

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



GREEN ENERGY GROUP LIMITED

綠色能源科技集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 979)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2022**

The board of directors (the “Board”) of Green Energy Group Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2022 together with comparative figures for the previous year as follows:

* For identification purposes only

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4, 5	441,260	60,266
Other income		1,365	1,439
Changes in inventories of finished goods		(230)	(434)
Purchases of goods and consumables		(422,299)	(48,839)
Transportation cost		(1,398)	–
Staff costs	6	(22,253)	(15,738)
Depreciation for property, plant and equipment		(3,611)	(3,163)
Depreciation for right-of-use assets		(1,753)	(437)
Net exchange (loss) gain		(1,393)	2,620
Finance costs		(107)	(91)
Impairment loss of property, plant and equipment		(1,019)	–
Impairment loss of trade receivables		(45)	(1,579)
Loss on disposal of subsidiaries	13	(476)	–
Other operating expenses		(20,681)	(20,234)
Loss before income tax	6	(32,640)	(26,190)
Income tax expenses	7	(10)	(18)
Loss for the year		(32,650)	(26,208)
Other comprehensive (loss) income for the year, net of tax			
<i>Items that may be/are reclassified subsequently to profit or loss:</i>			
– Reclassification of translation reserve upon disposal of subsidiaries		469	–
– Exchange differences arising on translation of financial statements of foreign operations		(2,593)	972
Other comprehensive (loss) income for the year		(2,124)	972
Total comprehensive loss for the year		(34,774)	(25,236)

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to:			
– Owners of the Company		(27,731)	(21,165)
– Non-controlling interests		<u>(4,919)</u>	<u>(5,043)</u>
		<u>(32,650)</u>	<u>(26,208)</u>
Total comprehensive loss for the year attributable to:			
– Owners of the Company		(30,307)	(20,122)
– Non-controlling interests		<u>(4,467)</u>	<u>(5,114)</u>
		<u>(34,774)</u>	<u>(25,236)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic and diluted	9	<u>(2.44)</u>	<u>(1.86)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		24,401	31,999
Intangible assets		78	178
Prepayments, deposits and other receivables		968	1,072
Right-of-use assets		1,049	890
		26,496	34,139
Current assets			
Inventories		1,570	1,340
Trade receivables	<i>11</i>	3,034	3,617
Prepayments, deposits and other receivables		6,930	10,888
Cash and cash equivalents		33,566	40,224
		45,100	56,069
Current liabilities			
Trade payables	<i>12</i>	3,529	312
Accruals and other payables		18,403	11,037
Contract liabilities		4,502	58
Lease liabilities		2,042	668
Income tax payables		–	2
		28,476	12,077
Net current assets		16,624	43,992
Total assets less current liabilities		43,120	78,131
Non-current liabilities			
Lease liabilities		–	237
Net assets		43,120	77,894
Equity			
Share capital		113,631	113,631
Reserves		(63,065)	(32,758)
Equity attributable to owners of the Company		50,566	80,873
Non-controlling interests		(7,446)	(2,979)
Total equity		43,120	77,894

NOTES

Year ended 30 June 2022

1. GENERAL INFORMATION

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.

In the opinion of the directors of the Company (the "Directors"), the Company's parent is New Glory Business Corporation which was incorporated in the British Virgin Islands and the 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 2021 that are relevant to the Group's operations and adopted by the Group:

Amendments to HKAS 39, HKFRSs 4, 7 and 9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

Amendments to HKAS 39, HKFRSs 4, 7 and 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows— a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting— a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures— a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

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

Amendments to HKFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021

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 2022. The amendments do not affect lessors.

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

New and amended standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, the Hong Kong Institute of Certified Public Accountants (“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 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Annual Improvements to HKFRSs	2018–2020 Cycle ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “HKFRSs”) issued by the HKICPA and the disclosure requirements of the 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 2021 consolidated financial statements except for the adoption of the new/revised HKFRSs disclosed in note 2 to this announcement that are relevant to the Group and effective from the current year.

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.

4. 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 and processing of recyclable oil/biodiesel
Plastic recycling/metal scrap	Trading of plastic recycling/metal scrap materials and provision of plastic processing services
Healthcare	Provision of health care services and sales of healthcare products
Money lending	Provision and arrangement of credit financing

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 and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

For the year ended 30 June 2022

	Waste construction materials and processing services <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Plastic recycling/ metal scrap <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>5,240</u>	<u>424,247</u>	<u>4,158</u>	<u>7,615</u>	<u>-</u>	<u>441,260</u>
Results						
Segment results	<u>3,263</u>	<u>3,937</u>	<u>(10,194)</u>	<u>(8,509)</u>	<u>(266)</u>	<u>(11,769)</u>
Other corporate expenses						(21,760)
Other income						1,365
Loss on disposal of subsidiaries (<i>Note 13</i>)						<u>(476)</u>
Loss before income tax						<u><u>(32,640)</u></u>

For the year ended 30 June 2021

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

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and segment liabilities

At 30 June 2022

	Waste construction materials and processing services <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Plastic recycling/ metal scrap <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets						
Segment assets	<u>8,274</u>	<u>21,238</u>	<u>17,303</u>	<u>2,888</u>	<u>198</u>	49,901
Unallocated cash and cash equivalent						20,538
Other corporate assets						<u>1,157</u>
Consolidated total assets						<u><u>71,596</u></u>
Liabilities						
Segment liabilities	<u>459</u>	<u>7,221</u>	<u>3,855</u>	<u>9,562</u>	<u>-</u>	21,097
Other corporate liabilities						<u>7,379</u>
Consolidated total liabilities						<u><u>28,476</u></u>

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and segment liabilities (continued)

At 30 June 2021

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

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 30 June 2022

	Waste construction materials and processing services <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Plastic recycling/ metal scrap <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
OTHER INFORMATION							
Additions to property, plant and equipment	40	2,194	175	210	-	25	2,644
Amortisation of intangible assets	-	-	-	-	100	-	100
Depreciation of property, plant and equipment	132	90	1,800	1,574	5	10	3,611
Depreciation of right-of-use assets	-	-	-	267	-	1,486	1,753
(Reversal) Provision of impairment loss on property, plant and equipment	(1,889)	-	2,908	-	-	-	1,019
Impairment loss of trade receivables	-	-	-	45	-	-	45
Written-off of property, plant and equipment	-	-	-	-	-	3	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>

For the year ended 30 June 2021

	Waste construction materials and processing services <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Plastic recycling/ metal scrap <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
OTHER INFORMATION							
Additions to property, plant and equipment	-	-	306	4,200	-	8	4,514
Amortisation of intangible assets	-	-	-	-	100	-	100
Depreciation of property, plant and equipment	183	-	1,836	1,070	5	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
	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67</u>

4. 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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	345,042	2,064	9,488	4,281
Europe	12,921	27,732	17,008	22,838
Malaysia	42,563	18,857	–	–
Singapore	39,887	8,590	–	–
Japan	847	3,023	–	7,020
	<u>441,260</u>	<u>60,266</u>	<u>26,496</u>	<u>34,139</u>

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	2022	2021
			<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	Renewable energy	Hong Kong	159,338	N/A*
Customer B	Renewable energy	Hong Kong	111,403	N/A*
Customer C	Renewable energy	Hong Kong	66,690	N/A*
Customer D	Renewable energy	Malaysia	N/A*	18,857
Customer E	Renewable energy	Europe	N/A*	12,327
Customer F	Renewable energy	Singapore	N/A*	8,590

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

5. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customer within HKFRS 15		
<i>Recognised at a point in time:</i>		
Trading of recyclable oil/biodiesel	424,247	45,985
Trading of waste construction materials	3,984	3,586
Trading of plastic recycling/metal scrap materials	844	1,904
Sales of healthcare products	4,107	425
	<u>433,182</u>	<u>51,900</u>
<i>Recognised over time:</i>		
Provision of construction materials processing services	1,256	1,407
Provision of plastic processing services	3,314	5,320
Provision of clinical health services and laboratory diagnostic services	3,508	1,639
	<u>8,078</u>	<u>8,366</u>
Total revenue	<u><u>441,260</u></u>	<u><u>60,266</u></u>

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

6. LOSS BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
This is stated after charging:		
Staff costs (including Directors' remuneration):		
– Salaries and allowances	20,931	14,699
– Retirement benefit – defined contribution scheme	1,322	1,039
	<u>22,253</u>	<u>15,738</u>
Auditor's remuneration		
– the Company	950	800
– Subsidiaries	144	167
Amortisation of intangible assets	100	100
Legal and professional fee	9,627	7,859
Repair and maintenance	1,582	2,990
Lease charges on short-term leases	1,830	1,463
Utilities expenses	2,475	3,034

7. INCOME TAX EXPENSES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	–	15
Under-provision in prior year	–	3
	–	18
Japan Corporate Inhabitant Taxes	10	–
	<u>10</u>	<u>18</u>

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 30 June 2022 and 2021.

9. LOSS PER SHARE

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

	2022	2021
Loss attributable to the owners of the Company (<i>HK\$'000</i>)	<u>(27,731)</u>	<u>(21,165)</u>
Weighted average number of ordinary shares in issue for basic loss per share calculation (<i>'000</i>)	<u>1,136,308</u>	<u>1,136,308</u>
Basic and diluted loss per share (<i>HK cents</i>)	<u>(2.44)</u>	<u>(1.86)</u>

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 ended 30 June 2022 and 2021.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2022, the Group purchased property, plant and equipment amounted to HK\$2,644,000 (*2021: HK\$4,514,000*).

11. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	3,079	5,148
Less: Allowance for expected credit losses	<u>(45)</u>	<u>(1,531)</u>
	<u>3,034</u>	<u>3,617</u>

The Group makes cash-on-delivery sales and grants credit period of 0-30 days (*2021: 0-30 days*) to certain customers. The following is an aging analysis of trade receivables (net of loss allowance) by invoice date at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 90 days	3,008	3,546
91 – 180 days	23	34
181 – 365 days	<u>3</u>	<u>37</u>
	<u>3,034</u>	<u>3,617</u>

12. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables		
– Third parties	785	312
– Related parties	<u>2,744</u>	<u>–</u>
	<u><u>3,529</u></u>	<u><u>312</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 90 days	3,040	312
Over 90 days	<u>489</u>	<u>–</u>
	<u><u>3,529</u></u>	<u><u>312</u></u>

The payment terms with suppliers are generally within 30 days (*2021: 30 days*).

13. DISPOSAL OF SUBSIDIARIES

During the year, the loss on disposal of subsidiaries in sum of HK\$476,000 was recognised, details are as follows:

(i) **Disposal of a subsidiary – Sande Argo GmbH (“Sande Argo”)**

On 16 December 2021, Skylimit Ventures Limited (“Skylimit”), a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with WARD GmbH & Co. KG, an independent third party, to dispose of its 100% equity interests in Sande Argo, a wholly-owned subsidiary of the Group at a consideration of EUR310,000 (*equivalent to HK\$2,679,000*) (the “Disposal”). The consideration of was fully settled by cash. The Disposal was finally completed on 10 January 2022.

	<i>HK\$’000</i>
Consideration	
Cash consideration received	<u><u>2,679</u></u>
Net assets (liabilities) being disposed of:	
Property and equipment	3,168
Bank balances – general accounts and cash	9
Other payable	<u>(26)</u>
Net assets upon disposal	3,151
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity to profit or loss upon disposal of a subsidiary	(117)
Loss on disposal of a subsidiary	<u>(355)</u>
Consideration	<u><u>2,679</u></u>
Net cash inflow on disposal of a subsidiary	
Cash consideration received	2,679
Less: Bank balances and cash disposed of	<u>(9)</u>
	<u><u>2,670</u></u>

13. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(ii) Deregistration of a subsidiary – Blue Sky Recycling Technology (Tokyo) Company Limited (“BSRT (Tokyo)”)

BSRT (Tokyo), a non-wholly owned subsidiary of the Company was de-registered in June 2022. The amount of HK\$586,000 previously recognised in exchange reserve related to BSRT (Tokyo) was reclassified to profit or loss upon deregistration. A loss on disposal of BSRT (Tokyo) of HK\$121,000 was summarised as follows:

	<i>HK\$'000</i>
Net assets (liabilities) being disposed of:	
Property, plant and equipment	72
Right-of-use assets	91
Accruals and other payables	(537)
Lease liabilities	(91)
	<hr/>
Net liabilities upon disposal	(465)
Cumulative exchange loss in respect of the net assets of the subsidiary reclassified from equity to profit or loss upon disposal of a subsidiary	586
Loss on disposal of a subsidiary	(121)
	<hr/>
Consideration	–
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2022 (“FY2022”), the Group has principally engaged in (a) renewable energy business, (b) waste construction materials and processing service, (c) plastic recycling/metal scrap business, (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. The Group handles the customers’ product specification and discuss product specification with the raw material suppliers, as well as inspects their raw material quality.

The Group has well-established network and partnership in the fields of used cooking oil and biodiesel, which in turn allows the Group to secure constant supply for the operations of the Renewable Energy as well as timely fulfill the demands from the customers. The Group is able to (i) source suitable raw material suppliers in accordance with specified product specification and identify suitable providers; (ii) review customers’ requirements with the raw material suppliers; (iii) inspect and assure raw material quality; (iv) follow up on reprocessing and logistics arrangement; (v) the operations are conducted in accordance with the procedural requirements of the ISCC; (vi) serve as a significant bridge in between both ends to accommodate credit requirements arising from timing difference of credit period in the supply chain; and (vii) provide confidence to the customers regarding the quality of products as the Group possesses ISCC certifications which are world-wide recognized, and help them to meet the requirements set in the Renewable Energy Directive 2018/2001/EU (RED II) and Fuel Quality Directive 2009/30/EC.

Further, the consulting and brokerage firms in relation to wasted-based feedstock and biofuels have been acting as important intermediaries in the industry who will provide valuable market information and foreign customer bases to the market players in the renewable energy business segment. The Group has established solid relationship with various reputable and sizeable consulting and brokerage firms, such as Olyx B.V., Nexus-brokerage and Greenea, for several years which has continuously facilitated the Group to approach and secure a number of new customers.

(I) Products

The Group primarily purchases/collects used cooking oils, recyclable oil and/or biodiesel as well as palm oil mill effluent methyl ester in the People's Republic of China (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 and the PRC through the business partner. The Group is also sourcing used cooking oil directly from suppliers with its own collection trucks in Hong Kong.

The Group has formulated/implemented the following business development plans for the renewable energy business:

(i) Expansion of operating team

During FY2022, the Group has recruited additional new staff with relevant experiences in the trading and collection of used cooking oils in the Hong Kong market to join the operating team (including the sourcing team). The number of staff operating the renewable energy business has expanded to 13 staff.

The expanded team will reinforce the Group's capability to reach its new and potential customers as well as advance its sourcing abilities. The Group targets to further expand its total headcount for the renewable energy business in 2022.

(ii) Commencement of operation of the Group's own storage and processing factory

During FY2022, the Group has successfully set up its own storage and processing factory at an industrial site in Hong Kong to store and process the used cooking oils. The Group has procured the necessary processing machineries and storage facilities for the used cooking oils, including but not limited to those which are to be collected by the Group's own used cooking oil collection trucks.

The processing machineries and storage facilities have been installed, the renovation works have been completed and the relevant licences have been obtained. The Group's factory is ready and has commenced its preliminary operation during the 2nd quarter of 2022.

(iii) Collection of used cooking oils in Hong Kong with the Group's own fleet of trucks

During FY2022, the Group has purchased 6 used cooking oil collection trucks in Hong Kong and begins to collect used cooking oils in Hong Kong with its own capability. It is targeted by the Group to expand its own collection fleet to approximately 10 trucks by the end of 1st half of 2023.

At the same time, the Group has been actively building up its local supplier network, and have entered into contracts with food and beverages providers in Hong Kong which provides the Group the exclusive rights to collect used cooking oils.

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.

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, but the processing operation in Japan had been ceased since April 2022 due to the continuing shortage of feedstock supply under the prolonged pandemic. Besides, the Group was also engaged in the trading of metal scrap, but it was inactive now. During FY2022, the Group has approximately 9 staff operating the plastic recycling/metal scrap business.

(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 and member states of European Union (EU).

(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 during the COVID-19 pandemic, 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. During FY2022, the Group has approximately 13 staff operating the healthcare business.

(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.

(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.

Operating Results

The revenue of the Group for FY2022 was approximately HK\$441.3 million (the year ended 30 June 2021 (“FY2021”) approximately HK\$60.3 million), representing over sevenfold increase as compared with FY2021. The increase in revenue was mainly contributed by the renewable energy business segment through the product and market diversification.

The net loss attributable to the owners of the Company for FY2022 was approximately HK\$27.7 million (FY2021: approximately HK\$21.2 million), representing an increase of 30.7% as compared with FY2021. Although the tremendous sales growth in the renewable energy business segment brought a promising segment result of approximately HK\$3.9 million, the healthcare segment had incurred a loss of approximately HK\$8.5 million which was mainly attributable to the depreciation on fixed assets of clinic and laboratory as well as the staff cost of medical personnel. Moreover, the provision for impairment loss of plant and equipment of approximately HK\$1.7 million and approximately HK\$1.2 million have been made for the plastic recycling business in Japan and Germany respectively. On the other hand, there was a reversal of impairment loss of property, plant and equipment of approximately HK\$1.9 million for the waste construction materials and processing services business segment.

Besides, there was an exchange loss of approximately HK\$1.4 million as compared with the gain of approximately HK\$2.6 million in FY2021, which was derived from the translation of balances denominated in foreign currencies. Given that the COVID-19 pandemic has remained a looming threat over the global economy, as compared to other foreign currencies, the USD had a strong performance during FY2022 being a safe haven currency.

Segment Information

(a) *Renewable energy – trading and processing of recyclable oil/biodiesel*

The Group recorded a revenue of approximately HK\$424.2 million from the trading of recyclable oil/biodiesel for FY2022 (FY2021: approximately HK\$46.0 million). There was over sevenfold increase in sales as compared with FY2021. Such rocketing sales were mainly resulted from the diversification into sales of palm oil mill effluent methyl ester to PRC customers.

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

The revenue of this business segment involves the collection and recycling of waste construction materials and the sale of recycled construction materials. The revenue arising from this sector was approximately HK\$5.2 million for FY2022 (FY2021: approximately HK\$5.0 million). With the long-established trust and relationship with the local construction companies and government authorities as well as the collapse of some competitors in the region during the pandemic, the segment revenue could be maintained at a similar level as compared with FY2021 in such a harsh economic environment.

(c) *Plastic recycling/metal scrap business*

The plastic recycling/metal scrap sector recorded a revenue approximately of HK\$4.2 million for FY2022 (FY2021: approximately HK\$7.2 million). There was a drop of 41.7% in sales as compared with FY2021. The persistent lack of feedstock supply in both Germany and Japan under the COVID-19 pandemic barely kept the minimal operation of the production plants during the year. The Group had made a difficult decision to shut down the operation of the processing plant in Japan due to the severe shortage of feedstock. The successive halts in processing operation and final decision of termination in Japan was also a major reason for the drop in sales revenue.

(d) Money lending business

There was no revenue arising from this sector for FY2022 (FY2021: Nil). Ongoing economic contraction under COVID-19 has lasted longer than expected, the tightening financial conditions leads to more vulnerabilities and instability in credit markets. The Group would restrict credit in order to preserve capital due to anticipated credit writedowns and recession risk in the market.

(e) Healthcare business

The key element of this sector involves the laboratory diagnostic service and clinical health service. The healthcare business recorded a revenue of approximately HK\$7.6 million for FY2022 (FY2021: approximately HK\$2.1 million). The full year operation in FY2022 has brought a threefold increase in revenue. However, the continuing uncertainty of the resumption of quarantine-free travel, change of government's requirements on COVID-19 testing for citizens and keen competition from large medical groups had resulted in a loss of approximately HK\$8.5 million (FY2021: approximately HK\$6.0 million).

EXPENDITURE

For FY2022, total expenditures excluding finance costs were recorded at approximately HK\$52.6 million (FY2021: approximately HK\$41.2 million), of which approximately HK\$10.8 million was derived from the healthcare business segment with a majority portion being staff cost of medical personnel and depreciation of clinical and laboratory equipment.

The staff costs were approximately HK\$22.3 million as compared with that of approximately HK\$15.7 million in FY2021. The increase was mainly resulted from the full year's cost in healthcare business as compared with the approximate 6 months' operation since its start-up in FY2021. Moreover, new staff have been recruited for commencement of the collection and processing operations in renewable energy business.

A net provision for impairment loss of property, plant and equipment of HK\$1.0 million has been made for the plastic recycling business as well as the waste construction materials and processing service business.

There was an exchange loss of approximately HK\$1.4 million as compared with the gain of approximately HK\$2.6 million in FY2021, which was resulted from the translation of balances denominated in foreign currencies. The Federal Reserve turns hawkish and multiple interest hikes are expected in 2022 to contain the decades-high inflation, which has caused the US dollars to rally against a basket of major peers such as the euro and Japanese yen.

FINANCIAL REVIEW

Liquidity, financial resources and cashflow

As at 30 June 2022, the Group had total current assets of approximately HK\$45.1 million (as at 30 June 2021: approximately HK\$56.1 million), including cash and cash equivalents of approximately HK\$33.6 million (as at 30 June 2021: approximately HK\$40.2 million) and the total current liabilities were approximately HK\$28.5 million (as at 30 June 2021: approximately HK\$12.1 million). The current ratio of the Group was approximately 1.6 (as at 30 June 2021: approximately 4.6). The Group has sufficient funds to settle its debts.

As at 30 June 2022, the Group had total assets of approximately HK\$71.6 million (as at 30 June 2021: approximately HK\$90.2 million). The Group did not have external borrowing as at 30 June 2022 and 2021, and therefore gearing ratio was not applicable.

Use of proceeds from the placing of new shares

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

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 Placing:

	Original planned use of net proceeds <i>(HK\$ million)</i>	Used net proceeds up to 16 June 2021 <i>(HK\$ million)</i>	Unused net proceeds as at 16 June 2021 <i>(HK\$ million)</i>	Revised use of unused net proceeds after the change in use of proceeds on 16 June 2021 <i>(HK\$ million)</i>	Used net proceeds up to 30 June 2021 <i>(HK\$ million)</i>	Unused net proceeds as at 30 June 2021 <i>(HK\$ million)</i>	Used net proceeds up to 30 June 2022 <i>(HK\$ million)</i>	Unused net proceeds as at 30 June 2022 <i>(HK\$ million)</i>
Further development of the existing plastic recycling business of the Group	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0
Future expansion of the existing renewable energy business of the Group and future business opportunities to be identified by the Company	8.0	0.0	8.0	0.0	0.0	0.0	0.0	0.0
Additional general working capital of the Group	4.5	4.5	0.0	8.0	0.0	8.0	8.0	0.0
Total	22.5	14.5	8.0	8.0	0.0	8.0	8.0	0.0

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

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong, Germany and Japan, with revenue and expenditures denominated in US dollars, euro and Japanese yen. The operating results of the Group may be affected by the volatility of foreign currencies. In addition, we are exposed to foreign currency risks arising from certain bank balances which are denominated in Renminbi, US dollars and euro. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 30 June 2022, there were no derivative financial instruments employed by the Group.

Seasonal or Cyclical Factors

During FY2022, the Group's business operations are not significantly affected by any seasonal and cyclical factor.

Material Acquisitions and Disposals of Subsidiaries and Associates

Save for disclosed in note 13 to this announcement, there was no material acquisition and disposal of subsidiaries and associated companies for FY2022.

Capital Commitments

As at 30 June 2022, the Group did not have any material capital commitment (as at 30 June 2021: Nil).

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities (as at 30 June 2021: Nil).

BUSINESS OUTLOOK AND FUTURE PROSPECTS

In FY2022, the global economy have remained to be full of volatilities and uncertainties. The US Federal Reserve are taking hawkish approaches to tame the decades-high inflation and multiple interest hikes are expected in 2022. The continuation of the Russia-Ukraine tension and increasing geopolitical risks have caused additional risks and volatilities to the global economy, and has further affected the global supply chains which have already been severely disrupted by COVID-19. On the other hand, China is implementing monetary and fiscal stimulus policies to restore the confidence of consumers and investors and stabilize its economy. Hong Kong has experienced an unprecedented fifth wave of COVID-19 which is the most severe resurgence of infected cases since early 2020. Borders between China mainland and Hong Kong remain under tight control which delays the resumption of growth in cross border business activities.

Currently, renewable energy collectively provides around 7% of the world's energy demand. It is set for an unprecedented boom of the renewable energy segment in the next few years. Governments of various developing and developed countries have focused on promoting renewable energy sources due to increase in output efficiency, less pollution, and low maintenance costs. More and more government policies are aiming at finding alternatives to fossil fuels, and improving the climate change. Under the European Climate Law, the EU has a legally binding commitment to reach net zero greenhouse gas (GHG) emissions by 2050. On 14 July 2021, the European Commission published a proposal to revise the Renewable Energy Directive to increase the current EU-level target set in the 2018 directive of 'at least 32%' of renewable energy sources in the overall energy mix to at least 40% by 2030. All these factors collectively surge the demand for renewable energy, thereby augmenting the global renewable energy market growth.

In view of the booming biodiesel industry in the global market, the Group had increased its headcount for the renewable energy segment during FY2022, and has been planning to reallocate more financial and manpower resources to strengthen the supply chain of the renewable energy business in Hong Kong. To this end, the Group has built up its own factory, team and fleet of trucks to commence its operation in collecting used cooking oils in Hong Kong.

The international shipping capacity have yet to return to the pre-pandemic normal conditions. As rising global demand will continue to be met with limited increases in shipping capacity and the disruptive effects of local lockdowns. This mismatch between surging demand and de facto reduced supply capacity had thus led to record container freight rates on practically all container trade routes since 2020. With prices estimated to remain at these levels until 2023, the Group had made diversification of its product in renewable energy business into palm oil mill effluent methyl ester and extension of customer base to South East Asia countries and the PRC.

The on-going Omicron variant pandemic has continued to unleash fresh rounds of fear and uncertainty to the global economy as a whole. The global economy will continue to be volatile due to the pandemic, geopolitical uncertainties and the intensifying inflation and gradual interest rate hikes. We will maintain a cautious and proactive approach regarding the risk and credit control of our operation and business development. We are committed to continue to focus our development and investment in the renewable energy business in order to capture the upcoming potential growth in the industry.

In view of the challenges ahead, the Group will continue to take prudent and cautious approach in developing its existing businesses, and adopt diversified strategies with a view to respond to different situations to ensure that the overall business maintains stable development.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had 57 employees (As at 30 June 2021: 54 employees) in Hong Kong, the PRC and Germany.

The Group offered competitive remuneration package as an incentive to staff for career advancement and improvements. The Company has in place a share option scheme as a mean to encourage and reward the eligible employees' (including Directors) 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.

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.

DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 30 June 2022 and 2021.

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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company conducts regular reviews of its corporate governance practices to ensure compliance with the CG Code. During the year, the Company has complied itself with all the CG Code except the following:

Deviation from Code Provision A.2.1 of the CG Code

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquired of all Directors, that they have fully complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors namely, Mr. Tam Chun Wa, Mr. Sze Cheung Pang and Mr. Lau Ka Wing as the report dated. The audit committee has reviewed the audited consolidated financial statements for the year ended 30 June 2022.

SCOPE OF WORK OF MAZARS CPA LIMITED (“MAZARS”)

The figures in respect of the Group’s results for the year ended 30 June 2022 as set out in the preliminary announcement have been agreed by Mazars, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 30 June 2022. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars on the preliminary announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT

The annual report of the Company for the year ended 30 June 2022 containing all the information required by the Listing Rules also be available at the Company’s and the Stock Exchange’s website will be dispatched to the Company’s shareholders in due course.

The results announcement is published on Company’s website (www.greenenergy.hk) and the Stock Exchange’s website.

By order of the Board
Green Energy Group Limited
Wong Sai Hung
Chairman

Hong Kong, 29 September 2022

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