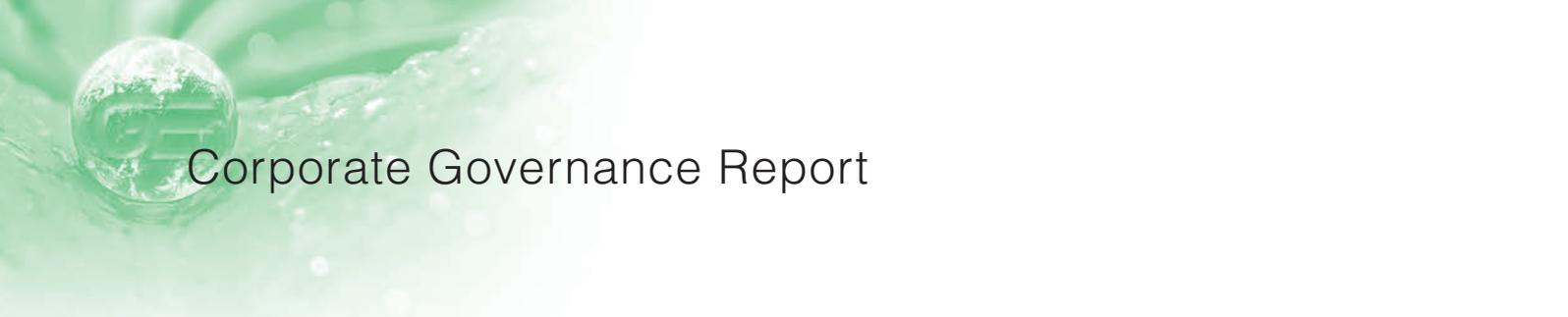
Mr. Tam Chun Wa

Mr. Sze Cheung Pang

Mr. Lau Ka Wing

Schedules of matters reserved for the Board include:

- To formulate overall strategy of the Company and its subsidiaries (the “**Group**”)
- To monitor its financial performance and maintains effective oversight over the management
- To control and approve transactions which are extraordinary and significant to the Group as a whole



# Corporate Governance Report

## B. Board of Directors – continued

### (ii) Board meetings and attendance record

The Company held four board meetings and one general meeting during the year under review. The attendance record of the Board meetings are as follows:

Members of the Board	Attendance/Number of meeting(s) held	
	Board meetings	General meeting
Executive Directors		
Mr. Wong Sai Hung ( <i>Chairman</i> )	4/4	1/1
Mr. Luo Xian Ping	4/4	1/1
Mr. Ho Wai Hung	4/4	0/1
Independent non-executive Directors		
Mr. Tam Chun Wa	4/4	1/1
Mr. Sze Cheung Pang	4/4	0/1
Mr. Lau Ka Wing	4/4	1/1

### (iii) Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors during the year under review representing more than one-third of the Board as required by Rules 3.10A of the Listing Rules.

All independent non-executive Directors brought their wealth of experience to the Board and made active contribution to the Group. They closely monitored the developments of the Group and freely expressed their opinions at board meetings. Mr. Tam Chun Wa and Mr. Lau Ka Wing, independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

None of the independent non-executive Directors, has any business or financial interests with the Group and each of them has confirmed their independence to the Group pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Board considers that all independent non-executive Directors were independent.

# Corporate Governance Report

## B. Board of Directors – continued

### (iv) Relationship among members of the Board

There is no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. All of them are free to exercise their independent judgment.

### (v) Directors' Continuous Professional Development

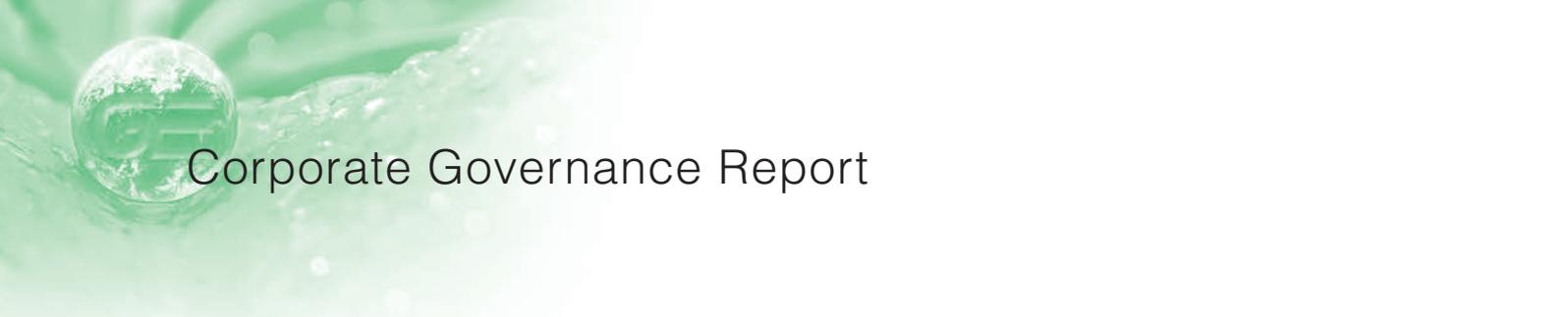
The Group regularly updates Directors on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties. In addition, the Company has been encouraging Directors to attend seminars on the latest development of applicable laws, rules and regulations so that they can continuously update and further improve their relevant knowledge and skills.

According to the records provided by the Directors, the training received by each of the Directors during the year under review is summarized as follows:

	<b>Type of continuous professional development training</b> <i>(notes)</i>
<b>Directors</b>	
<b>Executive Directors</b>	
Mr. Wong Sai Hung	A and B
Mr. Luo Xian Ping	B
Mr. Ho Wai Hung	A and B
<b>Independent non-executive Directors</b>	
Mr. Sze Cheung Pang	B
Mr. Tam Chun Wa	A and B
Mr. Lau Ka Wing	A and B

#### Notes:

- A: Attending seminar(s) or training session(s)  
B: Reading newspapers, journals and updates relating to the Company's business or Directors' duties and responsibilities, the latest development of the Listing Rules and other applicable regulatory requirements etc.



# Corporate Governance Report

## **B. Board of Directors – continued**

### *(vi) Board Diversity Policy*

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All board appointment will be made based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and the contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board is characterized by significant diversity, in terms of gender, professional and educational background and skills.

## **C. Chairman and Chief Executive Officer**

Code Provision A.2.1 of the CG Code 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 also the chairman of the Company. The Board believes that vesting 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.

## **D. Remuneration of Directors**

The Company established a remuneration committee on 21 December 2005. Members of the remuneration committee as at 30 June 2021 comprised Mr. Tam Chun Wa, Mr. Sze Cheung Pang and Mr. Lau Ka Wing. Mr. Tam Chun Wa is the chairman of the remuneration committee. All votes in the remuneration committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the remuneration committee are as follows:

- To determine the remuneration policy of the Group
- To determine the remuneration of executive Directors regarding their remuneration
- To review annually and take note of the remuneration trends of the Group and obtain reliable and up-to-date information about remuneration packages of other closely comparable companies

## D. Remuneration of Directors – continued

It is the Company's policy that the remuneration package of each Director shall be determined by reference to their experience, qualification and the time expected to be devoted by them on the affairs of the Company.

The remuneration committee held one meeting during the year under review.

<b>Members of the Remuneration Committee</b>	<b>Attendance/ Number of meeting(s) held</b>
Mr. Tam Chun Wa	1/1
Mr. Sze Cheung Pang	1/1
Mr. Lau Ka Wing	1/1

Upon the termination of the old share option scheme, the Company has adopted a new share option scheme on 1 June 2016, which serves as an incentive to attract, reward and motivate eligible staffs etc.

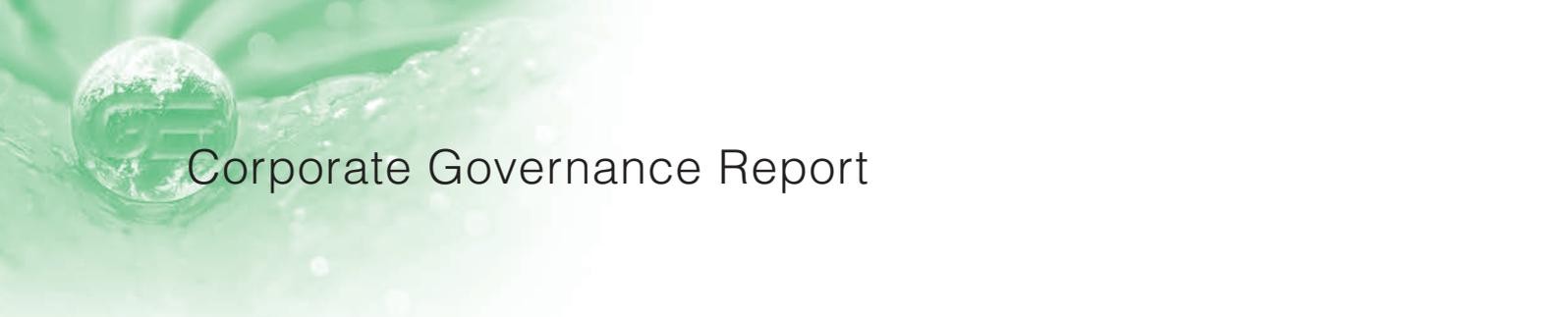
Details of the share option scheme are set out in note 25 to the consolidated financial statements.

## E. Nomination of Directors

The Company established a nomination committee on 21 December 2005. Members of the nomination committee as at 30 June 2021 comprised Mr. Wong Sai Hung, Mr. Tam Chun Wa and Mr. Sze Cheung Pang. Mr. Wong Sai Hung is the chairman of the nomination committee.

The main duties of the nomination committee are as follows:

- To review the structure, size and composition of the Board regularly and to make recommendations to the Board with regard to any changes required
- To evaluate the balance of skills, knowledge and experience of the Board
- To identify and nominate any candidate for the Board's approval
- To make recommendations for the appointment and removal of the Chairman or any Director
- To make recommendations to the Board on the re-appointment of any non-executive Director at the conclusion of his specified term of office



# Corporate Governance Report

## E. Nomination of Directors – continued

The Group will consider the background, experience and qualification of any proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director of the Company.

The nomination committee held one meeting during the year under review.

Members of the Nomination Committee	Attendance/ Number of meeting(s) held
Mr. Wong Sai Hung	1/1
Mr. Tam Chun Wa	1/1
Mr. Sze Cheung Pang	1/1

## F. Nomination Policy

### 1. Objective

This policy was approved and adopted by the board (“**Board**”) of directors (“**Directors**”) of the Company by resolution passed on 1 January 2019. It sets out the criteria and procedures to be adopted by the nomination committee of the Company (“**Nomination Committee**”) in selecting and recommending candidates as Directors. It aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

### 2. Nomination criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship:

- Character and integrity;
- Professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
- Willingness to devote adequate time to discharge duties as a member of the Board;
- The board diversity policy and any measurable objectives adopted by the Company for achieving diversity on the Board;
- Requirements in relation to independent non-executive directors in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and whether the Company’s candidates as independent non-executive Directors would be considered independent with reference to the rules concerning the independence of directors set out in the Listing Rules; and

## F. Nomination Policy – continued

### 2. *Nomination criteria – continued*

- Such other criteria appropriate to the Company's business or as suggested by the Nomination Committee.

The above criteria are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.

### 3. *Process for the nomination by the nomination committee*

- 3.1 The Nomination Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board periodically and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy.
- 3.2 When it is necessary to fill a causal vacancy or appoint an additional Director, the Nomination Committee shall identify or select candidates suitably qualified to become a Director, with or without assistance from external agencies or the Company, pursuant to the criteria set out in section 2.
- 3.3 If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- 3.4 The Nomination Committee shall make recommendation to the Board on the appointment of candidates as Directors, including the terms and conditions of the appointment.
- 3.5 The Board shall deliberate and decide on the appointment of Directors based upon the recommendation of the Nomination Committee.



# Corporate Governance Report

## F. Nomination Policy – continued

### 4. *Re-election of directors at general meetings of the Company*

4.1 The Nomination Committee shall review the overall contribution and services provided to the Company by the Directors who shall retire and offer themselves for re-election at general meetings of the Company. The Nomination Committee shall also review the expertise and professional qualifications of such retiring Directors to determine whether they continue to meet the criteria as set out in section 2.

4.2 Based on the review made by the Nomination Committee, the Board shall make recommendations to the shareholders of the Company (“**Shareholders**”) on candidates standing for re-election at general meetings of the Company, and provide the available biographical information of the retiring Directors to the Shareholders in accordance with the Listing Rules to enable the Shareholders to make an informed decision on the re-election of such candidates at the general meetings of the Company.

### 5. *Process for the nomination by the shareholders*

5.1 The Shareholders may nominate a person, other than himself or herself, for election as a Director in accordance with the Bye-laws and applicable laws, rules and regulations, details of which are set out in the “Procedures for shareholders to propose a candidate for election as a director of the Company” of the Company adopted on 1 January 2019.

## G. Remuneration of Directors and Senior Management

Remuneration of Directors and Senior Management Particulars of the Directors’ remuneration for FY2021 are set out in Note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than Directors) in this annual report for FY2021 by band is set out below:

Remuneration Bands	Number of Senior Management
Nil to HK\$1,000,000	1
HK\$1,000,001 to up to HK\$2,000,000	1

# Corporate Governance Report

## H. Auditor's Remuneration

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the remuneration paid/payable to the Company's auditor, Mazars CPA Limited, is set out as follows:

Services rendered	Fees paid/payable HK\$
Audit services	800,000
Non-audit services	60,000

The non-audit services included taxation and other services rendered.

## I. Dividend Policy

The board ("**Board**") of directors of the Company has approved and adopted a dividend policy ("**Dividend Policy**") on 1 January 2019.

Under the Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company. Dividends may only be paid out of profits of the Company available for distribution but no dividend shall exceed the amount recommended by the Board.

In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the results of operations, working capital, financial position, future prospects and capital requirements of the Group, as well as any other factors which the Board may consider relevant from time to time. Any future declaration and payment of dividends by the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Board. The Company does not have any predetermined dividend payout ratio. The payment of dividend by the Company is also subject to any restrictions under the laws of Bermuda, the bye-laws of the Company and any applicable laws, rules and regulations.

The Board will review the Dividend Policy from time to time and may exercise in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.



# Corporate Governance Report

## J. Audit Committee

As at 30 June 2021, the audit committee of the Company (“**Audit Committee**”) comprised three independent non-executive Directors, namely Mr. Tam Chun Wa, Mr. Sze Cheung Pang and Mr. Lau Ka Wing. Mr. Tam Chun Wa is the chairman of the Audit Committee. Mr. Tam Chun Wa and Mr. Lau Ka Wing have the appropriate professional qualifications of accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules for the purpose of such appointment.

Meetings of the Audit Committee are held not less than twice a year to review and discuss the interim and annual financial statements respectively. Additional meetings may also be held by the committee from time to time to discuss special projects or other issues which the Audit Committee considers necessary. The external auditor of the Group may request a meeting of the Audit Committee to be convened if they consider that it is necessary.

The main duties of the Audit Committee are as follows:

- To monitor the works of the external auditor
- To review the Group’s interim and annual financial statements before submission to the Board
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditor may wish to discuss
- To review the Group’s statement on internal control system prior to endorsement by the Board
- To consider the major findings of any internal investigation and the management’s response

The Audit Committee held four meetings during the year under review. The attendance record of the Audit Committee meetings for the year under review is as follows:

<b>Members of the Audit Committee</b>	<b>Attendance/ Number of meeting(s) held</b>
Mr. Tam Chun Wa	4/4
Mr. Sze Cheung Pang	3/4
Mr. Lau Ka Wing	4/4

Throughout the period under review, the Audit Committee discharged its responsibilities by reviewing and discussing the financial results, risk management and internal control system of the Group.

## **K. Risk Management and Internal Control:**

Pursuant to the CG Code, the Board should ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investment and the Group's asset.

The Board acknowledges its responsibility to ensure sound and effective risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The risk management and internal control systems are reviewed at least annually to ensure the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's internal audit and financial reporting functions.

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks, and can only provide reasonable and not absolute assurance against material misstatement or loss.

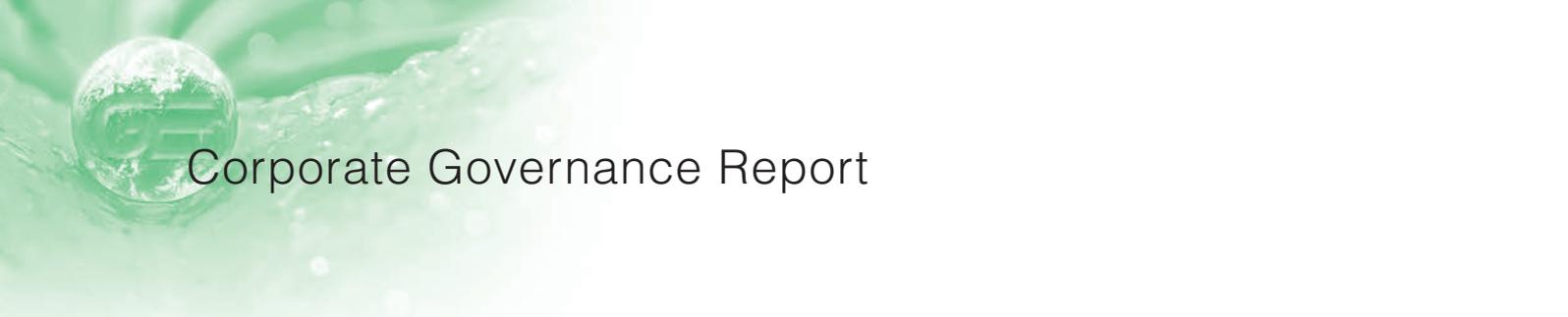
The Board has reviewed the efficiency of the Group's internal control systems, including financial operation and compliance control and risk management procedure. The Board believes that the Group is responsible to improve the internal control system continuously in order to give hand to the risk of the deficiency in the operating system, if any, with an aim to achieve the Group's objectives.

During the year under review, the Company complied with the code provision C.2.1 of the CG Code. During the year under review, the Board conducted a full review of the effectiveness of the material internal control system of the Group and considered internal audit planning presented by internal audit staff and discussed the assessment with the management.

Based on the assessment, the Board, with the concurrence of the audit committee is of the opinion that the system of internal controls established and maintained by the Group addressing financial, operational, compliance and information technology risks as well as risk management systems, were adequate to meet the needs of the Group in its current business environment.

### *Handling and Dissemination of Inside Information*

The Company has established and implemented relevant procedures and internal controls for the handling and dissemination of inside information, including restricting employee access to inside information on a need-to-know basis and ensuring that those who need to know understand the obligation of keeping the information confidential. All inside information is disclosed to the public pursuant to the requirements under the Securities and Futures Ordinance and the Listing Rules and kept strictly confidential before disclosure.



# Corporate Governance Report

## **L. Internal Audit**

The Company has employed an internal audit staff (“IA”) to perform the internal audit function and to improve the system and processes of internal controls of the Company. IA primarily reports to the Chairman of audit committee and ensure the internal control are in place and functioning properly as intended.

The audit committee has annually reviewed the adequacy and effectiveness of the Company’s risk management, the scope and results of internal audit procedures. The audit committee also reviews the adequacy and effectiveness of the internal audit function. Based on the report presented, the audit committee is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company.

## **M. Directors’ and Officers’ Liability Insurance**

Insurance cover has been arranged for Directors’ and officers’ liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. Such insurance has also been renewed before 3 January 2021 with a term from one year until 2 January 2022.

## **N. Company Secretary**

Mr. Ng Chi Keung has been the Company Secretary of the Company since 30 December 2019. Mr. Ng reports to the chairman of the Company and is responsible for advising the Board on corporate governance matters. Mr. Ng has confirmed that he has taken no less than 15 hours of relevant professional training during the year under review.

## **O. Directors’ and Auditor’s Acknowledgement**

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year under review.

The external auditor of the Company acknowledge their reporting responsibilities in the auditor’s report on the consolidated financial statements for the year under review.

## **P. Communications with Shareholders**

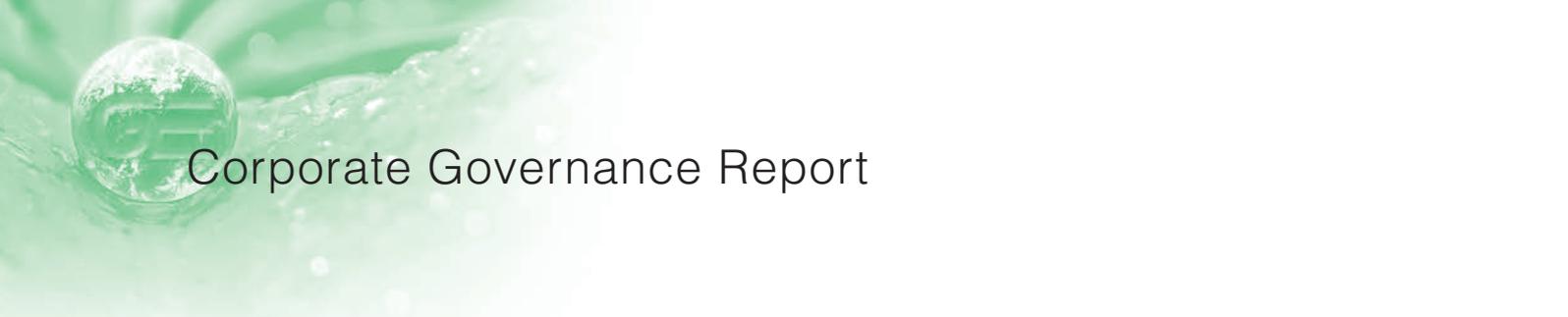
The Company values communication with the Shareholders. The Company uses two-way communication channels to account to Shareholders for the performance of the Company. Enquiries and suggestions from Shareholders are welcomed.

The Company uses a number of formal communication channels to account to the Shareholders for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or special general meeting providing a forum for the Shareholders to raise comments and exchange views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; and (iv) the Company's branch share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner, and on-a-regular-basis information of the Group through the publication of interim and annual reports and/or despatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Sze Cheung Pang, an independent non-executive director was unable to attend the annual general meeting of the Company held on 27 November 2020 due to other business engagement. However, there were sufficient executive Directors and independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.



# Corporate Governance Report

## Q. Shareholders' Rights

### (i) *Procedures for shareholders to convene a special general meeting*

Subject to applicable laws and regulations including the Companies Act and the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "**Companies Act**").

### (ii) *Procedures for shareholders to put forward proposals at general meetings*

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than one hundred shareholders, can request the Company in writing to: (a) give to Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

### (iii) *Procedures for shareholders to send enquiries*

Shareholders should direct their questions about their shareholdings to the Company's registrar. Shareholders and the investment community may at any time make a request for information on the Company to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's head office and principal place of business in Hong Kong at 4C Derrick Industrial Building, 49 Wong Chuk Hang Road, Hong Kong.

## R. Constitutional documents

There were no changes to the memorandum of association and the bye-laws (the "**Bye-laws**") of the Company during the year under review.

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

Hong Kong, 29 September 2021

# Environmental, Social and Governance Report

## 1. DIRECTOR'S MESSAGE

The Group is pleased to present our fifth Environmental, Social and Governance (“ESG”) report, which is aimed to explain our policy development and performance in ESG aspects in response to the expectations and concerns of stakeholders for the management of sustainable development and information disclosure of the Group.

The board of directors (the “Board”) assumes the overall responsibility for the sustainable development, and leads the Group to fulfil social responsibility. We have set up ESG committee which handles ESG-related issues on behalf of the Board. The ESG committee, which reports to the Board annually, has been tasked to develop and regularly review the ESG plan, and conduct stakeholder engagement and materiality assessment. The Board regularly monitor ESG performance to ensure the Group’s development direction is in line with the stakeholders’ expectations by ongoing stakeholder communication and sustainability risk management.

Risk management of ESG-related issues is essential to the Board. With an aim to promote integrated risk management within the Group, we have planned to integrate ESG-related risks into the risk management and internal control system to regularly assess ESG-related risks through the Board’s extensive understanding of the business and the communication with different stakeholders.

The Board believes that conservative use of resources and focuses on occupational health and safety are especially helpful for the Group to achieve its ESG goals to protect the environment and build an outstanding corporate image. As such, the Group regularly evaluates the yield rate of our recycling operation and the occupational safety statistics against the predefined targets. These targets and evaluations serve as effective indicators to reflect the operation efficiency and the control effectiveness.

The past year was an unprecedentedly challenging year to the entire world in recent human history. Lockdowns and other restrictions in response to the COVID-19 pandemic has abruptly changed our way of life. The Group confronted this challenge by strengthening the occupational, health and safety measures for the employees, allowing the group to resume operations more quickly to meet market demand rapidly.

While the world still on the path to an uncertain recovery from the tragic shock, we understand that a global waste crisis will be a confrontation certainly to be faced by the world. The Group has expanded and upgraded recycling infrastructures in recent years to meet the demands, and has diversified revenue sources and product mix. Looking forward, the Group is committed to offering stable and reliable recycling and renewable energy services to companies around the globe to transform to an environmental-benign circular economy.



# Environmental, Social and Governance Report

## 2. REPORTING PRINCIPLE

**Materiality:** The Group communicates with different stakeholders on a regular basis, so as to better understand ESG-related issues that matter the Group most from stakeholders' perspectives. Meanwhile, the Group concerns ESG development outside and within the industry, trying to align with available global standards as well as incorporating it into the Group strategic development planning. The Group has conducted a stakeholder engagement survey with our directors, employees, customers, and suppliers to grade the ESG aspects according to the level of materiality they consider these aspects are to the Group or to the stakeholder groups they are representing. The details are reported in Chapter 4 of this report.

**Quantitative:** Appendix 27 of the Listing Rules guides the Group to prepare measurable KPIs for performance review. Quantitative information presented in the report is accompanied by narrative, explanation and comparison wherever applicable. The frequency of publication is once a year.

**Balance:** The Group upholds this reporting principle to prepare ESG reports and strives to disclose both challenges and opportunities of ESG issues that the Group experienced during the reporting period. Pictures, charts and graphs reflect the actual performance of the Group, and with appropriate presentation formats, so to avoid misleading.

**Consistency:** The Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group's internal record system. The Group is also with reference to Appendix 2: Reporting Guidance on Environmental KPIs as well as Appendix 3: Reporting guidance on Social KPIs to calculate KPIs, so to make meaningful comparisons over the years. In view of the explanation of our business segments, the intensity figures are now reported in per revenue basis instead of per material processed.

## 3. REPORTING SCOPE

The scope of the report is as followed:

Geographical Region	Segment
Germany	Construction Waste Recycling Plastic Recycling
Japan	Plastic Recycling
Hong Kong	Healthcare Service Head Office

The segments included are selected because they are representing the majority of the Group's impact on ESG issues. In view of our business growth, the scope of the report newly covers our Plastic Recycling segment in Japan, and Healthcare Service segment in Hong Kong.

The reporting period began on 1 July 2020 and ended on 30 June 2021 ("the reporting period"). The report sets out the Group's overall sustainability approaches and policies on four different aspects, including environmental protection, our people, operating practices and community involvement.

# Environmental, Social and Governance Report

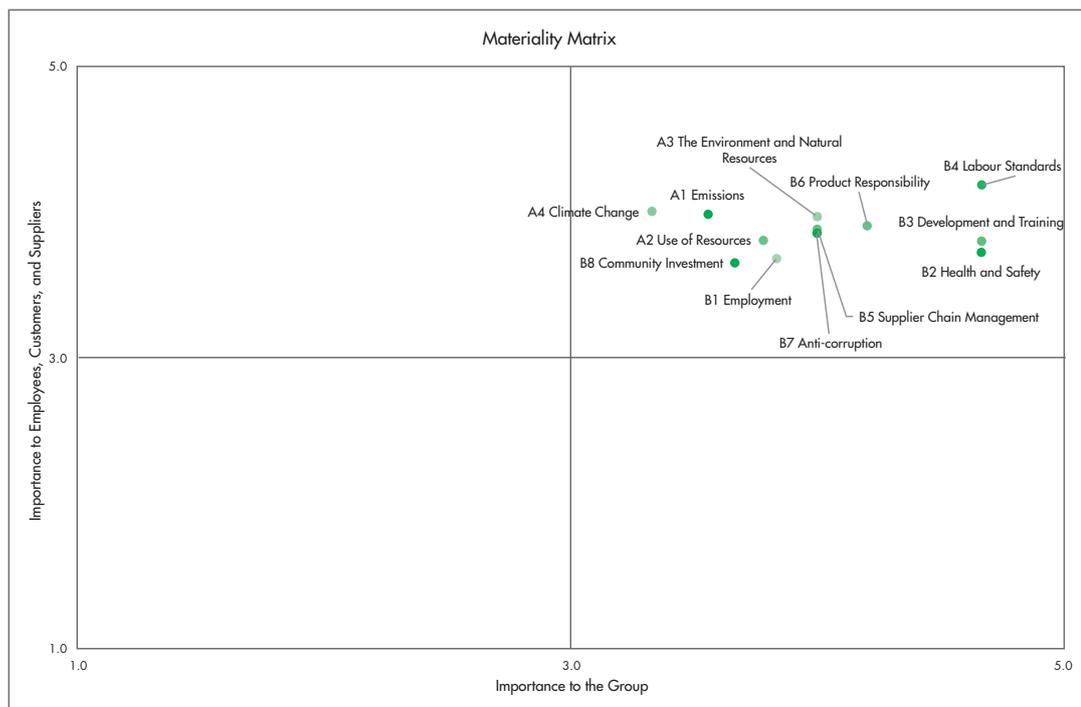
## 4. STAKEHOLDER ENGAGEMENT AND MATERIALITY

With the purpose of identifying stakeholders' key concerns with reference to the ESG Reporting Guide, the Group conducted a stakeholder engagement survey across May and June 2021. Our directors, employees, customers, and suppliers were invited to participate in the survey and to grade the aspects stipulated in the ESG Reporting Guide according to the level of materiality they consider these aspects are to the Group or to the stakeholder groups they are representing.

The importance of each reporting aspect was then determined by compiling the degrees of importance given from all the participants. The importance grade from each stakeholder category was the average among all respondents within that stakeholder category. The overall importance grade across multiple stakeholder categories was then the average of each categorical importance grade.

A materiality matrix was prepared to clearly illustrate the result by placing each aspect with regard to its importance grade to the directors of the Group and to other stakeholders consisting of employees and external stakeholders.

The materiality matrix below was prepared to clearly illustrate the result by placing each aspect with regard to its importance grade to the directors of the Group and to all other stakeholders. The aspects located in the top-right quarter of the material matrix were considered by both the directors of the Group and other stakeholders as material.



# Environmental, Social and Governance Report

## 4. STAKEHOLDER ENGAGEMENT AND MATERIALITY – continued

B4 Labour Standards was the most material aspect determined in the stakeholder engagement and materiality assessment. All twelve ESG aspects were assessed to be material.

The table below integrates the result of the stakeholder engagement and the feedback in day-to-day engagement with various stakeholders.

Stakeholder	Concerned ESG aspects	The Group's responses
Employees	Product Environmental Stewardship	The Group encourages wise use of packaging materials to conserve resources. In addition, the Group has also utilized recycled wood pallets from a pallet recycling company.
	Equal Opportunities	The Group establishes clear policy to ensure the employment and promotion considerations are based on candidates' qualifications, experiences, abilities and business needs, regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion, disability and nationality.
	Information security and personal data protection	The Group requires all storage and transmission of personal data to be encrypted and with up-to-date antivirus protection to safeguard the personal data from unauthorised or accidental access, processing, erasure, loss or use by unauthorized parties.
Investor and shareholders	Economic performance	The Group timely release of the latest corporate information via announcement, interim report and annual report.
	Legal compliance	The Group holds shareholders' meeting and investors' meeting to disclose information of listed companies.

# Environmental, Social and Governance Report

## 4. STAKEHOLDER ENGAGEMENT AND MATERIALITY – continued

Stakeholder	Concerned ESG aspects	The Group's responses
Customers	Information security and personal data protection	The Group requires all storage and transmission of personal data to be encrypted and with up-to-date antivirus protection to safeguard the personal data from unauthorised or accidental access, processing, erasure, loss or use by unauthorized parties.
	Equal Opportunities	The Group establishes clear policy to ensure the business decisions are based on legitimate business needs regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion, disability and nationality.
Suppliers and business partners	Solid Waste and Recyclables	The Group's plastic recycling operation established a maximum wastage target to ensure recyclables could be recovered as much as possible. Monthly performance evaluations are also carried out on production processes through statistical analysis.
	Corporate governance and risk management	The Group establishes a supply chain management system including suppliers' selection criteria and annually process review assessment.
Government bodies/regulators	Environmental impacts	The Group always gives prompt responses to government inquires and environmental regulation updates. During the reporting period, the Group fully complied with environmental laws and regulations.

## 5. FEEDBACK CHANNEL

In order to continuously improve the environmental, social and governance performance of the Group, we welcome stakeholders' valuable opinions. Please share your views with us via email at [esg@hk-greenenergy.com](mailto:esg@hk-greenenergy.com).

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION

The Group's businesses are strictly operating under the regulations. The Group also keep abreast any updates on the regulations. The Group was not aware of any material non-compliance with the corresponding local environmental laws or regulations in the reporting period. There was no incident that has material impact on the environment and natural resources in the reporting period.

### 6.1 WASTE MANAGEMENT

#### 6.1.1 RECYCLING OPERATION

Recycling business is one of the key business segments of the Group. Through diverse waste management options, detailed classification of waste and prudent planning of storage, the Group strives to increase the recovery rate of the wastes collected. The Group has established Standard Recycling Procedures Manual to instruct employees on how to segregate wastes into different recycling containers. The Group also has various sorting facilities in our production lines to identify reusable and recyclable materials in the waste stream and eventually store them at designated areas.

Plastic wastes are collected mainly from the collectors in the countries of European Union, whereas the construction wastes are coming from nearby construction sites. The waste stream is feed into screening machines for sorting, and the sorted wastes are then stored in designated containers or areas. In order to dispose of the non-recyclable waste in a safe manner, the Group has appointed professional waste disposal companies which are compliant with relevant requirements and with proven experience in the disposal of wastes. The recyclable scraps are handled suitably and appropriately by registered recycling collectors. No chemical and non-hazardous waste is generated and discharged in the recycling process.

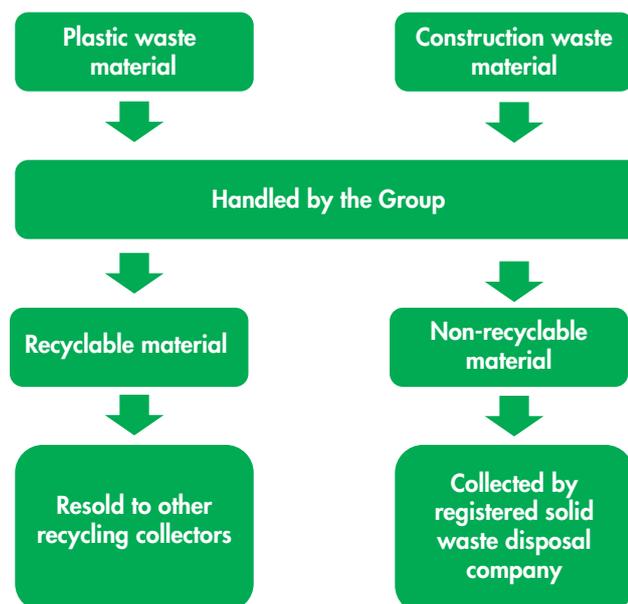


Chart: Recycling business of the Group

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.1 WASTE MANAGEMENT – continued

#### 6.1.1 RECYCLING OPERATION – continued

*Plastic Recycling - Germany*

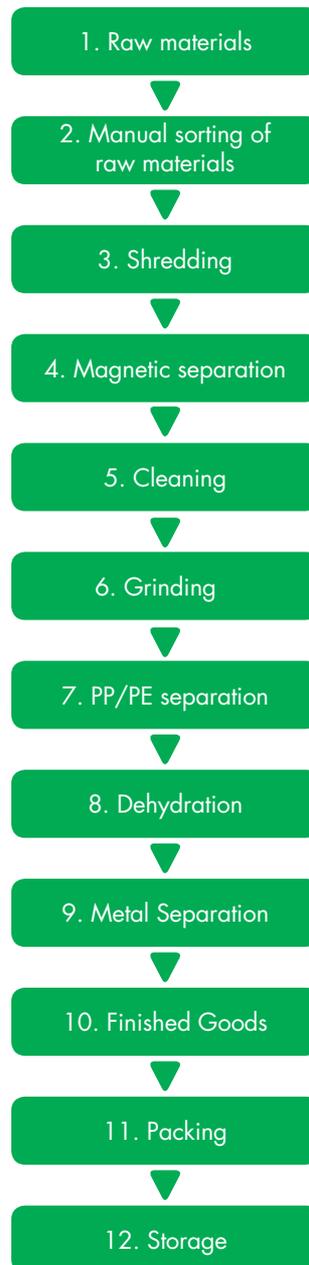


Chart: Plastic recycling flowchart

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.1 WASTE MANAGEMENT – continued

#### 6.1.1 RECYCLING OPERATION – continued

Construction Waste Recycling - Germany



Chart: Construction waste recycling flowchart

Data on recyclables generation is as follows:

Recyclables	Unit	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
<b>From plastic recycling business</b>			
Plastics	Tonnes	50.84	64.51
Metal Scrap	Tonnes	8.18	9.00
<b>From construction waste recycling business</b>			
Metal Scrap	Tonnes	68.72	94.06

The Group's plastic recycling operation established a maximum wastage target of 15% to ensure recyclables could be recovered as much as possible. Operation Department and Production Department carries out monthly performance evaluation on production processes through statistical analysis, and continuously improve the production process to achieve the goal.

In the reporting period, the Group has collected around 127.74 tonnes of plastic and metal scrap. The recyclables collected was about 2.46 tonnes per kilo tonnes of input. The recyclables would be resold to other recycling collectors for further recycling.

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.1 WASTE MANAGEMENT – continued

#### 6.1.2 IN DAILY OPERATION

In daily plant operations, there is no material hazardous wastes produced. Nonetheless, there are non-hazardous wastes being generated and discharged. The Group, as a recycler, knows from experience that wastes are best reduced and segregated at source, for example, reusable utensils and crockeries are provided at the office to promote a green lifestyle to employees and visitors. In order to materialize our vision, we will keep improving our operation to achieve goals relating to waste reduction.

#### 6.1.3 HEALTHCARE SERVICE

In our Healthcare Service segment, medical waste, such as used syringes, contaminated pads, cotton balls and human tissue specimens after examination are generated. There is guideline for our employees to effectively implement the proper management and safe handling of medical waste. Medical wastes are sealed, labelled, and stored at a designated area inside our clinic until the licensed waste collector collect them for further treatment. Record of the medical waste is kept with traceable information such as date and address of delivery, quantity, and the name of the licensed waste collector. The operations of the healthcare service comply with the Code of Practice for the Management of Clinical Waste issued by the Environmental Protection Department.

Data on the Group's non-hazardous wastes generation is as follows:

<b>Non-hazardous waste</b>	<b>Unit</b>	<b>1.7.2020 to 30.6.2021</b>	1.7.2019 to 30.6.2020
Total amount of non-hazardous wastes generated in recycling operation	Tonnes	<b>247.60</b>	278.87
Total amount of non-hazardous wastes generated in non-recycling operation	Tonnes	<b>36.00</b>	N/A
Intensity	Tonnes/ HK\$'000,000 revenue	<b>19.86</b>	24.02

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.2 PAPER CONSUMPTION

With an aim to effectively reduce paper waste, the Group encourages employees to use double-sided printing and places printed single-sided paper next to each printer for convenient reuse. The Group also promotes the use of space efficiency formats to optimise the use of paper. The table below shows the amount of paper consumed in the reporting period.

Paper Consumption	Unit	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
The total amount of paper consumed in recycling operation	kgs	71.00	64.92
The estimated total amount of paper consumed in non-recycling operation	kgs	212.40	335.28

### 6.3 PACKAGING MATERIALS CONSUMPTION

#### 6.3.1 RECYCLING OPERATION

Packaging material is required in the Group's operations in delivery, storage and transportation. Provided that product quality and occupational safety are upheld, we encourage production staff to curb the use of packaging materials so as to conserve resources. In addition, the Group has also utilized recycled wood pallets from a pallet recycling company in the Netherlands, for transportation and delivery. The following items are commonly used in the Group as packaging materials.

Data on packaging materials consumption is as follows:

Packaging Materials	Unit	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
Sizable Plastic Bags	Tonnes	7.18	9.13
Wood Pallets	Tonnes	44.12	56.00

#### 6.3.2 HEALTHCARE SERVICE

Plastic packaging materials are mainly used by the Group for medical prescriptions in our medical centre. Packaging materials mainly include plastic bags, drug bags, potion bottles, ointment boxes and thermal labels. All medications prescribed must be packaged individually in separate plastic bags. These bags must be labelled properly with relevant patient and drug information for identification purposes. Packaging is distributed along with drugs and is dispensed to patients. Such packaging is essential for keeping medicines suitable for consumptions. Owing to the fact that such packaging is minimal compared to those in the Group's other business, statistics is not presented here.

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.4 ENERGY CONSUMPTION

#### 6.4.1 RECYCLING OPERATION

Energy consumption of the Group is mainly due to logistics and productions. Acknowledging clean production is a crucial concern of stakeholders, the Group has taken the initiatives to monitor the energy consumption closely.

The Group generates reports monthly to review the operating efficiency. Any abnormal energy consumption will be timely addressed to reduce unnecessary wastage. Moreover, the Group has engaged energy adviser to provide services on energy efficiency plan and energy measurement monitoring, so as to conduct assessments and examinations on energy conservation on a regular basis. In addition, timely warnings with threshold set to 10% excessive consumption growth will be issued in respect of production lines showing a disproportionate increase in total energy consumption as that the issue can be investigated and addressed. Last but not least, the Group also sets targets for total energy consumption to control energy consumption at plants in terms of growth and total volume. The energy consumption was higher than that in the previous reporting period because the new inclusion of consumption from the operation in Japan, in which the operation has a major attribution to the total consumption of LPG.

#### 6.4.2 IN DAILY OPERATION

The Group installed energy-efficient lighting such as LEDs in the premises and replaced electrical equipment with higher energy efficiency counterparts. The last-man-out is dedicated to check and turn off all the lights, machines and equipment when not in use and during non-office hours. Also, the Group places notice reminders to encourage employees to establish energy-saving habits at the office, such as switching off idling engines, air-conditioners and indoor space heaters when not in use. Generally, air indoor room temperature is well maintained at 24 to 26 Degree Celsius.

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.4 ENERGY CONSUMPTION – continued

Data on types and amount of energy consumption by the Group is as follows:

	Consumption ('000 kWh)		Intensity ('000 kWh/HK\$'000,000 revenue)	
	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
Diesel for stationary equipment	459.49	419.98	37.17	36.17
Diesel and gasoline for motor vehicles	53.82	24.09	3.77	2.07
LPG for stationary equipment	592.11	71.18	41.46	6.13
Natural gas for operations	159.06	148.00	11.14	12.75
Electricity	417.92	545.04	29.26	46.95
<b>Total</b>	<b>1,682.40</b>	<b>1,208.29</b>	<b>122.80</b>	<b>104.07</b>

Note: Consumption in terms of energy unit is calculated by multiplying consumption activity data with corresponding lower calorific value.

### 6.5 WATER MANAGEMENT

#### 6.5.1 RECYCLING OPERATION

The Group realises recycling business does entail water consumption as well as sewage generation during the operation. Because of that, the Group has installed a wastewater processing equipment to separate the solid waste contents and recover recyclable materials from the sewage to attain the goal of ultralow discharge of pollutants. The Group has also set up a drainage system to control the flow to the sedimentation tanks to prevent run-off to soils and rivers nearby. Meanwhile, the production staff regularly inspect the sewage treatment facilities and equipment inside the plant to ensure normal operating condition and prevent any leakage. Moreover, the Group always treats wastewater properly to comply with the required water quality standard and maximize the reuse of water. The Group has also appointed professional sewage disposal companies to handle the discharged wastewater for further treatment.

Regarding wastewater generation, there were 476.49 tonnes, which newly includes the plant in Japan, and the intensity of wastewater generation was 33.36 tonnes per HK\$'000,000 revenue in the reporting period.

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.5 WATER MANAGEMENT – continued

#### 6.5.2 IN DAILY OPERATION

The Group places reminders near the water outlets to remind employees' water-saving responsibilities. In terms of hardware, flow controllers are installed on water taps to reduce water usage as well. Although the Group has not established a specific target on water consumption, we regularly conduct statistical analysis on the water consumption in the plants to ensure there is no abnormal consumption of water. The Group advocates increasing the number of reusing the top water to reduce water consumption from industrial production when appropriate. There were no difficulties in sourcing water. In the reporting period, there were 1,524.40 m<sup>3</sup> of water consumed, and the intensity of water consumption was 106.74 m<sup>3</sup> per HK\$'000,000 revenue.

### 6.6 EMISSIONS

In terms of pollutants emitted from the Group, SO<sub>x</sub> emission is mainly due to fuel consumption of vehicles. Below table shows the number of pollutants emitted in the reporting period.

Pollutants <sup>1</sup>	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
Sulphur oxides (SO <sub>x</sub> )	0.039	0.042

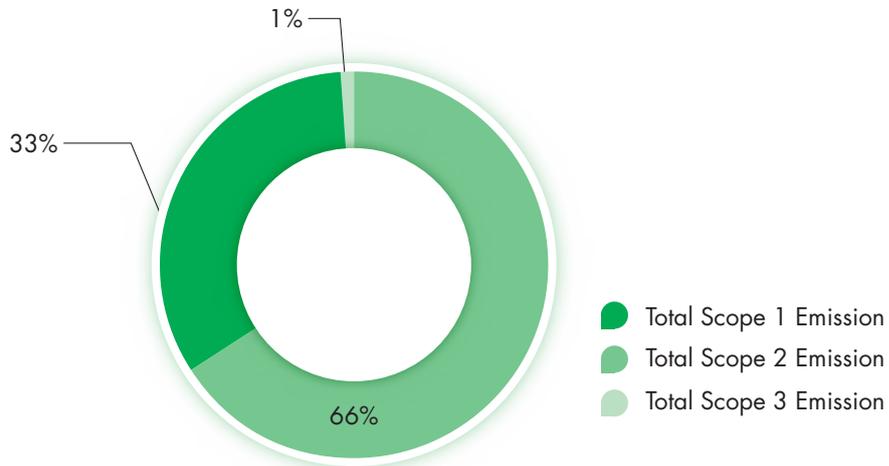
#### Total Greenhouse Gas Emission

Regarding greenhouse gas ("GHG") emissions in the reporting period, the following graph illustrated the total GHG emission of the Group. The energy consumed in the Group's recycling operations are the main source of the emission of carbon. We use industrial electricity, diesel and natural gas as the main energy sources to maintain the plant operations and daily production.

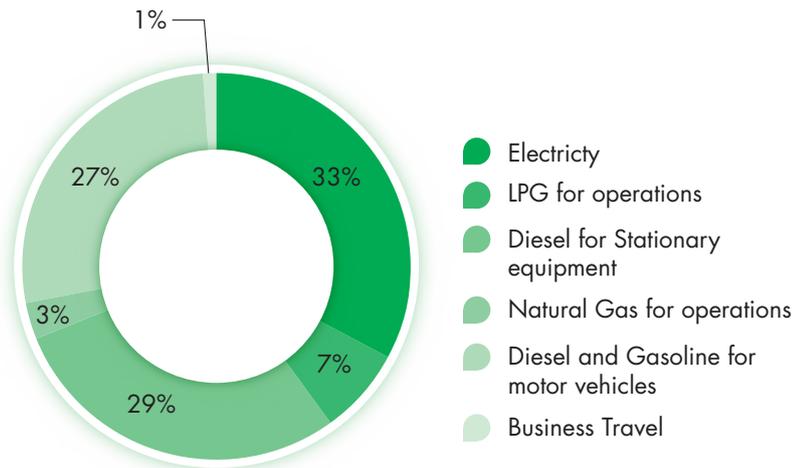
<sup>1</sup> Calculated based on the total fuel consumption of gasoline and diesel vehicles.

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.6 EMISSIONS – continued



Graph: Percentage of scope 1, 2 and 3 GHG emission of the Group



Graph: Percentage of GHG emission sources for the reporting period

The total of reporting period emission intensity was 32.59 tonnes of CO<sub>2</sub>e per HK\$'000,000 revenue. Although the Group has not established a specific emission target, the Group is nonetheless pledged to install, adopt energy-saving items and procure energy-efficient equipment so to continuously enhance energy efficiency which, as a result, reduce GHG emissions.

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.6 EMISSIONS – continued

Data on sources and amount of emissions is as follows:

GHG emissions	Emission (tCO <sub>2</sub> e)		Intensity (tCO <sub>2</sub> e/HK\$'000,000 revenue)	
	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
Scope 1 Direct Emission <sup>2</sup>	<b>305.41</b>	165.11	<b>21.38</b>	14.22
Diesel for Stationary Equipment	<b>123.30</b>	112.64	<b>8.63</b>	9.70
LPG for Stationary Equipment	<b>134.86</b>	16.21	<b>9.44</b>	1.40
Natural Gas for Operations	<b>32.13</b>	29.82	<b>2.25</b>	2.57
Diesel and Gasoline for Motor Vehicles	<b>15.12</b>	6.44	<b>1.06</b>	0.55
Scope 2 Indirect Emission associated with the purchase of electricity, steam, heat, or cooling <sup>3</sup>	<b>153.42</b>	321.00	<b>10.74</b>	27.65
Purchased Electricity	<b>153.42</b>	321.00	<b>10.74</b>	27.65
Scope 3 Indirect Emission	<b>6.69</b>	12.00	<b>0.47</b>	1.03
Business Travel by Employees	<b>6.69</b>	12.00	<b>0.47</b>	1.03
<b>Total GHG Emissions</b>	<b>465.52</b>	498.11	<b>32.59</b>	42.90

#### Scope 1 GHG emission - Direct Emission

##### *Diesel for Stationary Equipment*

The Group recognises the importance of maintaining environmental sustainability in its daily operation. The contributing sources of stationary diesel consumption are mainly from a crushing machine, a screening machine, an excavator, and a wheel loader in the Construction Waste Recycling segment in Germany. A series of measures are taken to enhance energy efficiency, such as adopting energy-efficient equipment. There were 123.30 tonnes of CO<sub>2</sub>e (mainly carbon dioxide, methane, and nitrous oxide) emitted from the Group's operation in the reporting period.

##### *LPG for Stationary Equipment*

The Group emitted a total of 134.86 tonnes of CO<sub>2</sub>e from LPG consumption in machinery in recycling operation. The figure was much higher than that in the previous reporting period because the new inclusion of emission from the operation in Japan.

<sup>2</sup> Including emissions from diesel vehicles and combustion of stationary natural gas, diesel; as well as acetylene consumption and renewable energy.

<sup>3</sup> Only including emissions from power purchased from power companies.

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.6 EMISSIONS – continued

#### Scope 1 GHG emission - Direct Emission – continued

##### *Natural Gas for Operations*

In the reporting period, the Group emitted a total of 32.13 tonnes of CO<sub>2</sub>e from natural gas consumption mainly for heating system and dryers in the plastic recycling production lines in Germany.

##### *Diesel and Gasoline for Motor Vehicles*

Motor vehicles of the Group are diesel and gasoline vehicles emitted 15.12 tonnes of CO<sub>2</sub>e. The figure was much higher than that in the previous reporting period because the new inclusion of emission from the operation in Japan.

#### Scope 2 GHG emission - Indirect Emission associated with the purchase of electricity, steam, heat, or cooling

##### *Purchased Electricity*

The Group indirectly emitted 153.42 tonnes of CO<sub>2</sub>e from electricity consumption. The figure was much lower than that in the previous reporting period because of the reduction in electricity consumption in one of the German plants and the lower grid emission factor in Germany.

#### Scope 3 GHG emission - Indirect Emission

##### *Business Travel*

The Group actively uses video conference call system platforms and email discussions to replace unnecessary business travels for reduced emissions, especially amid the COVID-19 pandemic. The Group indirectly emitted 6.69 tonnes of CO<sub>2</sub>e from business travel. The figure was much lower than that in the previous reporting period due to reduced business travel.

### 6.7 ENVIRONMENTAL EDUCATION

With an emphasis on environmental protection, the Group in Germany has managed a range of refreshing training to employees regarding “Standard Recycling Procedures Manual”. Understanding of the whole recycling productions and the flows can reduce the impacts of irresponsible waste disposal on the environment. The Group has also signed the “No Shark Fin Pledge” initiative by WWF Hong Kong, and encourages employees consume locally-sourced foods and vegetarian foods.

### 6.8 CLIMATE RESILIENCE

In our Construction Waste Recycling operation, extreme or extended cold weather in the winter may have negative impacts on the operation. In frozen and cold condition, the conveying belts in machineries can freeze, leading to slow processing and potential equipment damage. Despite lower throughput under such condition, extra diesel has to be consumed to overcome the loading and lead to a lower fuel efficiency. On the other hand, extreme or extended rainy seasons can also have negative impacts on the operations, the construction wastes may get too wet and cluster together, clogging the screening machines. This can lead to suboptimal screening performance, and extra cleaning and maintenance downtime. Although extreme heat has negligible impact on the processing of most of the recyclables, it can reduce the viability of crushing asphalt which is one kind of construction wastes being processed in the production lines.

# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL PROTECTION – continued

### 6.8 CLIMATE RESILIENCE – continued

The Group is prepared for the extreme weather events resulted from climate change. The Group has established Working in Extreme Weather Guidelines to prevent employees from being injured or life threatened by extreme weather events, and to minimize damage to property and equipment. Under unfavourable weather conditions, outdoor production work is paused, and machineries are translocated to the designated areas in order to minimize the diesel consumption and the damages of machineries. The measure can also safeguard the health and safety of the workers as the production would not operate under inappropriate environment. Before the arrival of the typhoon, the Human Resources Department will also send a message to colleagues in the relevant premises to remind them to put strong adhesive tape on the appropriate doors and windows. The Group also purchased natural disaster insurance to cover possible losses caused by natural disasters.

## 7. OUR PEOPLE

The Group's businesses are strictly operating under the regulations. The Group also keep abreast any updates on the regulations. The Group was not aware of any material non-compliance with the corresponding local laws or regulations related to employment and health and safety in the reporting period.

### 7.1 TEAM STRUCTURE

The Group cares about our employees and regards them as one of the essential assets of the Group. To attract and retain talents for the Group, we endeavour to build a comfortable, healthy and equal working environment for our employees and ensure that all their rights and interests are protected. Furthermore, the Group arranged a series of team building activities/outdoor activities such as barbecue, welcoming lunch, Christmas party, and birthday party in the reporting period. Meanwhile, the Group sent birthday cards, wedding gift, and baby born gift to employees, so to share the warmth and happiness.

As at 30 June 2021, the Group had a total number of 54 employees (as at 30 June 2020: 30 employees). Their distribution was shown as below:

<b>Gender</b>	<b>Number of employees</b>
Male	30
Female	24
<b>Total</b>	<b>54</b>

<b>Employment Type</b>	<b>Number of employees</b>
Full-time	51
Part-time	3
<b>Total</b>	<b>54</b>

# Environmental, Social and Governance Report

## 7. OUR PEOPLE – continued

### 7.1 TEAM STRUCTURE – continued

Age Group	Number of employees
>64 years old	1
55 – 64 years old	10
45 – 54 years old	6
35 - 44 years old	26
25 - 34 years old	11
15 - 24 years old	0
<b>Total</b>	<b>54</b>

Geographical Region	Number of employees
Hong Kong	35
Germany	15
Mainland China	3
Japan	1
<b>Total</b>	<b>54</b>

### 7.2 EMPLOYMENT PRACTICES

The Group strictly complies with all applicable labour standards and employment laws and regulations of its respective operating bases. During the reporting period, the Group did not identify any legal violation regarding the employment of child labour or forced labour, and did not identify or receive any constitutional violation or complaint regarding discrimination or recruitment.

All employees of the Group have written employment contracts and such contracts include dismissal term where the Group has the right to terminate such contract with an employee who violates local laws and regulations and the Group's policy. Recruitment is simply based on candidates' qualifications, experiences, abilities and business needs, regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion, disability and nationality. All talented candidates and employees can be hired and promoted, as well as eligible to attend relevant training to meet business needs and personal career development. The Group prohibits child labour and forced labour in any workplace. During recruitment, the Group checks identification documents to assure employees are legally entitled to work. In the case of child labour and/or forced labour, the Group shall terminate the employment immediately and, for other illegal incidents, the Group shall report the case to the local enforcement agencies.

Employees' remuneration packages include basic salaries and performance-based bonuses which shall be determined by their qualifications, experience and prevailing market rates. Salaries and promotion opportunities are normally reviewed annually based on individual performance appraisals. Apart from the basic remuneration package, the Group also offers a wide range of benefits including medical and hospital insurance coverage, Chinese New Year red packet and paid leaves for sick, marriage and bereavement in addition to statutory holidays. No employee is paid less than the minimum wage specified by the government regulations in the corresponding jurisdictions.

# Environmental, Social and Governance Report

## 7. OUR PEOPLE – continued

### 7.2 EMPLOYMENT PRACTICES – continued

In our healthcare business, all medical practitioners engaged by the Group have valid and subsisting practising certificates and qualifications to provide medical services and handle drug and pharmacy related issues. The medical practitioners comply with relevant laws and regulations and the Code of Professional Conduct for the Guidance of Registered Medical Practitioners issued by the Medical Council of Hong Kong. The Group organises seminars to staff to increase the awareness of illness such as eczema and HPV and also offers special discount to staff who want to inject vaccines.

The table below shows the turnover rate in the reporting period.

<b>Gender</b>	<b>Turnover Rate</b>
Male	10.0%
Female	12.5%
<b>Total</b>	<b>11.1%</b>

<b>Age Group</b>	<b>Turnover Rate</b>
>64 years old	0%
55 – 64 years old	0%
45 – 54 years old	0%
35 - 44 years old	0%
25 - 34 years old	54.6%
15 - 24 years old	0%
<b>Total</b>	<b>11.1%</b>

<b>Geographical Region</b>	<b>Turnover Rate</b>
Hong Kong	17.1%
Germany	0%
Mainland China	0%
Japan	0%
<b>Total</b>	<b>11.1%</b>



# Environmental, Social and Governance Report

## 7. OUR PEOPLE – continued

### 7.3 EMPLOYEE OCCUPATIONAL HEALTH AND SAFETY

The Group places the highest priority on securing the health and safety of all our employees. We endeavour to protect them from work-related accidents or injuries, and the Group pledges to fully comply with the relevant occupational health and safety legislations of mainland China, Japan, Hong Kong and Germany. During the reporting period, the Group did not identify any violation against the local regulations in occupational health and safety.

The Group provides insurance covering medical treatments and accidents to eligible employees. In order to avoid accidents and ensure that all employees work safely, we implement tailor-made Workplace Health and Safety Manual which stipulates the safety procedures as well as emergency response plans for different working conditions and needs. Those established policies and guidelines are reviewed periodically and further improved to protect our employees. Moreover, personal protective equipment such as N95 respirators, gloves, earplugs and protective clothing are also provided to the employees to safeguard their health and safety. Also, first aid kits and firefighting facilities are available at each workplace to enable immediate treatment to those who are injured and rapid response to any fire accidents. Fire drills are arranged regularly to ensure employees are familiar with the firefighting protocol.

The Group has adequate lighting and ventilation systems to maintain good air quality and lighting. The working environment is always kept clean and tidy with sufficient workspace. Drinking fountains and air conditioning systems are cleaned regularly. The Group also provides proper office equipment such as height-adjustable chairs with adjustable armrest and tilting backrest.

In our healthcare business, the Group educates clinical staff on health and safety instructions to raise the awareness of infection control and requesting them to report any potential disease outbreak to the clinic-in-charge. The Group also mandates that special medical equipment such as irradiating apparatus can only be operated by certified staff. Regular training concerning the safe and proper use of medical equipment is also provided to clinical and laboratory staff.

In terms of occupational health and safety training, the Group offers such training to all newcomers as well as employees regularly. During the reporting period, the relevant employees were provided training in occupational health & safety.

# Environmental, Social and Governance Report

## 7. OUR PEOPLE – continued

### 7.3 EMPLOYEE OCCUPATIONAL HEALTH AND SAFETY – continued

In response to COVID-19, the Group implemented a work-from-home policy on suitable positions to better protect employees. Employees' body temperatures were measured every day to ensure they are within an appropriate range. Premises are regularly cleaned and disinfected. Air purifiers were installed to further improve indoor air quality. The Group requires the employees to avoid face-to-face meeting with the client and ask them to have online meeting with client if possible. Hand sanitizers are provided in conspicuous places at the offices for employees and customers to use. Masks and anti-epidemic products are provided to employees. In our healthcare business, visitors are required to wear a mask when entering the clinic, have their temperature taken and sanitize their hands with alcohol hand rub prior to commencing the registration process.

	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020	1.7.2018 to 30.6.2019
Number of Work-related Fatality	0	0	0
Rate of Work-related Fatality	0%	0%	0%
Number of Lost-days due to Work Injury	38	0	62

### 7.4 DEVELOPMENT AND TRAINING

The Group believes employees quality is key to the success of the Group. As a result, we encourage our employees to grow professionally and pursue their career development that also meets the long-term growth of our business simultaneously. In view of that, we always encourage our staff to participate in continuous learning activities. First of all, the Group encourages employees to participate in various external qualification examinations. From time to time, education allowances are offered to our employees to attend training courses organised by professional institutions, so as to enhance their professional and technical knowledge. Secondly, the Group also provides its directors with regular reading materials and trainings to ensure that they keep abreast of the latest regulatory requirements, corporate governance practices including anti-corruption, financial performance and market trends.

Thirdly, in our recycling business, we have created Standard Operational Procedures Manual for most of our activities which set out instructions for workers to carry out routine operations. Not only does it form the basis of operating training to our employees, but also assists us in improving the overall operation efficiency and uniformity of performance in the long run. The procedures are conveyed to new employees before they begin their jobs.

Last but not least, in our healthcare business, the Group arranges and sponsors our clinical staff to receive appropriate external training relevant to their duties. Trainings cover administering injection, practice on blood test collection, pharmaceutical dispensing, and other skills and knowledge related to their duties such as clinical support and customer services. The Group also provides professional support to our employees to effectively manage and administer the Group's operations.

# Environmental, Social and Governance Report

## 7. OUR PEOPLE – continued

### 7.4 DEVELOPMENT AND TRAINING – continued

During the reporting period, the relevant training figures for the Group were shown as follows:

	Percentage Trained	Average Training Hours per Employee
All Employees	7.4%	0.4

Gender	Proportion in regard to total number of employees who took part in training	Average Training Hours per Employee
Male	25.0%	16.0
Female	75.0%	2.0

Employee Category	Proportion in regard to total number of employees who took part in training	Average Training Hours per Employee
Senior Management	0.0%	0.0
Middle Management	25.0%	16.0
Supervisor	0.0%	0.0
General Staff	75.0%	2.0

## 8. OPERATING PRACTICES

The Group's businesses are strictly operating under the regulations. The Group also keep abreast any updates on the regulations. The Group was not aware of any material non-compliance with the corresponding local laws or regulations related to operation integrity in the reporting period.

### 8.1 PRODUCT RESPONSIBILITY

The Group respects intellectual property rights and requires using copyrighted application software and avoids the security flaw and legal disputes arising from the copyright of software. The Group is also aware of the trend that apart from the quality, customers are becoming more concerned about environmental matters and more likely to purchase and use eco-friendly products. The Group actively supports this market trend and incorporates this customer expectation into the product certification and establish quality inspection procedures to ensure that all our products in the recycling business meet quality standards and sustainable development requirements. Quality tests on the construction materials, plastics and metal scrap are conducted before being sent to the Group. Those fail in quality tests will be returned to the suppliers to ensure the downstream quality is not compromised.

# Environmental, Social and Governance Report

## 8. OPERATING PRACTICES – continued

### 8.1 PRODUCT RESPONSIBILITY – continued

In our healthcare business, the Group arranges internal mystery shoppers visit applicable operation branches such as the clinic under our healthcare business to inspect the service quality and workflows. Also, the Group has set up designated channels – including hotline, facsimile and email – for clients to lodge complaints. The Group consolidates and analyses the customers' feedback if issues raised and takes follow-up actions accordingly to improve service quality. Customers receive the analysis report afterwards promptly. In the reporting period, there was no recall case and material complaint received.

During the reporting period, there were no non-compliance related to advertising, and intellectual property rights in regards to our products and services provided.

### 8.2 SUPPLY CHAIN MANAGEMENT

Sound supply chain management is a crucial factor in ensuring recycling activities quality. The Group has established a set of selection criteria such as certifications, product quality, the capability of providing a stable service, prices as well as after-sales services. Potential suppliers must process the requirements before they become registered suppliers of the Group. The Group also conducts annual suppliers review to reassess major suppliers' quality assurance and customers satisfaction. Once suppliers' performance is significantly behind the acceptance level, the Group will suspend the suppliers' services and request for reassessment. If the case is severe, the Group will consider terminating the cooperation with the supplier concerned and remove it from the supplier list.

In order to maintain a long-term relationship with our suppliers so to ensure a stable supply, the Group has established a comprehensive vertical supply chain management system through supplier screening and logistics and resource integration.

In order to management the ESG risk along the supply chain, the Group gives preference to suppliers with the good environmental performance or with environmental management system certification (e.g. ISO 14001 Environmental Management System and ISO 9001 Quality Management System) or process products environmental labels in the tendering process. With an aim to facilitate green procurement, the Group also specifies in tendering document to encourage suppliers to adopt products with ecolabel or environmentally friendly products. The Group gives preference to environmentally responsible suppliers and environmentally friendly products such as paper with PEFC certified logo and other eco-labels such as ISCC certification.



# Environmental, Social and Governance Report

## 8. OPERATING PRACTICES – continued

### 8.2 SUPPLY CHAIN MANAGEMENT – continued

Stable suppliers' services can safeguard the quality of our products. As a result, the Group works diligently to ensure its supply chain is operating as efficiently as possible to maintain its products being in good conditions and standardised. In our recycling business, the Group selects suppliers who are able to provide high purity of raw material for the production. Moreover, the majority of the suppliers are serving our operation nearby so to reduce transportation needs. In our healthcare business, the Group procures medicine and medical equipment from pharmaceutical companies and suppliers of medical consumables, the qualifications of which have to meet applicable laws and regulations to ensure their quality, safety and efficiency. Active and frequent communications among suppliers are the key. The latest market news and technology, sustainable development of the industry as well as the laws and regulations are topics that we would cover in the communications.

At the end of the reporting period, the geographical distribution of our suppliers is as followed.

<b>Geographical Region</b>	<b>Number of Suppliers</b>
Hong Kong	57
Europe	13
<b>Total</b>	<b>70</b>

### 8.3 CUSTOMER PRIVACY

The Group's information technology department has maintained a comprehensive data protection system to ensure that the data we collect is protected and our customer's privacy is respected. The Group has formulated a system maintenance policy and strict rules governing the use of computers by employees to educate and regulate them in this regard. Under the protection of the General Data Protection Regulation 2016/679, data must be collected lawfully, directly for a specified purpose and retained for a designated period. All storage and transmission of personal data must be encrypted and with up-to-date antivirus protection. The Group is accountable to take practicable steps to safeguard the personal data from unauthorised or accidental access, processing, erasure, loss or use by third parties. The Group discloses personal data both internally and externally on a need-to-know basis and with clients' consent.

# Environmental, Social and Governance Report

## 8. OPERATING PRACTICES – continued

### 8.3 CUSTOMER PRIVACY – continued

Personal data policy and practices are known to the public regarding the types of personal data it holds and how the data is used. The handling of customer data is in compliance with the Personal Data (Privacy) Ordinance in Hong Kong (Cap. 486 of the Laws of Hong Kong) and other applicable laws and regulations. The data can be updated and corrected by the data holders at any time in writing upon request. The Group must provide information on how they use clients' information in the past 12 months upon request. Only delegated personnel who are well-trained can access to the personal data. Responsible personnel must attend regular data handling training to receive latest updates and requirements. Any unlawful and inappropriate actions of individuals are not acceptable in the Group. The Group must report all suspected and confirmed cases to the law enforcement agencies. Individuals will be dismissed from the Group if found guilty of any wrongdoings. Meanwhile, the Group must notify the clients if their data is being disclosed, collected or used without official approval or permission.

During the reporting period, there were no confirmed non-compliance incidents and complaints about data privacy relating to products and services provided.

### 8.4 ANTI-CORRUPTION

The Group is wary of any situation that might tarnish the Group's reputation and trust. Rigid laws and compliances on anti-corruption bound the Group. Employees represent the Group's professional image, and they are strictly prohibited from using business opportunities for personal interest or benefit. Anti-corruption policy set a clear bottom line to employees not to receive any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing duties. The Group's policies and attitudes against corruption and the code of conduct are stated clearly to all employees in the staff handbook.

Meanwhile, declaration of interests and whistle-blowing policy are available to employees. We encourage employees to report any malpractice and misconduct directly to the human resources department or senior management. All reports are confidential. A delegated senior management handles it with care and reports to the Board. Any unlawful act will be reported to the authorities to further investigation if necessary.

During the product/service providers' selection or procurement processes, the Group constantly reminds employees from misusing authority or engaging in situations which could affect their ability to make decisions. The Group will not condone any form of bribery, extortion, fraud and money laundering. The Group has its internal audit staff to review internal controls. In the reporting period, the Group provided directors and employees with ISO 37001 Anti-bribery Management Systems online training covering the international trends and requirements of Anti-bribery Management Systems. There was no confirmed case or public legal cases of bribery, extortion, fraud and money laundering in the reporting period.



# Environmental, Social and Governance Report

## 9. COMMUNITY INVESTMENT

Being a responsible corporate citizen, the Group will actively involve in community projects near the towns and cities where we worked, so as to improve the underprivileged people's lives and promote awareness of environmental protection.

Our healthcare business signed the Memorandum of Cooperation Agreement with Hong Kong Commerce & Industry Associations in early 2021 to provide their members with medical services and seminars about COVID-19 vaccine and HPV. Our doctors have been sharing information on infection control with the general public via different platforms. We utilized the professional knowledge of our specialist and uploaded a series of healthcare video and presentation onto our Facebook page.

Our community investment integrated seamlessly with our operation, currently we do not have dedicated statistics recording the amount of resources directed towards the above focus area.

## 10. LOOKING FORWARD

The Group will keep abreast of more resources-efficient technology to continuously improve the environmental performance of the Group. The Group will also explore opportunities to expand the diversity and the capacity to response to the waste problem around the globe. On top of effort in environmental protection, the Group will continuously identify and collaborate with charitable partners to engage in community activities.

# Independent Auditor's Report

**mazars**

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## TO THE SHAREHOLDERS OF GREEN ENERGY GROUP LIMITED

*(incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Green Energy Group Limited (the “**Company**”) and its subsidiaries (“**the Group**”) set out on pages 69 to 151, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



# Independent Auditor's Report

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Impairment assessment of property, plant and equipment**

*(Refer to Note 14 to the consolidated financial statements)*

As at 30 June 2021, the Group had property, plant and equipment with carrying amounts of approximately HK\$21,229,000 and approximately HK\$7,602,000 (net of accumulated impairment loss of approximately HK\$4,912,000) which are used by the Group in its plastic recycling/metal scrap segment and waste construction materials and processing services segment respectively.

The carrying amounts of these property, plant and equipment are subject to impairment assessments annually or when there is an indication of impairment or an impairment loss is reversed if there has been a favorable change in the estimates used to determine their recoverable amount.

For the purpose of assessing impairment, these non-current assets, being the waste construction materials and processing services and the plastic recycling/metal scrap business in Germany, were identified, as a cash generating unit (the "**Waste Construction Materials CGU**" and the "**Germany Plastic Recycling CGU**" respectively), and the Group engaged an independent professional valuers to provide assistance in assessing the recoverable amounts of the Waste Construction Materials CGU and Germany Plastic Recycling CGU which are determined based on the higher of the fair value less costs of disposal and the value in use. The management estimated the recoverable amounts of the Waste Construction Materials CGU and Germany Plastic Recycling CGU based on their respective fair value less costs of disposal and concluded that neither provision for nor reversal of impairment loss in relation to the property, plant and equipment is recognised for the year ended 30 June 2021.

We have identified the impairment assessment of property, plant and equipment as a key audit matter because of their significance to the consolidated financial statements and significant estimation and judgement involved in the estimation of the recoverable amounts.

# Independent Auditor's Report

## KEY AUDIT MATTERS – Continued

### Impairment assessment of property, plant and equipment – Continued

Our key procedures, among others, included:

- Assessed the appropriateness of using fair value less costs of disposal in estimating the recoverable amount of the Waste Construction Materials CGU and Germany Plastic Recycling CGU;
- Obtained the impairment assessments for the Waste Construction Materials CGU and Germany Plastic Recycling CGU prepared by management and discussed with those individuals who prepared the calculation for an understanding of the basis and key input data used in the calculation;
- Reviewed the valuations from the management and valuer and discussed with management and the valuers to understand the valuation basis and methodology used, and underlying assumptions;
- Evaluated the competence, capabilities and objectivity of the valuers;
- Considered the relevance and reasonableness of key assumptions and methods used, and checking the relevance and accuracy of the source data used;
- Checked the relevance and accuracy of the quoted prices for identical or similar assets in active markets;
- Checked with comparable data through internal or external sources, on a sample basis, the accuracy and relevancy of the input data used; and
- Considered the adequacy of the Group's disclosure in respect of the impairment assessment.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the 2021 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# Independent Auditor's Report

## **RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the audit committee (the "**Audit Committee**") in discharging their responsibility for overseeing the Group's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – Continued

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



# Independent Auditor's Report

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – Continued**

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong, 29 September 2021

The engagement director on the audit resulting in this independent auditor's report is:

**Chan Chi Wai**

Practising Certificate number: P05708

# Consolidated Statement of Comprehensive Income

Year ended 30 June 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	5, 6	60,266	113,860
Changes in inventories of finished goods		(49,273)	(103,908)
Other income	7	1,439	1,452
Gain on disposal of subsidiaries		–	473
Net exchange gain (loss)		2,620	(2,291)
Impairment loss of property, plant and equipment	14	–	(3,310)
Impairment loss of right-of-use assets	19	–	(859)
Reversal of impairment loss of loan and interest receivable	28(b)	–	1,000
Written-off of other receivables	28(b)	–	(1,115)
Impairment loss of trade receivables	28(b)	(1,579)	(16)
Staff costs	9	(15,738)	(13,156)
Depreciation for property, plant and equipment	14	(3,163)	(1,814)
Depreciation for right-of-use assets	19	(437)	(1,146)
Other operating expenses		(20,234)	(16,946)
Finance costs	8	(91)	(79)
<b>Loss before income tax</b>	9	<b>(26,190)</b>	(27,855)
Income tax expenses	10	(18)	(26)
<b>Loss for the year</b>		<b>(26,208)</b>	(27,881)
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Reclassification of translation reserve upon disposal of subsidiaries		–	214
– Exchange differences arising on translation of financial statements of foreign operations		972	911
<b>Other comprehensive income for the year</b>		<b>972</b>	1,125
<b>Total comprehensive loss for the year</b>		<b>(25,236)</b>	(26,756)



# Consolidated Statement of Comprehensive Income

Year ended 30 June 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Loss for the year attributable to:</b>			
– Owners of the Company		(21,165)	(26,327)
– Non-controlling interests		(5,043)	(1,554)
		<b>(26,208)</b>	(27,881)
<b>Total comprehensive loss for the year attributable to:</b>			
– Owners of the Company		(20,122)	(25,229)
– Non-controlling interests		(5,114)	(1,527)
		<b>(25,236)</b>	(26,756)
<b>Loss per share</b>			
– Basic and diluted	13	(1.86)	(2.34)

# Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	31,999	29,351
Intangible assets	15	178	278
Prepayments, deposits and other receivables	18	1,072	914
Right-of-use assets	19	890	–
		<b>34,139</b>	30,543
<b>Current assets</b>			
Inventories	16	1,340	906
Trade receivables	17	3,617	4,133
Prepayments, deposits and other receivables	18	10,888	3,577
Cash and cash equivalents		40,224	70,133
		<b>56,069</b>	78,749
<b>Current liabilities</b>			
Trade payables	20	312	448
Accruals and other payables	21	11,037	6,825
Contract liabilities	22	58	–
Lease liabilities	19	668	883
Income tax payables		2	6
		<b>12,077</b>	8,162
<b>Net current assets</b>		<b>43,992</b>	70,587
<b>Total assets less current liabilities</b>		<b>78,131</b>	101,130
<b>Non-current liabilities</b>			
Lease liabilities	19	237	–
<b>Net assets</b>		<b>77,894</b>	101,130



# Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Equity</b>			
Share capital	23	113,631	113,631
Reserves	24	(32,758)	(12,636)
Equity attributable to owners of the Company		80,873	100,995
Non-controlling interests	31	(2,979)	135
<b>Total equity</b>		<b>77,894</b>	101,130

The consolidated financial statements on pages 69 to 151 were approved and authorised for issue by the board of directors on 29 September 2021 and are signed on its behalf by:

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**Wong Sai Hung**  
Director

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**Luo Xian Ping**  
Director

# Consolidated Statement of Changes in Equity

Year ended 30 June 2021

	Equity attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Contributed surplus* HK\$'000	Exchange reserve* HK\$'000	General reserve* HK\$'000	Accumulated losses* HK\$'000			
At 30 June 2019	94,693	411,449	56,897	4,842	71	(464,231)	103,721	1,842	105,563
<b>Loss for the year</b>	-	-	-	-	-	(26,327)	(26,327)	(1,554)	(27,881)
<b>Other comprehensive income</b>									
Reclassification of translation reserve upon disposal of subsidiaries	-	-	-	214	-	-	214	-	214
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	884	-	-	884	27	911
<b>Total other comprehensive income for the year</b>	-	-	-	1,098	-	-	1,098	27	1,125
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	1,098	-	(26,327)	(25,229)	(1,527)	(26,756)
<b>Transactions with owners</b>									
<i>Contributions and distributions</i>									
Issue share capital (Note 23)	18,938	3,562	-	-	-	-	22,500	-	22,500
<i>Change in ownership interest</i>									
Disposal of subsidiaries	-	-	-	-	-	-	-	(182)	(182)
Partial disposal of a subsidiary without loss of control	-	-	-	-	-	3	3	2	5
<b>Total transactions with owners</b>	18,938	3,562	-	-	-	3	22,503	(180)	22,323
<b>At 30 June 2020 and 1 July 2020</b>	<b>113,631</b>	<b>415,011</b>	<b>56,897</b>	<b>5,940</b>	<b>71</b>	<b>(490,555)</b>	<b>100,995</b>	<b>135</b>	<b>101,130</b>
<b>Loss for the year</b>	-	-	-	-	-	(21,165)	(21,165)	(5,043)	(26,208)
<b>Other comprehensive income</b>									
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	1,043	-	-	1,043	(71)	972
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	1,043	-	(21,165)	(20,122)	(5,114)	(25,236)
<b>Transactions with owners</b>									
<i>Change in ownership interest</i>									
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	2,000	2,000
<b>At 30 June 2021</b>	<b>113,631</b>	<b>415,011</b>	<b>56,897</b>	<b>6,983</b>	<b>71</b>	<b>(511,720)</b>	<b>80,873</b>	<b>(2,979)</b>	<b>77,894</b>

\* The aggregate balances underlying these accounts at the reporting date of deficit of HK\$32,758,000 (2020: HK\$12,636,000) are included as reserves in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

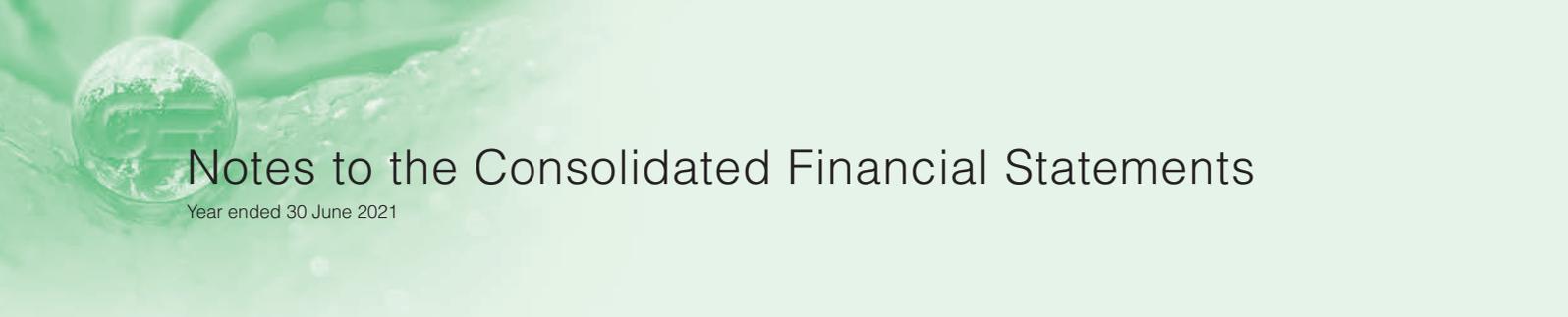
Year ended 30 June 2021

	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(26,190)	(27,855)
Adjustments for:		
Interest income	(636)	(644)
Interest expenses	91	79
Reversal of impairment loss of loan and interest receivable	–	(1,000)
Impairment loss of property, plant and equipment	–	3,310
Impairment loss of right-of-use assets	–	859
Impairment loss of trade receivables	1,579	16
Written-off of other receivables	–	1,115
Amortisation for intangible assets	100	100
Depreciation of property, plant and equipment	3,163	1,814
Depreciation of right-of-use assets	437	1,146
Written off of property, plant and equipment	67	17
Gain on disposal of subsidiaries	–	(473)
Net exchange (gain) loss	(62)	2,291
<b>Operating cash flows before movements in working capital</b>	<b>(21,451)</b>	<b>(19,225)</b>
Increase in inventories	(380)	(196)
(Increase) Decrease in trade receivables	(887)	1,688
(Increase) Decrease in prepayments, deposits and other receivables	(6,852)	6,901
Decrease in loan and interest receivable	–	22,314
(Decrease) Increase in trade payables	(142)	92
Increase in contract liabilities	58	–
Increase in accruals and other payables	4,546	446
<b>Cash (used in) generated from operations</b>	<b>(25,108)</b>	<b>12,020</b>
Income tax paid	(22)	(20)
<b>Net cash (used in) generated from operating activities</b>	<b>(25,130)</b>	<b>12,000</b>

# Consolidated Statement of Cash Flows

Year ended 30 June 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Cash flows from investing activities</b>			
Interest received		<b>636</b>	644
Purchase of property, plant and equipment		<b>(4,873)</b>	(3,981)
Repayment for deposit of acquisition of a subsidiary		-	7,000
Proceed from partial disposal of a subsidiary		-	5
Net cash inflow from disposal of subsidiaries		-	1,746
<b>Net cash (used in) generated from investing activities</b>		<b>(4,237)</b>	5,414
<b>Cash flows from financing activities</b>			
Interest paid		<b>(91)</b>	(79)
Repayment to a former director		-	(61)
Proceeds from issue of shares through share placing	23	-	22,500
Capital contribution from non-controlling interests of a subsidiary	18	<b>1,400</b>	-
Repayment of lease liabilities	32	<b>(1,304)</b>	(1,122)
<b>Net cash generated from financing activities</b>		<b>5</b>	21,238
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(29,362)</b>	38,652
Effect of foreign exchange rate changes		<b>(547)</b>	(823)
Cash and cash equivalents at beginning of the year		<b>70,133</b>	32,304
<b>Cash and cash equivalents at end of the year</b>		<b>40,224</b>	70,133



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 1. GENERAL INFORMATION

Green Energy Group Limited (“**the Company**”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 4C Derrick Industrial Building, 49 Wong Chuk Hang Road, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 31 to the consolidated financial statements. The Company together with its subsidiaries are collectively referred to as the “**Group**” hereinafter.

The Company’s parent is New Glory Business Corporation which was incorporated in the British Virgin Islands and the directors of the Company (the “**Directors**”) consider its ultimate parent is Marvel Express Limited which was incorporated in the British Virgin Islands.

## 2. APPLICATION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

***New standards, revision and amendments to existing standards effective for annual periods beginning on 1 July 2020 that are relevant to the Group’s operations and adopted by the Group:***

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

*Amendments to HKASs 1 and 8: Definition of Material*

The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any impact on the consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 2. APPLICATION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

*New standards, revision and amendments to existing standards effective for annual periods beginning on 1 July 2020 that are relevant to the Group’s operations and adopted by the Group: – Continued*

*Amendments to HKAS 39, HKFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1*

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any impact on the consolidated financial statements.

*Amendments to HKFRS 3: Definition of a Business*

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any impact on the consolidated financial statements.

*Amendments to HKFRS 16: COVID-19-Related Rent Concessions*

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Coronavirus disease 2019 (“COVID-19”) pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendments do not affect lessors.

The adoption of the amendments does not have any impact on the consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 2. APPLICATION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

### *New and amended standards issued but not yet effective*

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021 <sup>2</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Annual Improvements to HKFRSs	2018–2020 Cycle <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>4</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>4</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>4</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>4</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>5</sup> The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Company’s consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES

### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the new/revised HKFRSs disclosed in note 2 to the consolidated financial statements that are relevant to the Group and effective from the current year.

The principal accounting policies are set out below.

### **Functional and presentation currency**

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All amounts are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise indicated.

### **Critical accounting estimates and judgements**

It should be noted that accounting estimates and assumptions are used in preparation of these consolidated financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

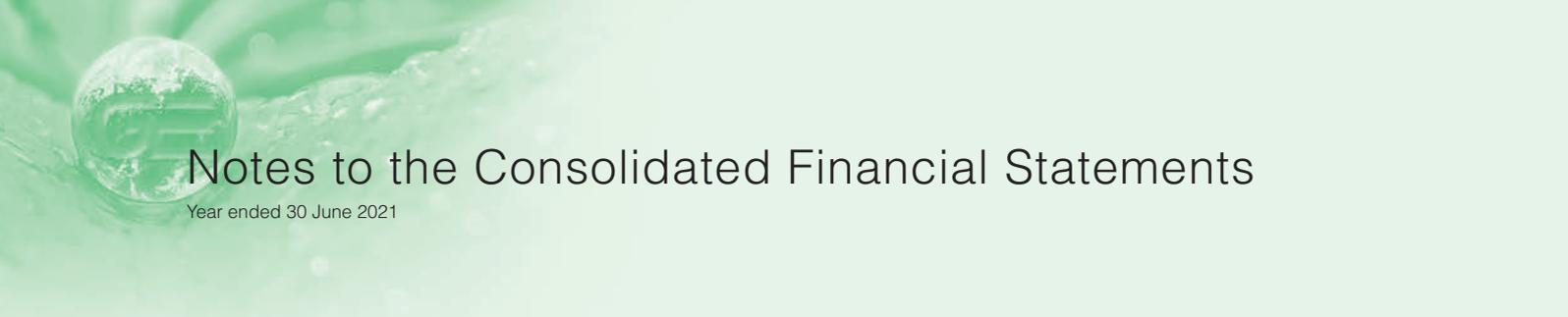
## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Property plant and equipment

Property, plant and equipment, other than freehold land, including buildings held for use in the production or supply of goods and services, or for administrative purposes are stated at cost less accumulated depreciation and any impairment losses. They are depreciated to write off their cost net of estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Buildings	20 – 50 years
Furniture, fixtures and equipment	3 – 10 years
Leasehold improvements	Over the shorter of terms of the leases and 5 years
Motor vehicles	5 years

Freehold land is not depreciated and stated at cost less accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The Group's accounting policies on impairment of non-financial assets are set out in "Impairment of non-financial assets" under this note.

Gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Leases

#### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

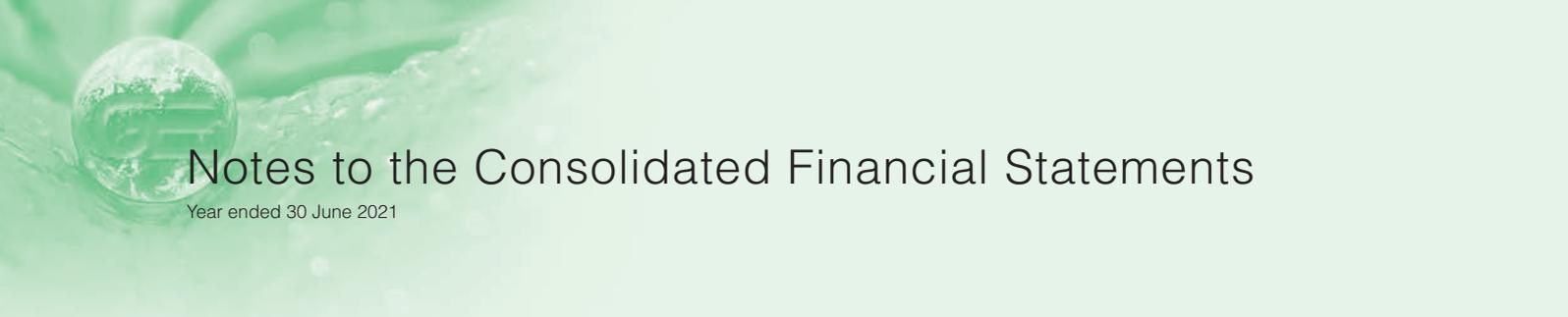
For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of rented premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Leases – Continued

#### *The Group as a lessee – Continued*

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The leased properties are depreciated over the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Leases – Continued

#### *The Group as a lessee – Continued*

##### *Leases liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

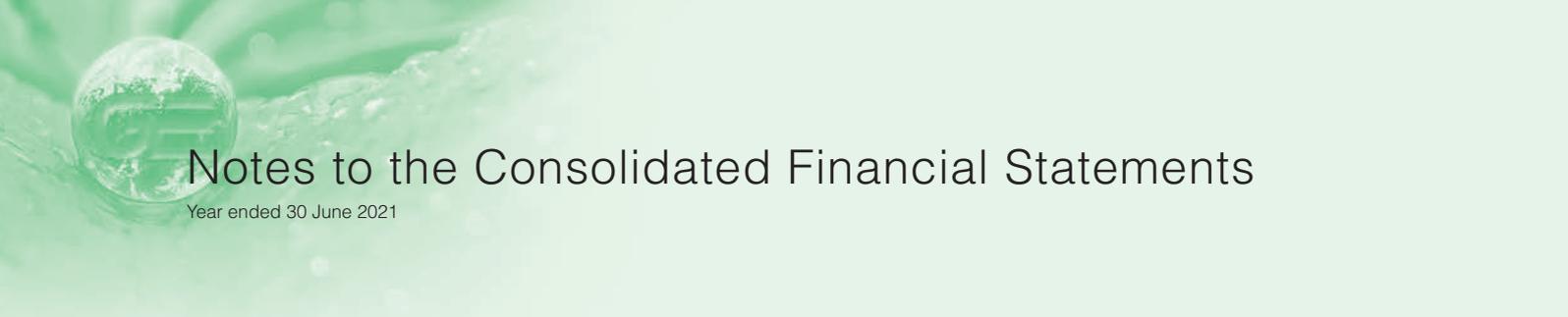
The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Leases – Continued

#### *The Group as a lessee – Continued*

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### **Intangible assets**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### **Inventories**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

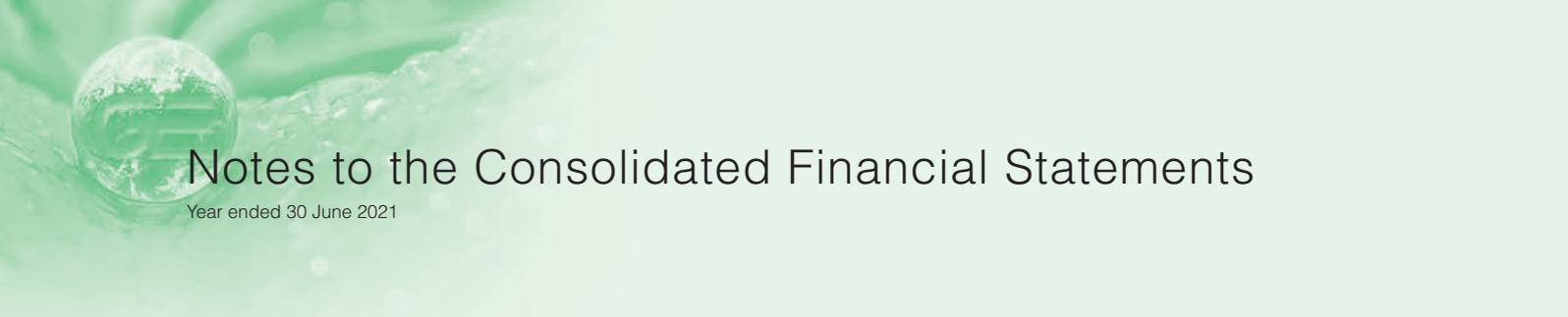
### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“**FVTPL**”), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### Financial assets – Continued

##### *Classification and subsequent measurement of financial assets – Continued*

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

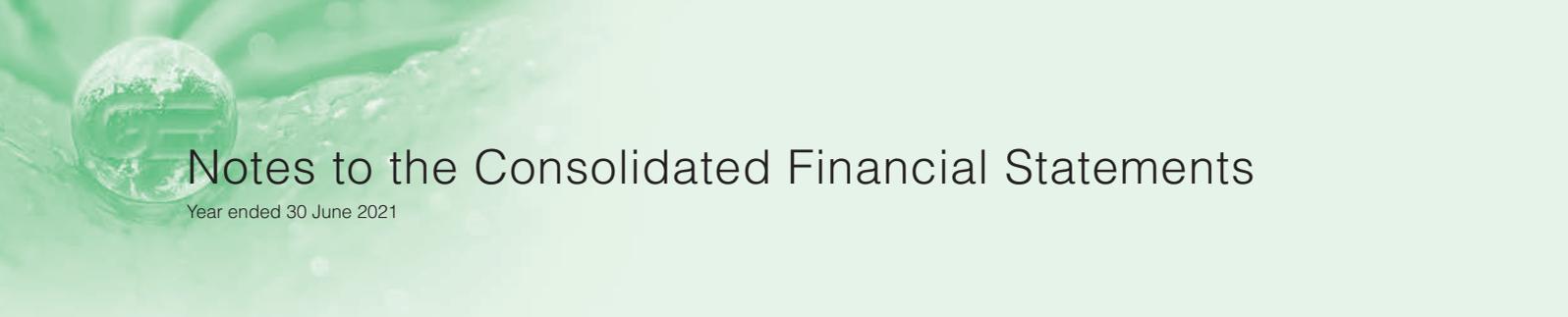
(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other income” line item.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### Financial assets – Continued

##### *Impairment of financial assets*

The Group estimates a loss allowances for lifetime expected credit losses (“ECL”) on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, deposit and other receivables, loan and interest receivables and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### Financial assets – Continued

##### Impairment of financial assets – Continued

(i) Significant increase in credit risk – Continued

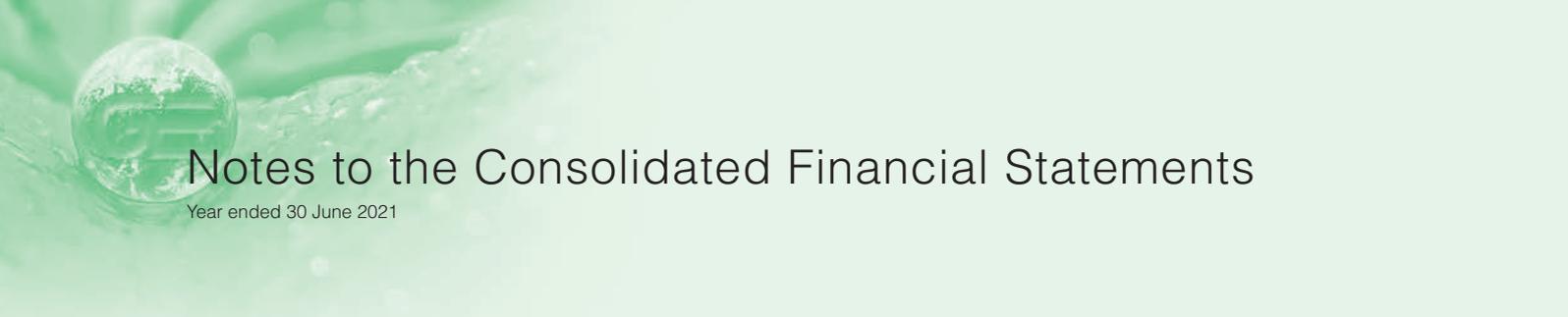
In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### Financial assets – Continued

##### Impairment of financial assets – Continued

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### Financial assets – Continued

##### Impairment of financial assets – Continued

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

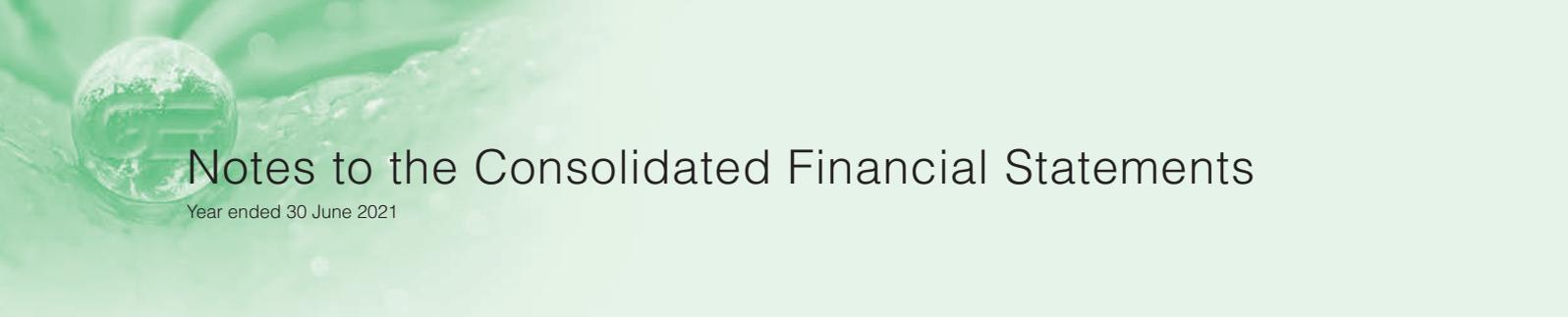
The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped by aging basis.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Financial instruments – Continued

#### *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade payables, accruals and other payables and lease liabilities are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

### **Impairment of non-financial assets**

Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are tested for impairment whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Impairment of non-financial assets – Continued

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

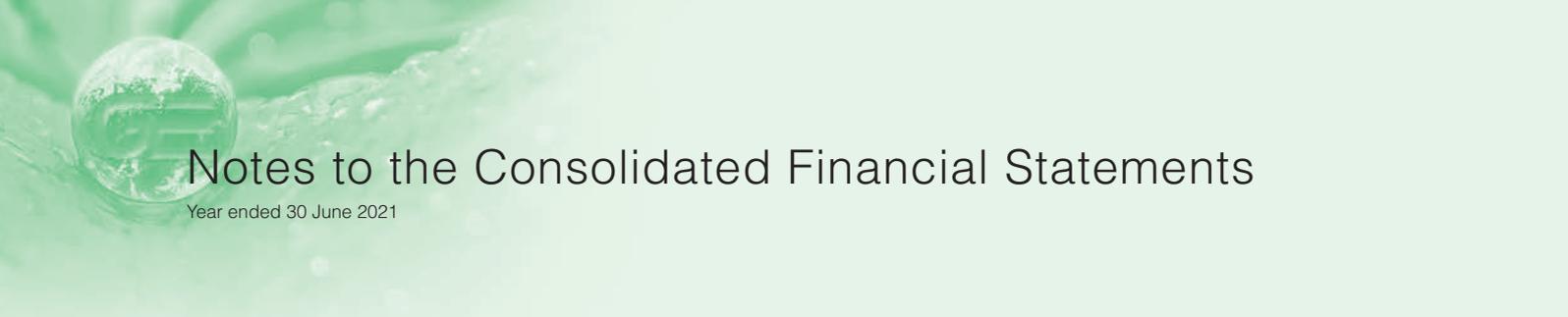
### Foreign currency

Transactions entered into by the Company/group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on disposal.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### Revenue recognition

#### *Revenue from contracts with customers within HKFRS 15*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Revenue recognition – Continued

#### *Revenue from contracts with customers within HKFRS 15 – Continued*

The performance obligations of the Group for contracts with customers are summarised as follows:

(i) *Trading of recyclable oil/biodiesel*

Revenue from sales of recyclable oil is recognised at a point in time when the recyclable oil are on board of the vessel, being the time that the customer obtains control of the goods.

(ii) *Trading of waste construction materials and plastic recycling/metal scrap materials*

Revenue from sales of waste construction materials and plastic recycling/metal scrap materials is recognised at a point in time when the materials are physically transferred to the customer, being at the point that the customer obtains the control of the materials.

(iii) *Provision of construction materials processing services and plastic processing services*

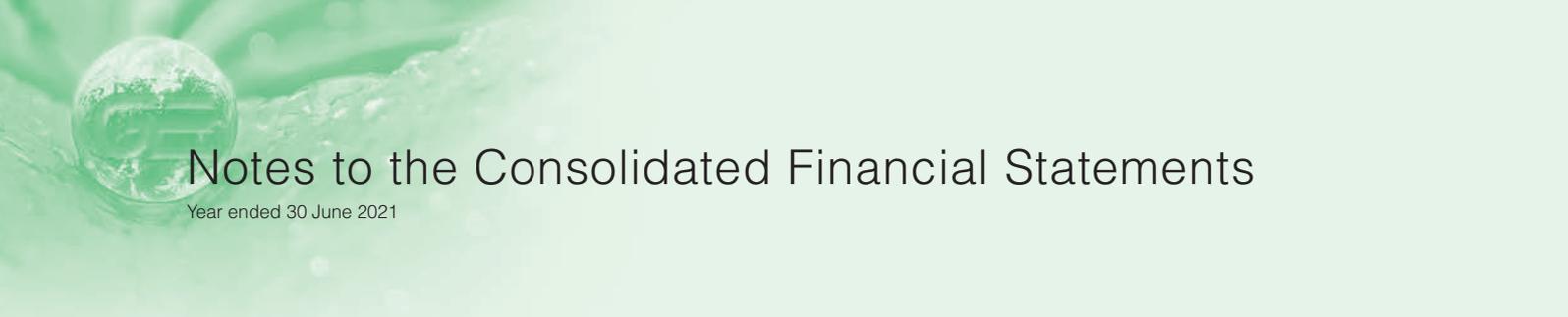
Revenue from construction materials and plastic processing services is recognised over time. The duration of the processing is generally very short, about 1 day.

The comparative figures in the disaggregation of revenue in note 6 are re-presented to align with the timing of revenue recognition.

(iv) *Provision of healthcare services*

Revenue from provision of body checkup services, immunization services, general medical services is recognised over time. The duration of those processes is generally within a short time frame, i.e. 1 to 2 days.

Revenue from sales of medicine and test kit are recognised at a point in time when the goods are physically transferred to the customer, being at the point that the customer obtains the control of the materials.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Revenue recognition – Continued

#### Revenue from contracts with customers within HKFRS 15 – Continued

##### Revenue from other source of income

(i) Provision of money lending business

Interest income from money lending business is accrued on time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### Contract assets and liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract liabilities of unrelated contracts are not presented on a net basis.

For vaccination under health clinic services, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are provided (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

### Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Income taxes – Continued

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Share-based payment transactions

#### *Equity-settled transactions*

Equity-settled share-based payments to employees and other eligible participants are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When the share options are exercised, the amount previously recognised in share option reserves will be transferred to share capital (nominal value) and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserves will be transferred to retained profits.

### Employee benefits

#### *Defined contribution retirement plan*

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

#### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries, annual leaves and sick leaves) after deducting any amount already paid.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Related parties

A related party is a person or entity that is related to the Group.

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

### Related parties – Continued

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and included:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the chief operating decision-maker i.e. the most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

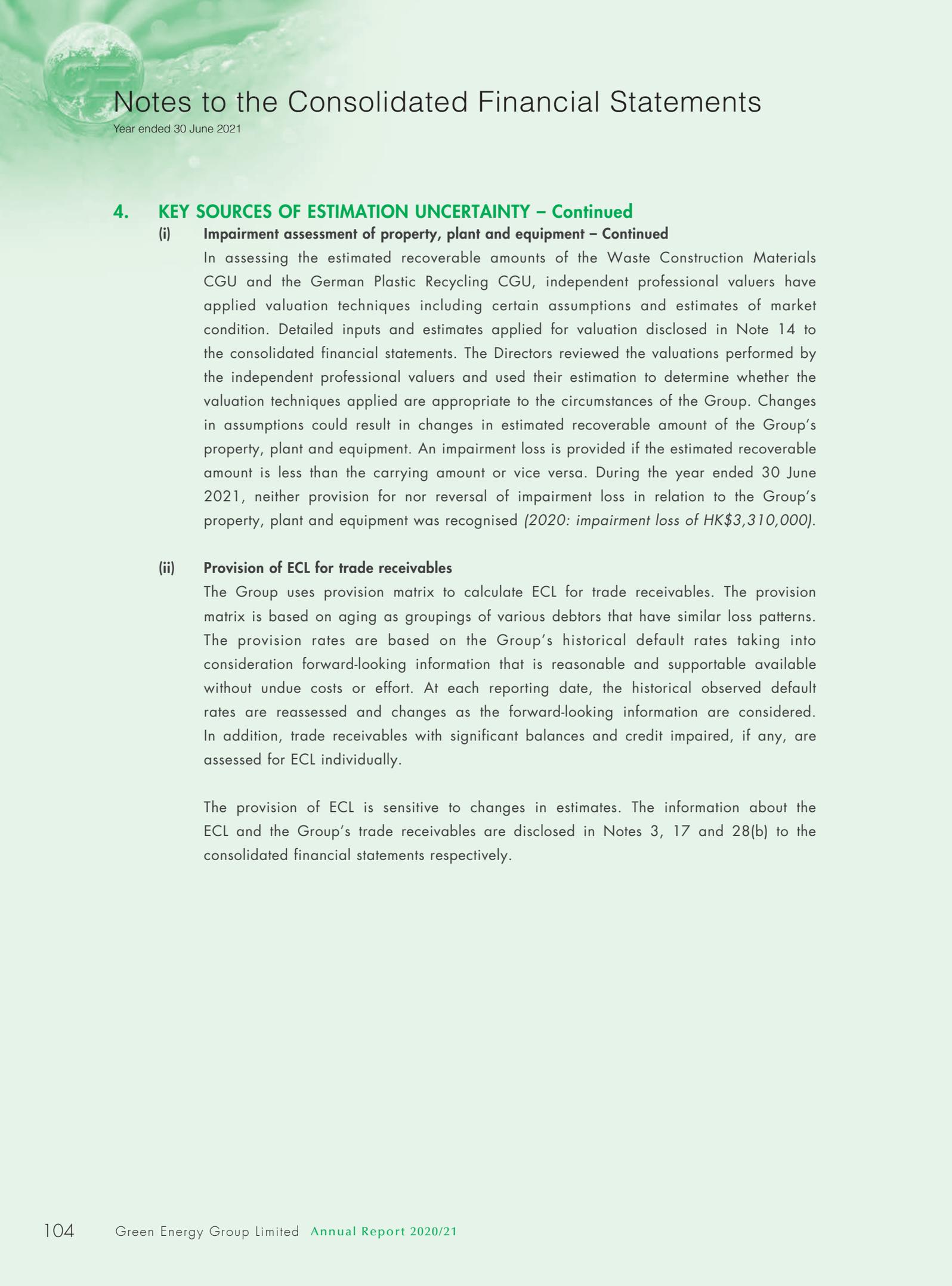
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (i) Impairment assessment of property, plant and equipment

Property, plant and equipment of the Group are reviewed by the Directors for possible impairment or reversal of impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable, or the impairment loss recognised in prior periods may no longer exist or may have decreased.

In assessing whether impairment or reversal of impairment should be made for the Group's property, plant and equipment, the management have performed impairment assessment on the recoverable amount of the property, plant and equipment for the waste construction materials and processing services (the "**Waste Construction Materials CGU**") and the plastic recycling/metal scrap business in Germany (the "**Germany Plastic Recycling CGU**") with reference to valuations performed by independent professional valuers on the freehold lands and buildings and equipment within the two cash generating units.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

### (i) Impairment assessment of property, plant and equipment – Continued

In assessing the estimated recoverable amounts of the Waste Construction Materials CGU and the German Plastic Recycling CGU, independent professional valuers have applied valuation techniques including certain assumptions and estimates of market condition. Detailed inputs and estimates applied for valuation disclosed in Note 14 to the consolidated financial statements. The Directors reviewed the valuations performed by the independent professional valuers and used their estimation to determine whether the valuation techniques applied are appropriate to the circumstances of the Group. Changes in assumptions could result in changes in estimated recoverable amount of the Group's property, plant and equipment. An impairment loss is provided if the estimated recoverable amount is less than the carrying amount or vice versa. During the year ended 30 June 2021, neither provision for nor reversal of impairment loss in relation to the Group's property, plant and equipment was recognised (2020: impairment loss of HK\$3,310,000).

### (ii) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for trade receivables. The provision matrix is based on aging as groupings of various debtors that have similar loss patterns. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes as the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired, if any, are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 3, 17 and 28(b) to the consolidated financial statements respectively.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker (i.e. most senior executive management) for the purposes of resources allocation and performance assessment, the Group is currently organised into the following operating segments:

Waste construction materials and processing services:	Trading of waste construction materials and provision of construction materials processing services
Renewable energy:	Trading of recyclable oil/biodiesel
Plastic recycling/metal scrap:	Trading of plastic recycling/metal scrap materials and provision of plastic processing services
Money lending:	Provision and arrangement of credit financing
Healthcare:	Provision of body checkup services, immunization services, general medical services and sales of medicine

During the year ended 30 June 2021, the Group commenced its new business in healthcare services, with its financial information separately disclosed under healthcare segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Reportable segment results exclude interest income and corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of corporate assets, including bank balances and cash, certain other receivables, assets classified as held for sale 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, liabilities associated with assets classified as held for sale and provision for income tax.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION – Continued

### Segment revenue and results

For the year ended 30 June 2021

	Waste construction materials and processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Healthcare HK\$'000	Total HK\$'000
<b>Revenue</b>	4,993	45,985	7,224	-	2,064	60,266
<b>Results</b>						
Segment results	2,055	115	(10,207)	(260)	(6,048)	(14,345)
Other corporate expenses						(13,284)
Other income						1,439
Loss before income tax						(26,190)

For the year ended 30 June 2020

	Waste construction materials and processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Revenue</b>	4,936	99,314	6,674	2,936	113,860
<b>Results</b>					
Segment results	(675)	366	(7,860)	3,675	(4,494)
Other corporate expenses					(25,286)
Other income					1,452
Gain on disposal of subsidiaries					473
Loss before income tax					(27,855)

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION – Continued

### Segment assets and segment liabilities

At 30 June 2021

	Waste construction materials and processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Healthcare HK\$'000	Total HK\$'000
<b>Assets</b>						
Segment assets	9,323	13,453	28,387	928	5,603	57,694
Unallocated cash and cash equivalent						31,597
Other corporate assets						917
Consolidated total assets						90,208
<b>Liabilities</b>						
Segment liabilities	287	-	5,315	-	5,096	10,698
Other corporate liabilities						1,616
Consolidated total liabilities						12,314

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION – Continued

### Segment assets and segment liabilities – Continued

At 30 June 2020

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

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION – Continued

### Other segment information

For the year ended 30 June 2021

	Waste construction materials and processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Healthcare HK\$'000	Corporate HK\$'000	Total HK\$'000
<b>OTHER INFORMATION</b>							
Additions to non-current assets	-	-	306	-	4,200	8	4,514
Amortisation of intangible assets	-	-	-	100	-	-	100
Depreciation of property, plant and equipment	183	-	1,836	5	1,070	69	3,163
Depreciation of right-of-use assets	-	-	19	-	134	284	437
Impairment loss of trade receivables	-	-	1,579	-	-	-	1,579
Written-off of property, plant and equipment	67	-	-	-	-	-	67

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION – Continued

### Other segment information – Continued

For the year ended 30 June 2020

	Waste construction materials and processing services HK\$'000	Renewable energy HK\$'000	Plastic recycling/ metal scrap HK\$'000	Money lending HK\$'000	Corporate HK\$'000	Total HK\$'000
<b>OTHER INFORMATION</b>						
Additions to non-current assets	14	–	7,843	10	14	7,881
Amortisation of intangible assets	–	–	–	100	–	100
Depreciation of property, plant and equipment	188	–	1,240	4	382	1,814
Depreciation of right-of-use assets	–	–	–	–	1,146	1,146
Impairment loss on property, plant and equipment	3,310	–	–	–	–	3,310
Impairment loss of right-of-use assets	–	–	–	–	859	859
Impairment loss of trade receivables	16	–	–	–	–	16
Written-off of property, plant and equipment	2	–	–	–	15	17
Written-off of other receivables	–	–	–	–	1,115	1,115
Reversal of impairment loss of loan and interest receivable	–	–	–	(1,000)	–	(1,000)

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 5. SEGMENT INFORMATION – Continued

### Other segment information – Continued

#### Geographical information

The Group's operations are located in Hong Kong, Germany and Japan. The Group's revenue from customers by geographical markets, determined based on the location of customers, and information about its non-current assets by geographical location, determined based on the location of the assets, are detailed below:

	Revenue		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	2,064	2,936	4,281	383
Europe	27,732	98,346	22,838	22,564
Malaysia	18,857	12,317	–	–
Singapore	8,590	–	–	–
Japan	3,023	261	7,020	7,596
	<b>60,266</b>	113,860	<b>34,139</b>	30,543

#### Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	Segment	Geographical location	2021	2020
			HK\$'000	HK\$'000
Customer A	Renewable energy	Europe	12,327	37,835
Customer B	Renewable energy	Malaysia	18,857	NA*
Customer C	Renewable energy	Singapore	8,590	NA*

\* The corresponding revenue did not contribute 10% or more of the total revenue of the Group for the relevant year.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 6. REVENUE

Revenue derived from the principal activities of the Group is recognised during the years as follows:

	2021 HK\$'000	2020 HK\$'000
<i>At a point in time:</i>		
Trading of recyclable oil/biodiesel	45,985	99,314
Trading of waste construction materials	3,586	3,388
Trading of plastic recycling/metal scrap materials	1,904	4,484
Sales of healthcare products	425	–
	<b>51,900</b>	107,186
<i>Over time:</i>		
Provision of construction materials processing services	1,407	1,548
Provision of plastic processing services	5,320	2,190
Provision of healthcare services	1,639	–
	<b>8,366</b>	3,738
<b>Revenue from contracts with customer within HKFRS 15</b>	<b>60,266</b>	110,924
– Provision and arrangement of credit financing	–	2,936
	<b>60,266</b>	113,860

The revenue from contracts with customers within HKFRS 15 is based on fixed price.

## 7. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Interest income	636	644
Government subsidies ( <i>Note</i> )	343	306
Rental income	66	76
Sundry income	394	426
	<b>1,439</b>	1,452

*Note:* The Group received government subsidies of approximately HK\$343,000 (2020: approximately HK\$306,000) in respect of the Employment Support Scheme under the Anti-epidemic Fund of the HKSAR Government.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 8. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expenses on lease liabilities	57	79
Other interest expenses	34	–
	<b>91</b>	79

## 9. LOSS BEFORE INCOME TAX

	2021 HK\$'000	2020 HK\$'000
This is stated after charging:		
Staff costs (including Directors' remuneration):		
– Salaries and allowances	14,699	12,365
– Retirement benefit – defined contribution scheme	1,039	791
	<b>15,738</b>	13,156
Written off of property, plant and equipment	67	17
Expenses included in other operating expenses:		
– Auditor's remuneration		
– the Company	800	680
– Subsidiaries	167	126
– Administrative expenses	1,725	2,120
– Bank charges	164	79
– Amortisation of intangible assets	100	100
– Legal and professional fee	7,859	7,212
– Office expenses and overheads	617	459
– Repair and maintenance	2,990	1,944
– Lease charges on short-term leases	1,463	500
– Travel and entertainment	274	664
– Utilities and other expenses	4,075	3,062

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 10. INCOME TAX EXPENSES

The taxation charged to the consolidated statement of comprehensive income represents:

	2021 HK\$'000	2020 HK\$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	15	14
Under-provision in prior year	3	12
	<hr/> 18	<hr/> 26

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits from Hong Kong or incurs a loss for taxation purpose for the years ended 30 June 2021 and 2020.

The PRC EIT in respect of the Group's operations in Mainland China is calculated at the rate of 25% (2020: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The income tax provision of the Group in respect of operations in Germany is calculated at the rate of 30% (2020: 30%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. No provision for income tax of Germany has been made as the Group incurred a loss for taxation purpose for the years ended 30 June 2021 and 2020 or its estimated assessable profits for the years were wholly absorbed by unrelieved tax losses brought forward from previous years.

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax. No provision for income tax of Japan has been made as the Group incurred a loss of taxation purpose for the years ended 30 June 2021 and 2020.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 10. INCOME TAX EXPENSES – Continued

Reconciliation between income tax and accounting loss at applicable tax rates is as follows:

	2021 HK\$'000	2020 HK\$'000
Loss before income tax	(26,190)	(27,855)
Tax at a weighted average rate of 17.30% (2020: 21.36%) applicable to the jurisdictions concerned	(4,531)	(5,950)
Tax effect of non-deductible expenses	1,383	3,532
Tax effect of non-taxable income/revenue	(509)	(602)
Tax effect of tax losses not recognised	4,570	2,702
Tax effect of temporary differences not recognised	(108)	1,100
Utilisation of tax losses previously not recognised	(712)	(715)
Tax concession	(78)	(53)
Under-provision in prior year	3	12
	<hr/>	<hr/>
Income tax expenses	18	26

As at 30 June 2021, the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$139,450,000 (2020: HK\$115,513,000) as it is not probable that future taxable profit against which the losses can be utilised will be available in the relevant group entities.

The expiry of unrecognised tax losses are as follows:

	2021 HK\$'000	2020 HK\$'000
Tax losses without expiry date	138,370	114,908
Tax losses expiring on 30 June 2031	492	–
Tax losses expiring on 30 June 2030	588	605
	<hr/>	<hr/>
	139,450	115,513

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 11. DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 30 June 2021 and 2020.

## 12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

### (a) Directors' remuneration

The emoluments paid or payable to each of the Directors were as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 30 June 2021</b>				
<b>Executive directors</b>				
Mr. Wong Sai Hung (note (b))	-	600	-	600
Mr. Luo Xian Ping	-	600	18	618
Mr. Ho Wai Hung	-	360	18	378
<b>Independent non-executive directors</b>				
Mr. Tam Chun Wa	240	-	-	240
Mr. Sze Cheung Pang	360	-	-	360
Mr. Lau Ka Wing (note (a))	240	-	-	240
	840	1,560	36	2,436

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS – Continued

### (a) Directors' remuneration – Continued

	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 30 June 2020</b>				
<b>Executive directors</b>				
Mr. Wong Sai Hung (note (b))	–	350	11	361
Mr. Luo Xian Ping	–	750	18	768
Mr. Ho Wai Hung	–	360	18	378
<b>Independent non-executive directors</b>				
Mr. Tam Chun Wa	160	–	–	160
Mr. Sze Cheung Pang	360	–	–	360
Mr. Wong Sai Hung (note (b))	100	–	–	100
Mr. Lau Ka Wing (note (a))	83	–	–	83
	703	1,460	47	2,210

Notes:

- a) Mr. Lau Ka Wing was appointed on 26 February 2020.
- b) Mr. Wong Sai Hung was appointed on 21 June 2018 as an independent non-executive director and resigned on 1 December 2019. He was appointed on 1 December 2019 as executive director.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

No directors have waived emoluments in respect of the years ended 30 June 2021 and 2020.

No emoluments were paid by the Group to any directors as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 30 June 2021 and 2020.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS – Continued

### (b) Five highest paid individuals

During the year, two (2020: one) Directors are included in the five highest paid individuals of the Group. Details of Directors' emoluments are set out in note (a) above. The emoluments of the remaining three (2020: four) highest paid individuals, are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and other benefits	2,990	4,385
Retirement benefit scheme contributions	36	37
	<hr/> 3,026	<hr/> 4,422

The emoluments of the above three (2020: four) highest paid individuals fell within the following bands:

	Number of individuals	
	2021	2020
Nil to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$1,500,000	2	1
	<hr/> 3	<hr/> 4

No emoluments were paid by the Group to any five highest paid individuals as inducement to join or upon joining the Group during the years ended 30 June 2021 and 2020.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS – Continued

### (c) Senior management remuneration

The emoluments paid or payable to the members of the senior management were within the following bands:

	Number of individuals	
	2021	2020
Nil to HK\$1,000,000	4	6
HK\$1,000,001 to HK\$1,500,000	1	–
	<b>5</b>	<b>6</b>

The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective group companies and individual employees.

## 13. LOSS PER SHARE

The calculation of basic and diluted loss per share of the Company is based on the following data:

	2021	2020
Loss attributable to the owners of the Company (HK\$'000)	<b>(21,165)</b>	(26,327)
Issued ordinary shares at beginning of the year ('000)	<b>1,136,308</b>	946,928
Effect of issue of new shares through placing ('000) (Note 23)	–	177,479
Weighted average number of ordinary shares for basic loss per share calculation ('000)	<b>1,136,308</b>	1,124,407
Basic and diluted loss per share (HK cents)	<b>(1.86)</b>	(2.34)

There was no difference between basic and diluted losses per share as the Company did not have any dilutive potential shares outstanding for the years end 30 June 2021 and 2020.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands HK\$'000	Buildings HK\$'000	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>						
<b>At 1 July 2019</b>	17,059	4,745	2,013	17,449	1,497	42,763
Exchange realignment	(340)	(90)	(44)	(310)	(16)	(800)
Additions	-	-	-	7,881	-	7,881
Written off	-	-	(1,959)	(275)	(652)	(2,886)
<b>At 30 June 2020 and 1 July 2020</b>	<b>16,719</b>	<b>4,655</b>	<b>10</b>	<b>24,745</b>	<b>829</b>	<b>46,958</b>
Exchange realignment	1,059	280	-	975	51	2,365
Additions	-	-	1,849	2,634	31	4,514
Written off	-	-	-	(24)	(268)	(292)
<b>At 30 June 2021</b>	<b>17,778</b>	<b>4,935</b>	<b>1,859</b>	<b>28,330</b>	<b>643</b>	<b>53,545</b>
<b>DEPRECIATION AND IMPAIRMENT</b>						
<b>At 1 July 2019</b>	1,314	673	1,744	10,826	1,021	15,578
Exchange realignment	10	(11)	(38)	(181)	(6)	(226)
Depreciation	-	133	257	1,294	130	1,814
Impairment loss (note)	3,310	-	-	-	-	3,310
Written off	-	-	(1,959)	(258)	(652)	(2,869)
<b>At 30 June 2020 and 1 July 2020</b>	<b>4,634</b>	<b>795</b>	<b>4</b>	<b>11,681</b>	<b>493</b>	<b>17,607</b>
Exchange realignment	278	47	-	646	30	1,001
Depreciation	-	143	839	2,036	145	3,163
Written off	-	-	-	(24)	(201)	(225)
<b>At 30 June 2021</b>	<b>4,912</b>	<b>985</b>	<b>843</b>	<b>14,339</b>	<b>467</b>	<b>21,546</b>
<b>CARRYING VALUES</b>						
<b>At 30 June 2021</b>	<b>12,866</b>	<b>3,950</b>	<b>1,016</b>	<b>13,991</b>	<b>176</b>	<b>31,999</b>
<b>At 30 June 2020</b>	<b>12,085</b>	<b>3,860</b>	<b>6</b>	<b>13,064</b>	<b>336</b>	<b>29,351</b>

The Group's freehold lands and buildings are situated outside Hong Kong.

## 14. PROPERTY, PLANT AND EQUIPMENT – Continued

### Impairment assessment

#### *Waste Construction Materials CGU*

As at 30 June 2020, accumulated impairment loss of approximately HK\$4,634,000 was recognised in respect of the property, plant and equipment within the Waste Construction Materials CGU. At the end of the reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the impairment loss previously recognised in respect of the property, plant and equipment in the Waste Construction Materials CGU may be reduced. The Directors performed impairment assessment on the recoverable amount of the Waste Construction Materials CGU which is the higher of the fair value less costs of disposal and its value in use.

The estimation of recoverable amount of the Waste Construction Materials CGU was determined based on the fair values of the freehold lands and buildings and equipment within the Waste Construction Materials CGU with reference to a valuation performed by an independent professional valuer engaged by the Group. The fair values of the freehold lands and buildings have been determined using comparison approach which are arrived by comparison based on transaction prices for similar lands and buildings in similar locations, condition and usage. As at 30 June 2020, discount rates of 10% - 20% have been applied to the estimated fair values of the freehold lands and buildings for difference in quality and location of the comparable which are considered as the unobservable key inputs of the valuations.

The fair value of the equipment as at 30 June 2021 has been determined using comparison approach which is arrived by comparison based on quoted prices for identical or similar equipment in active markets. Discount rates of 5% - 60% have been applied to the estimated fair value of the equipment for difference in conditions of the comparable which are considered as the unobservable key input of the valuation. The fair value of equipment as at 30 June 2020 was estimated by the management with reference to the quoted prices for identical or similar assets in active markets.

Management concluded that there is no impairment loss or reversal of impairment loss in respect of the property, plant and equipment within the Waste Construction Materials CGU for the year ended 30 June 2021 (2020: impairment loss of approximately HK\$3,310,000) as their fair value less costs of disposal are not materially different with their carrying values in aggregate of approximately HK\$7,602,000 at the end of the reporting period. As at 30 June 2021, the accumulated impairment loss recognised in respect of property, plant and equipment within the Waste Construction Materials CGU is approximately HK\$4,912,000 (2020: approximately HK\$4,634,000).



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 14. PROPERTY, PLANT AND EQUIPMENT – Continued

### Impairment assessment – Continued

#### *Germany Plastic Recycling CGU*

In view of continuing operating loss in the Germany Plastic Recycling CGU for the years ended 30 June 2021 and 2020, the Directors performed impairment assessment on the recoverable amount of the Germany Plastic Recycling CGU which is the higher of the fair value less costs of disposal and its value in use.

The estimation of the recoverable amount of the Germany Plastic Recycling CGU was determined based on the fair values of the freehold lands and buildings and equipment within the Germany Plastic Recycling CGU with reference to a valuation performed by an independent professional valuer engaged by the Group.

The fair values of the freehold lands and buildings have been determined using comparison approach which are arrived by comparison based on transaction prices for similar lands and buildings in similar locations, conditions and usage. Discount rate of 26.25% (2020: 19.0%) has been applied to the estimated fair values of the freehold lands and buildings for difference in quality and location of the comparable which is considered as the unobservable key input of the valuation.

The fair value of the equipment as at 30 June 2021 has been determined using comparison approach which is arrived by comparison based on quoted prices for identical or similar equipment in active markets. Discount rates of 5% - 30% have been applied to the estimated fair value of the equipment for difference in conditions of the comparables which are considered as the unobservable key inputs of the valuation. The fair values of equipment as at 30 June 2020 was estimated by the management with reference to the quoted prices for identical or similar assets in active markets.

Management concluded that there is no impairment in respect of the property, plant and equipment in the Germany Plastic Recycling CGU as their fair value less costs of disposal are higher than their carrying values of approximately HK\$14,300,000 (2020: approximately HK\$14,277,000) at the end of the reporting period.

The fair value measurement in the impairment assessment is categorised in level 3 of the fair value hierarchy.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 15. INTANGIBLE ASSETS

	<b>License</b>
	<i>HK\$'000</i>
<b>Cost</b>	
<b>At 30 June 2020, 1 July 2020 and 30 June 2021</b>	<b>500</b>
<b>Accumulated amortisation and impairment loss</b>	
At 1 July 2019	122
Charge for the year	100
At 30 June 2020 and 1 July 2020	222
Charge for the year	100
<b>At 30 June 2021</b>	<b>322</b>
<b>Net carrying amount</b>	
<b>At 30 June 2021</b>	<b>178</b>
At 30 June 2020	278

Intangible asset that arose from the acquisition of Noble Ample Limited represented the money lending license held under the Money Lenders Ordinance, Chapter 163, Law of Hong Kong. The management assessed the useful life of the license is 5 years, which is amortised over 5 years using the straight-line method.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 16. INVENTORIES

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Plastic materials	<b>404</b>	904
Waste construction materials	<b>3</b>	2
Vaccines and medicines	<b>933</b>	–
	<b>1,340</b>	906

## 17. TRADE RECEIVABLES

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Trade receivables	<b>5,148</b>	4,149
Less: Allowance for expected credit losses	<b>(1,531)</b>	(16)
	<b>3,617</b>	4,133

The Group makes cash-on-delivery sales and grants credit period of 0-30 days (2020: 0-30 days) to certain customers. The following is an ageing analysis of trade receivables (net of loss allowance) by invoice date at the end of the reporting period:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
0 – 90 days	<b>3,546</b>	4,133
91 – 180 days	<b>34</b>	–
181 – 365 days	<b>37</b>	–
	<b>3,617</b>	4,133

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2021 HK\$'000	2020 HK\$'000
Prepayments		596	577
Trade deposits paid		9,465	2,219
Amount due from a related party	27(b)	600	–
Other deposits and receivables		1,299	1,695
		<b>11,960</b>	4,491
Less: Non-current portion		<b>(1,072)</b>	(914)
		<b>10,888</b>	3,577

*Note:*

During the reporting period, the capital contribution from non-controlling interests of a subsidiary of HK\$1,400,000 was received and the remaining commitment of HK\$600,000 yet to be received was recognised as amount due from a related party which is unsecured, interest-free and has no fixed repayment term.

All the prepayments, deposits paid and other receivables are expected to be recovered or recognised as expense within one year except for security and rental deposit, of approximately HK\$1,072,000 (2020: approximately HK\$914,000) which is expected to be recovered more than one year.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movement of right-of-use assets and lease liabilities within HKFRS 16 during the years ended 30 June 2021 and 2020 are set out below:

	<b>Right-of-use asset</b>	<b>Lease liabilities</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the reporting period upon adoption of HKFRS 16	2,005	(2,005)
Depreciation of right-of-use assets	(1,146)	–
Imputed interest expenses on lease liabilities	–	(79)
Lease payments	–	1,201
Impairment loss	(859)	–
	<hr/>	<hr/>
At 30 June 2020 and 1 July 2020	–	(883)
Additions	1,326	(1,326)
Depreciation of right-of-use assets	(437)	–
Imputed interest expenses on lease liabilities	–	(57)
Lease payments	–	1,361
Exchange realignment	1	–
	<hr/>	<hr/>
<b>At 30 June 2021</b>	<b>890</b>	<b>(905)</b>
	<hr/>	<hr/>
At 30 June 2020		
Current portion	–	(883)
Non-current portion	–	–
	<hr/>	<hr/>
	–	(883)
	<hr/>	<hr/>
<b>At 30 June 2021</b>		
Current portion	–	(668)
Non-current portion	890	(237)
	<hr/>	<hr/>
	<b>890</b>	<b>(905)</b>
	<hr/>	<hr/>

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – Continued

The management has performed an assessment on the Group's right-of-use assets as at 30 June 2020 and the recoverable amount of cash generating units based on value-in-use calculation using projected cashflow over the lease terms.

In preparing the value-in-use calculation of the relevant cash generating units, the management considered the unprecedented economic impact of COVID-19 on the Group's operation and the expected pace of recovery of the economy. The key assumption adopted in the impairment assessment is the discount rate of 10%, which was determined based on the past performance and their expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

As a result of the assessment, an impairment loss of HK\$859,000 was recognised in profit and loss for the year ended 30 June 2020. The relevant operating leases were mature during the year ended 30 June 2021.

### The Group as lessee

The Group leased office premises, workshops and warehouses in Hong Kong and Japan for its daily operations for a term of two years (2020: 20 - 24 months) with fixed lease payments. The leases of the premises impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. In addition, the Group is also required to keep those premises in a good state of repair and return the premises in their original condition at the end of the leases.

The Group has recognised the following amounts for the year:

	2021 HK\$'000	2020 HK\$'000
Short-term leases payments recognised in profit or loss	1,463	500
Total cash outflow for leases	2,824	1,701

### Commitments under operating leases – as lessee

As at 30 June 2021, the Group was committed to approximately HK\$2,516,000 (2020: approximately HK\$433,000) for short-term leases.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – Continued

### The Group as lessor

The Group leases certain area of its properties to a third party under operating leases, which have remaining non-cancellable lease term of 9 years (2020: 10 years). The lease does not include any purchase, termination and extension options.

These properties are exposed to residual value risk. The lease contract, as a result, impose a restriction that, unless approval is obtained from the Group as lessor, the leased properties can only be used by the lessee. The lessee is also required to keep the properties in a good state of repair and return the properties in their original condition at the end of the lease.

### Commitments under operating leases – as lessor

At the end of the reporting period, the Group had total future minimum rent receivable under non-cancellable operating lease which fall due as follows:

	2021 HK\$'000	2020 HK\$'000
Within one year	62	63
In the second to fifth years	248	232
Over five years	262	306
	<hr/> 572	<hr/> 601

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 20. TRADE PAYABLES

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Trade payables			
– Third parties		<b>312</b>	94
– Related parties	27(b)	–	354
		<b>312</b>	448

The following is an ageing analysis of trade payables by invoice date at the end of the reporting period:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
0 – 90 days	<b>312</b>	448

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

## 21. ACCRUALS AND OTHER PAYABLES

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Accruals		<b>4,752</b>	2,692
Payable for acquisition of property, plant and equipment to a related party	27(b)	<b>3,510</b>	3,900
Amounts due to related parties	27(b)	<b>2,499</b>	–
Other payables		<b>276</b>	233
		<b>11,037</b>	6,825

The payable for acquisition of property, plant and equipment to a related party and amounts due to related parties are unsecured, interest-free and have no fixed repayment term.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 22. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2021 HK\$'000	2020 HK\$'000
At the beginning of the reporting period	–	–
Receipt of advances or recognition of receivables	58	–
<b>At the end of the reporting period</b>	<b>58</b>	<b>–</b>

All the performance obligations that are unsatisfied as at 30 June 2021 are part of contracts that have an original expected duration of one year or less.

## 23. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.10 each		
At 1 July 2019, 30 June 2020 and 30 June 2021	4,000,000	400,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.10 each		
At 1 July 2019	946,928	94,693
Issue of new shares through placing (note)	189,380	18,938
At 30 June 2020 and 30 June 2021	1,136,308	113,631

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. 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 proceed 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.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 24. RESERVES

### Share premium

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be applied:

- (a) in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares;
- (b) in writing off
  - (i) the preliminary expenses of the Company; or
  - (ii) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
- (c) in providing for the premiums payable on redemption of any shares or of any debentures of the Company.

### Contributed surplus

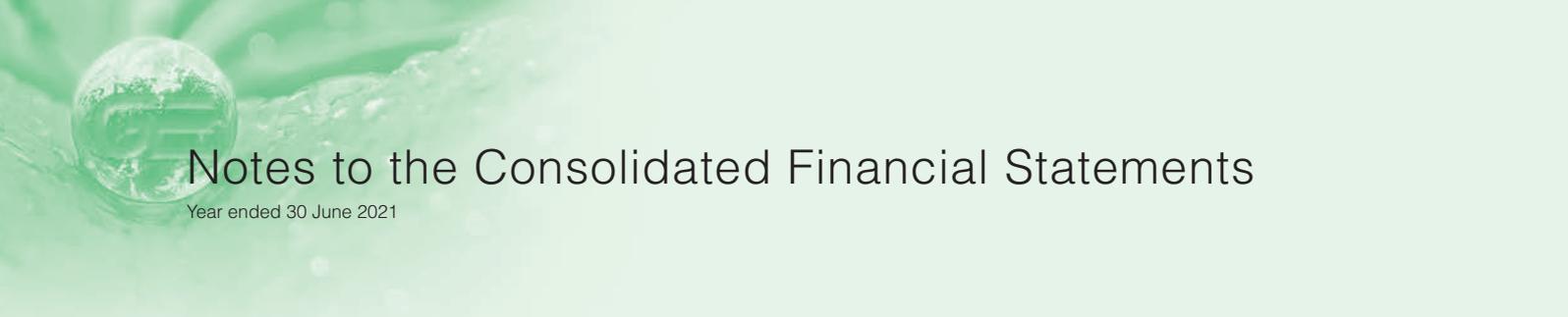
Contributed surplus represents the remaining balance of the aggregate amount of credit arising from the capital reduction and the share premium cancellation after credit transfer to accumulated losses pursuant to the implementation of restructuring proposal on 27 April 2004 and to a resolution passed at a special general meeting on 1 December 2003.

### Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3 to the consolidated financial statements.

### General reserve

In accordance with the PRC regulations, a subsidiary incorporated in the PRC is required to transfer 10% of the profit after tax to the statutory surplus reserves fund until the fund balance reaches 50% of the registered capital. The transfer to the funds must be made before distributing dividends to shareholders.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 25. SHARE BASED PAYMENTS

On 27 May 2016, the shareholders of the Company passed a resolution to approve for the termination of the Company's share option scheme adopted in 2006 (the "**Old Share Option Scheme**") and the adoption of a new share option scheme (the "**Share Option Scheme**"), which is an equity-settled share option scheme. The adoption of the 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.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group.

Under the Share Option Scheme, which is valid for a period of ten years, the board of Directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("**Eligible Participants**") who include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 25. SHARE BASED PAYMENTS – Continued

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who or whose associate is the proposed grantee of the share option). In addition, for granting of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares of the Company issued and to be issued upon exercise of all share options granted and to be granted to such person in the 12-month period up to the date of such grant representing in aggregate over 0.1% of shares of the Company in issue and having an aggregated value based on the closing prices of the Company shares at the date of each grant, in excess of HK\$5,000,000, such further grant of share options are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, and the share options in respect of which the offer was so accepted will be deemed to have been granted on the date of the offer. The acceptance of the share options is subject to payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the Directors at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to receive dividends or to vote at shareholders' meetings.

No share options have been granted since the adoption of the Share Option Scheme and no share options under the Share Option Scheme was outstanding at 30 June 2021 and 30 June 2020.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 26. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme, Mandatory Provident Fund Scheme (the “**MPF Scheme**”), established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

Both of the employees’ and the Group’s contributions are calculated at 5% of the employee’s monthly relevant income, with the mandatory cap of HK\$30,000.

The employees of the Company’s subsidiaries established in the PRC excluding Hong Kong are members of state-managed retirement benefit schemes operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The subsidiaries established in Germany are required to make contributions to the local defined contribution scheme on a monthly basis pursuant to the local laws and regulations.

For the year ended 30 June 2021, the Group made contributions to the retirement benefit schemes of HK\$1,039,000 (2020: HK\$791,000). There were no forfeited contributions available for offset against existing contributions during the year and prior period.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 27. RELATED PARTIES TRANSACTIONS

During the years ended 30 June 2021 and 2020, the Group had the following significant related party's transactions and balances:

### (a) Significant related party transactions

	2021 HK\$'000	2020 HK\$'000
(i) Green Strength Technology Limited, a non-controlling shareholder of a subsidiary		
a) Purchase of goods	45,818	98,880
b) Management fee paid	350	250
(ii) Chuang Tieh Plastic Technology Equipment Limited, owned by Chou Pin Yen, a family member of Chou Pin Juo, the main shareholder of a non-controlling shareholder of a subsidiary		
a) Purchase of plant and equipment	–	7,800
b) Repair and maintenance fee paid	1,684	637

### (b) Significant related party balances

	2021 HK\$'000	2020 HK\$'000
(i) Amount due to Yeung So Lai, a deemed substantial shareholder of the Company	2,236	–
(ii) Amount due to Chuang Tieh Plastic Technology Equipment Limited	263	–
(iii) Trade deposit to Green Strength Technology Limited	9,465	2,160
(iv) Trade payable to Green Strength Technology Limited	–	354
(v) Payable for acquisition of property, plant and equipment to Chuang Tieh Plastic Technology Equipment Limited	3,510	3,900
(vi) Amount due from Inter Unicorn Limited, a non-controlling shareholder of a subsidiary (Note)	600	–

Note:

The maximum outstanding amount during the year is HK\$600,000 (2020: HK\$Nil).

### (c) Compensation of key management personnel of the Group

Members of key management personnel of the Group whose remuneration is set out in Note 12 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### (a) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior period.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, issue of new shares and shares buy-backs as well as the issue of new debts.

### (b) Financial instruments

#### (i) Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised costs		
– Trade receivables	3,617	4,133
– Deposits and other receivables	1,873	1,663
	5,490	5,796
Cash and cash equivalents	40,224	70,133
	45,714	75,929
<b>Financial liabilities at amortised cost</b>		
– Trade payables	312	448
– Accruals and other payables	10,588	6,631
– Lease liabilities	905	883
	11,805	7,962

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan and interest receivables, deposits and other receivables, cash and cash equivalents, trade payables, accruals and other payables and lease liabilities. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, the PRC excluding Hong Kong, Japan, and Germany. The functional currency of the Company and its subsidiaries are either HK\$, RMB, Japanese Yen ("JPY") or Euro. The Group is exposed to currency risk arising from fluctuations on foreign currencies, primarily from those bank balances denominated in United States dollar ("US\$") and Euro, against the respective functional currency of the respective Group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

#### Summary of exposure

At the end of the reporting period, the Group's foreign currency denominated financial assets and liabilities and intra-group balances, translated into HK\$ at the respective rates at that date, are as follows:

	2021			2020		
	Financial assets HK\$'000	Financial liabilities HK\$'000	Net exposure HK\$'000	Financial assets HK\$'000	Financial liabilities HK\$'000	Net exposure HK\$'000
US\$	13,523	(3,510)	10,013	11,574	(4,254)	7,320
Euro	3,812	(4,779)	(967)	6,688	–	6,688
RMB	22,841	–	22,841	20,819	(24,480)	(3,661)
JPY	1,152	(1,134)	18	1,701	–	1,701

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) Financial risk management objectives and policies – Continued

##### Currency exchange rate sensitivity analysis

The following table indicates the approximate change in the Group's loss for the year and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. The sensitivity analysis also includes intra-group balances where the denomination of the loan is in a currency other than the functional currency of the lender/borrower. A positive number below indicates an increase in loss and accumulated losses where HK\$ strengthen against (i) Euro, (ii) RMB and (iii) JPY. For a weakening of HK\$ against (i) Euro, (ii) RMB and (iii) JPY, there would be an equal and opposite impact on the loss for the year and accumulated losses, and the balances below would be negative.

		2021		2020	
		Weakening of foreign exchange rates	Effects on loss for the year and accumulated losses HK\$'000	Weakening of foreign exchange rates	Effects on loss for the year and accumulated losses HK\$'000
(i)	Euro	3%	(29)	3%	201
(ii)	RMB	3%	651	3%	(110)
(iii)	JPY	3%	1	3%	51

The sensitivity analysis above has been determined assuming that the change in currency exchange rates had occurred at the beginning of the period and had been applied to the abovementioned financial instruments at that date and throughout the period constantly. The percentage increase or decrease represents management's assessment of a reasonably possible change in currency exchange rates over the period until the next annual reporting date.

The Group is mainly exposed to the foreign exchange risk of US\$. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial as most US\$ denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency, and therefore no sensitivity analysis has been prepared.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) *Financial risk management objectives and policies – Continued*

##### Credit risk

The carrying amounts of the trade receivables, other receivables and deposits paid and bank balance included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group review the recoverable amount of each financial asset at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. Furthermore, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

To manage the risk arising from other receivables and deposits paid, the Group only transacts with reputable parties that have no default history and have a strong capacity to meet its contractual cash flow obligations in the near term. The credit risk on other receivables and deposits paid are limited. The management has assessed that the expected credit losses for other receivables and rental deposits paid are not significant.

The credit risk on liquid funds of bank deposits is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) Financial risk management objectives and policies – Continued

##### Credit risk – Continued

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Other financial assets	Trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

Financial assets	Internal credit rating	12-months or lifetime ECL	2021	2020
			Gross carrying amount HK\$'000	Gross carrying amount HK\$'000
Trade receivables	Note	Lifetime ECL – not credit-impaired	3,617	4,133
	Loss	Lifetime ECL – credit-impaired	1,531	16
			<b>5,148</b>	4,149
Deposits and other receivables	Low risk	12-month ECL	1,873	1,663
	Written-off	Amount is written-off	-	1,115
			<b>1,873</b>	2,778

*Note:* For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix grouped by customer portfolio and past due status.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) Financial risk management objectives and policies – Continued

##### Credit risk – Continued

##### (i) Trade receivable

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following tables provide information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 30 June 2021 and 2020 within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of HK\$1,531,000 as at 30 June 2021 (2020: HK\$16,000) were assessed individually.

	2021			2020		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current	-	1,124	-	-	2,465	-
1 to 90 days past due	-	2,425	-	-	1,668	-
Over 90 days past due	-	68	-	-	-	-
		<b>3,617</b>	-		4,133	-

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effect. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 30 June 2021, additional loss allowance of HK\$1,579,000 (2020: HK\$16,000) was made for trade receivables which are assessed individually.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) Financial risk management objectives and policies – Continued

##### Credit risk – Continued

#### (i) Trade receivable – Continued

The following table shows the reconciliation of loss allowances that has been recognised for trade receivables.

	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 July 2020	16	16
Increase in loss allowance	1,579	1,579
Exchange realignment	(64)	(64)
<b>As at 30 June 2021</b>	<b>1,531</b>	<b>1,531</b>

As at 1 July 2019	–	–
Increase in loss allowance	16	16
As at 30 June 2020	16	16

#### (ii) Loan and interest receivable

The following table shows the reconciliation of loss allowances that has been recognised for loan and interest receivable.

	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
<b>As at 1 July 2019</b>	1,000	1,000
Reversal of impairment loss	(1,000)	(1,000)
<b>As at 30 June 2020 and 2021</b>	<b>–</b>	<b>–</b>

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) *Financial risk management objectives and policies – Continued*

##### Credit risk – Continued

#### (ii) Loan and interest receivable – Continued

During the year ended 30 June 2020, the loan and interest receivable of HK\$1,000,000, fully provided for loss allowance in prior year, was fully recovered. Thus, the relevant loss allowance brought forward from prior year was reversed accordingly.

During the year ended 30 June 2021, no loss allowance in respect of loan and interest receivable was made.

#### (iii) Deposits and other receivables

During the year ended 30 June 2020, credit-impaired deposits and other receivables of HK\$1,115,000 was written off as it was assessed that the debtor was in severe financial difficulty and the Group had no realistic prospect of recovery.

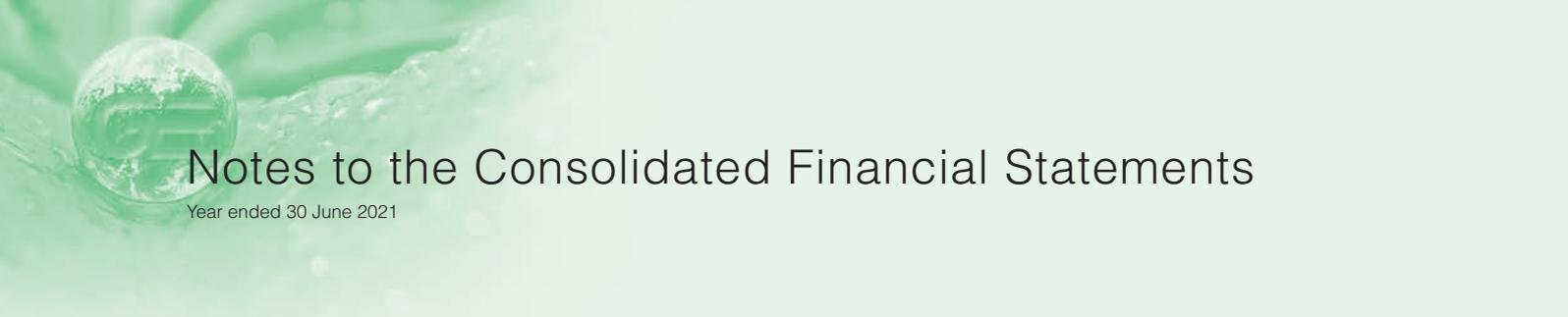
During the year ended 30 June 2021 and 2020, no loss allowance in respect of deposits and other receivables was made.

#### Concentration risk

As at 30 June 2021, the Group had concentration of credit risk of 73% (2020: 52%) of the Group's trade receivables were due from three customers.

As at 30 June 2021, the Group has a concentration of credit risk as 82% (2020: 98%) of the Group's deposits and other receivables was due from two debtors (2020: two debtors).

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings and reputable banks in Hong Kong and PRC.



# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) *Financial risk management objectives and policies – Continued*

##### Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any interest rate swaps to hedge potential fluctuations in interest rates. No sensitivity analysis is presented as the Directors considered the Group's exposure to cash flow interest rate risk is not material.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

##### Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables and accruals and other payables and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

In the management of the liquidity risk, the Directors monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

### (b) Financial instruments – Continued

#### (ii) Financial risk management objectives and policies – Continued

##### Liquidity risk – Continued

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

	Total contractual undiscounted cashflow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Carrying amounts HK\$'000
<b>At 30 June 2021</b>				
Trade payables	312	312	–	312
Accruals and other payables	10,588	10,588	–	10,588
Lease liabilities	940	700	240	905
	<b>11,840</b>	<b>11,600</b>	<b>240</b>	<b>11,805</b>

	Total contractual undiscounted cashflow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Carrying amounts HK\$'000
<b>At 30 June 2020</b>				
Trade payables	448	448	–	448
Accruals and other payables	6,631	6,631	–	6,631
Lease liabilities	900	900	–	883
	<b>7,979</b>	<b>7,979</b>	<b>–</b>	<b>7,962</b>

## 29. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost approximate to their fair values due to short-term maturities of these financial instruments.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

### (a) Statement of financial position of the Company

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		19	14
Interests in subsidiaries		–	–
		<b>19</b>	14
<b>Current assets</b>			
Prepayments, deposits and other receivables		282	357
Amounts due from subsidiaries		44,749	57,040
Cash and cash equivalents		7,412	270
		<b>52,443</b>	57,667
<b>Current liabilities</b>			
Accruals and other payables		1,586	1,392
Amounts due to subsidiaries		1,507	4,437
		<b>3,093</b>	5,829
<b>Net current assets</b>		<b>49,350</b>	51,838
<b>Net assets</b>		<b>49,369</b>	51,852
<b>EQUITY</b>			
Share capital	23	113,631	113,631
Reserves	30(b)	(64,262)	(61,779)
<b>Total Equity</b>		<b>49,369</b>	51,852

*The statement of financial position was approved and authorised for issue by the board of directors on 29 September 2021 and signed on its behalf by*

\_\_\_\_\_  
**Wong Sai Hung**  
 Director

\_\_\_\_\_  
**Luo Xian Ping**  
 Director

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY – Continued

### (b) Reserves of the Company

	Note	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 July 2019</b>		411,449	56,897	(516,093)	(47,747)
Issuance of share through placing	23	3,562	–	–	3,562
Loss for the year		–	–	(17,594)	(17,594)
<b>At 30 June 2020 and 1 July 2020</b>		<b>415,011</b>	<b>56,897</b>	<b>(533,687)</b>	<b>(61,779)</b>
Loss for the year		–	–	(2,483)	(2,483)
<b>At 30 June 2021</b>		<b>415,011</b>	<b>56,897</b>	<b>(536,170)</b>	<b>(64,262)</b>

## 31. PARTICULARS OF THE COMPANY'S PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2021 are as follows:

Company name	Place of incorporation and registration/operation	Issued share capital/paid up capital	Attributable equity interests	Principal activities
EnviroAssets GmbH	Germany	EUR25,000	100%	Holding freehold land
EnviroEnergy GmbH	Germany	EUR500,000	100%	Holding freehold land
EnviroPlastics GmbH	Germany	EUR27,650	90%	Trading of plastic recycling materials and plastics processing provision
EnviroPower GmbH	Germany	EUR100,000	100%	Trading of waste construction materials and processing provision

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 31. PARTICULARS OF THE COMPANY'S PRINCIPAL SUBSIDIARIES – Continued

Company name	Place of incorporation and registration/ operation	Issued share capital/paid up capital	Attributable equity interests	Principal activities
Red Huge Limited	Hong Kong	HK\$1	100%	Trading of metal scrap materials
Blue Sky Recycling Technology (Japan) Company Limited (formerly known as Recycled Plastics Pellets Manufacturing (Kobe) Co. Limited)	Hong Kong	HK\$10,000	51%	Trading of plastics recycling materials and plastics processing provision
Blue Sky Recycling Technology (Tokyo) Company Limited	Japan	JPY9,990,000	51% (note (a))	Plastics processing provision
Green Strength (International) Limited	Hong Kong	HK\$7,800,000	60%	Trading of recyclable oil and biodiesel
Sande Agro GmbH	Germany	EUR25,000	100%	Holding of freehold land
Noble Ample Limited	Hong Kong	HK\$500,000	100%	Money lending
Health Plus Medical Group Limited	Hong Kong	HK\$5,000,000	60% (note (b))	Investment holding
Health Plus Medical Centre Limited	Hong Kong	HK\$10,000	60% (note (c))	Clinical health services provision
Health Plus Laboratory Limited	Hong Kong	HK\$10,000	60% (note (c))	Laboratory diagnostic services provision
Health Plus Pharmaceuticals Limited	Hong Kong	HK\$10,000	60% (note (c))	Trading of healthcare products

Note (a): The company was incorporated on 18 December 2019.

Note (b): The company was incorporated on 19 November 2020.

Note (c): The companies were incorporated on 20 November 2020.

None of the subsidiaries had issued any debt securities at the end of the period.

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 31. PARTICULARS OF THE COMPANY'S PRINCIPAL SUBSIDIARIES – Continued

The table below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interests:

Company name	Place of incorporation and principal place of business	Accumulated non-controlling interests	
		2021 HK\$'000	2020 HK\$'000
Green Strength (International) Limited (i)	Hong Kong	3,134	3,088
EnviroPlastics GmbH (ii)	Germany	(2,996)	(2,161)
Blue Sky Recycling Technology (Japan) Company Limited and its subsidiary (iii)	Japan & Hong Kong	(2,698)	(792)
Individually immaterial subsidiaries with non-controlling interests	Hong Kong	(419)	–
		<b>(2,979)</b>	135

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before inter-company eliminations.

### (i) Green Strength (International) Limited

	2021 HK\$'000	2020 HK\$'000
Non-controlling interests percentage	40%	40%
Non-current assets	–	–
Current assets	15,756	15,966
Current liabilities	(7,921)	(8,246)
Net assets	7,835	7,720
Carrying amount of non-controlling interests	3,134	3,088
Revenue	45,985	99,314
Profit (Loss) for the year	116	(7)
Total comprehensive income (expenses)	116	(7)
Profit (Loss) allocated to non-controlling interests	46	(3)
Dividend paid to non-controlling interests	–	–
Net cash (used in) generated from operating activities	(7,510)	10,416
Net cash generated from investing activities	1	26
Net cash used in financing activities	–	(3,300)

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 31. PARTICULARS OF THE COMPANY'S PRINCIPAL SUBSIDIARIES – Continued

### (ii) EnviroPlastics GmbH

	2021 HK\$'000	2020 HK\$'000
Non-controlling interests percentage	9.58%	9.58%
Non-current assets	5,602	5,100
Current assets	1,329	3,281
Current liabilities	(38,197)	(30,925)
Net liabilities	(31,265)	(22,544)
Carrying amount of non-controlling interests	(2,996)	(2,161)
Revenue	4,201	6,413
Loss for the year	(7,398)	(7,826)
Total comprehensive expenses	(8,721)	(7,625)
Loss allocated to non-controlling interests	(709)	(750)
Dividend paid to non-controlling interests	–	–
Net cash used in operating activities	(4,335)	(9,236)
Net cash used in investing activities	(145)	(16)
Net cash generated from financing activities	3,651	8,876

### (iii) Blue Sky Recycling Technology (Japan) Company Limited and its subsidiary

	2021 HK\$'000	2020 HK\$'000
Non-controlling interests percentage	49%	49%
Non-current assets	7,020	7,596
Current assets	4,076	6,856
Current liabilities	(16,565)	(16,069)
Non-current liabilities	(38)	–
Net liabilities	(5,507)	(1,617)
Carrying amount of non-controlling interests	(2,698)	(792)
Revenue	3,023	276
Loss for the year	(4,003)	(1,643)
Total comprehensive expenses	(3,890)	(1,627)
Loss allocated to non-controlling interests	(1,962)	(805)
Dividend paid to non-controlling interests	–	–
Net cash (used in) generated from operating activities	(1,565)	9,734
Net cash used in investing activities	(520)	(3,926)
Net cash used in financing activities	(20)	–

# Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<b>Lease liabilities</b>	<b>Amount due to a former director (included in "Accrual and other payables")</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2019	–	61	61
Upon adoption of HKFRS 16	2,005	–	2,005
Interest accrued	79	–	79
Net cash flows	(1,201)	(61)	(1,262)
At 30 June 2020 and as at 1 July 2020	<b>883</b>	–	<b>883</b>
Additions	<b>1,326</b>	–	<b>1,326</b>
Interest accrued	<b>57</b>	–	<b>57</b>
Net cash flows	<b>(1,361)</b>	–	<b>(1,361)</b>
<b>At 30 June 2021</b>	<b>905</b>	–	<b>905</b>

## 33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 September 2021.

## Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	<b>2021</b>	<b>30 June</b>		<b>31 December</b>	
	<b>HK\$'000</b>	2020	2019	2017	2016
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)	
<b>Results</b>					
Revenue	<b>60,266</b>	113,860	96,915	41,515	2,552
Loss attributable to owners of the Company	<b>(21,165)</b>	(26,327)	(25,899)	(3,118)	(36,630)
<b>Assets and liabilities</b>					
Total assets	<b>90,208</b>	109,292	110,482	145,528	56,146
Total liabilities	<b>(12,314)</b>	(8,162)	(4,919)	(18,160)	(4,919)
<b>Total equity attributable to the owners of the Company</b>	<b>80,873</b>	100,995	103,721	128,016	51,399