

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

Green Economy Development Limited

綠色經濟發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1315)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Green Economy Development Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2022, together with the comparative figures for the corresponding period in 2021:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	1,314,531	2,486,622
Cost of sales and services		<u>(1,330,846)</u>	<u>(2,403,947)</u>
Gross (loss)/profit		(16,315)	82,675
Other income		9,037	7,355
Other gain		246	34
Selling expenses		(4,060)	(6,399)
Administrative expenses		(23,620)	(26,847)
Impairment losses on trade receivables		<u>(1,862)</u>	<u>—</u>
(Loss)/profit from operations		(36,574)	56,818
Finance costs	5	<u>(25,186)</u>	<u>(4,826)</u>
(Loss)/profit before tax		(61,760)	51,992
Income tax expenses	7	<u>(4,992)</u>	<u>(12,797)</u>
(Loss)/profit for the period	6	<u>(66,752)</u>	<u>39,195</u>

	Six months ended	
	30 September	
	2022	2021
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other comprehensive income for the period, net of tax:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(17,914)</u>	<u>2,624</u>
Other comprehensive income for the period, net of tax	<u>(17,914)</u>	<u>2,624</u>
Total comprehensive income for the period	<u><u>(84,666)</u></u>	<u><u>41,819</u></u>
(Loss)/profit for the period attributable to:		
Owners of the Company	(66,630)	40,485
Non-controlling interests	<u>(122)</u>	<u>(1,290)</u>
	<u><u>(66,752)</u></u>	<u><u>39,195</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	(84,544)	43,109
Non-controlling interests	<u>(122)</u>	<u>(1,290)</u>
	<u><u>(84,666)</u></u>	<u><u>41,819</u></u>
(Loss)/earnings per share	8	
Basic (HK cents per share)	<u><u>(0.89)</u></u>	<u><u>0.61</u></u>
Diluted (HK cents per share)	<u><u>(0.89)</u></u>	<u><u>0.61</u></u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2022

		As at 30 September 2022	As at 31 March 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		2,589	3,531
Right-of-use assets		<u>3,610</u>	<u>5,199</u>
		<u>6,199</u>	<u>8,730</u>
Current assets			
Inventories		14,311	79,806
Trade and other receivables	10	355,789	322,628
Contract assets		171,240	275,693
Financial assets at fair value through profit or loss ("FVTPL")		1,024	1,083
Pledged bank deposits		59,991	59,832
Bank and cash balances		<u>105,151</u>	<u>132,908</u>
		<u>707,506</u>	<u>871,950</u>
Current liabilities			
Trade and other payables	11	346,489	396,814
Lease liabilities		2,545	3,108
Contract liabilities		22,451	41,486
Amounts due to related parties	13	12,112	17,479
Amount due to a director	13	4,300	2,680
Loans from a related party	13	102,124	218,878
Other loans		5,605	4,105
Current tax liabilities		<u>23,256</u>	<u>20,447</u>
		<u>518,882</u>	<u>704,997</u>
Net current assets		<u>188,624</u>	<u>166,953</u>
Total assets less current liabilities		<u>194,823</u>	<u>175,683</u>

		As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current liabilities			
Accruals and other payables	<i>11</i>	487	487
Lease liabilities		484	1,678
Loan from a related party	<i>13</i>	105,000	—
		<u>105,971</u>	<u>2,165</u>
NET ASSETS		<u>88,852</u>	<u>173,518</u>
Capital and reserves			
Share capital	<i>12</i>	15,000	15,000
Reserves		77,929	162,473
		<u>92,929</u>	177,473
Equity attributable to owners of the Company		(4,077)	(3,955)
Non-controlling interests		<u>88,852</u>	<u>173,518</u>
TOTAL EQUITY		<u>88,852</u>	<u>173,518</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

1. GENERAL INFORMATION

Green Economy Development Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law (Revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 2010, 20/F., No. 118 Connaught Road West, Hong Kong. The Company’s shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group is principally engaged in the provision of building construction services, property maintenance services, alterations, renovation, upgrading and fitting-out works services and trading of materials.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 March 2022.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 March 2022. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2022 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group has four (2021: four) operating segments as follows:

- (a) Building construction and other construction related business
- (b) Alterations, renovation, upgrading and fitting-out works
- (c) Property maintenance
- (d) Trading of materials

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that certain other income and gain/loss, finance costs, and gain on deregistration of subsidiaries as well as head office and corporate expenses are excluded from such measurement.

There were no intersegment sales or transfers during the period (2021: Nil).

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

	Building construction and other construction related business	Alterations, renovation, upgrading and fitting- out works	Property maintenance	Trading of materials	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended					
30 September 2022					
Segment revenue					
— External customers	102,146	153,603	296,080	762,702	1,314,531
Segment (loss)/profit	<u>(43,001)</u>	<u>(5,454)</u>	<u>40,337</u>	<u>(13,662)</u>	<u>(21,780)</u>
Unallocated other income					7,152
Other gain					246
Administrative expenses					(22,192)
Finance costs					<u>(25,186)</u>
Loss before tax					<u><u>(61,760)</u></u>

	Building construction and other construction related business <i>HK\$'000</i> (Unaudited)	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i> (Unaudited)	Property maintenance <i>HK\$'000</i> (Unaudited)	Trading of materials <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended					
30 September 2021					
Segment revenue					
— External customers	131,344	133,952	357,435	1,863,891	2,486,622
Segment profit	<u>2,575</u>	<u>3,404</u>	<u>46,315</u>	<u>23,948</u>	76,242
Unallocated other income					5,398
Other gain					34
Administrative expenses					(24,856)
Finance costs					<u>(4,826)</u>
Profit before tax					<u>51,992</u>

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by primary geographical markets and timing of revenue recognition.

For the six months ended	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Total	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Primary geographical markets										
Hong Kong	2,060	1,335	151,654	127,226	296,080	357,435	—	—	449,794	485,996
PRC except Hong Kong	—	—	—	—	—	—	762,702	1,863,891	762,702	1,863,891
Singapore	100,086	130,009	1,949	6,726	—	—	—	—	102,035	136,735
Revenue from external customers	<u>102,146</u>	<u>131,344</u>	<u>153,603</u>	<u>133,952</u>	<u>296,080</u>	<u>357,435</u>	<u>762,702</u>	<u>1,863,891</u>	<u>1,314,531</u>	<u>2,486,622</u>
Timing of revenue recognition										
Goods and services transferred at a point in time	—	—	—	—	—	—	762,702	1,863,891	762,702	1,863,891
Services transferred over time	102,146	131,344	153,603	133,952	296,080	357,435	—	—	551,829	622,731
Total	<u>102,146</u>	<u>131,344</u>	<u>153,603</u>	<u>133,952</u>	<u>296,080</u>	<u>357,435</u>	<u>762,702</u>	<u>1,863,891</u>	<u>1,314,531</u>	<u>2,486,622</u>

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	30 September 2022	31 March 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Receivables, which are included in “Trade and other receivables”	141,968	218,275
Contract assets	171,240	275,693
Contract liabilities	<u>22,451</u>	<u>41,486</u>

The contract assets primarily relate to the Group’s rights to consideration for work completed but not billed at the reporting date on building construction and other construction related business, alterations, renovation, upgrading and fitting-out works and property maintenance services. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the short-term advances received to render construction services and receipt in advance from customers for purchasing iron ores and cast iron.

The amount of HK\$41,486,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 September 2022.

5. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Banks and other loans	188	142
Lease liabilities	77	54
Loans from a related party (<i>Note 13(a)</i>)	<u>24,921</u>	<u>4,630</u>
	<u>25,186</u>	<u>4,826</u>

6. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period is arrived at after charging/(crediting):

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,138	1,269
Depreciation of right-of-use assets	1,572	2,205
Rent concession	—	(26)
Lease payments not included in the measurement of lease liabilities	77	54
Bank interest income	(282)	(174)
Interest income from sub-contractors	(1,023)	(1,456)
Gain on disposal of property, plant and equipment	(246)	(34)

7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong	4,992	6,801
— Elsewhere	—	5,996
	<u>4,992</u>	<u>12,797</u>

Pursuant to the rules and regulations of the Cayman Islands, Republic of Seychelles and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in these regions.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% (2021: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profit Tax has been provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2021: 25%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted (loss)/earnings per share are based on:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(66,630)</u>	<u>40,485</u>

	Six months ended	
	30 September	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	<u>7,500,000</u>	<u>6,623,799</u>

As the effect of the Company's outstanding share options were anti-dilutive, the Company did not include the effect of such dilutive potential ordinary shares arising from the outstanding share options in the weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share during the six months ended 30 September 2022 and 30 September 2021.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months from 1 April 2022 to 30 September 2022 (six months from 1 April 2021 to 30 September 2021: Nil).

10. TRADE AND OTHER RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade receivables	143,830	218,275
Less: impairment losses	(1,862)	—
	141,968	218,275
Prepayments	126,739	81,920
Deposits and other receivables (<i>note</i>)	87,082	22,433
	213,821	104,353
	355,789	322,628

Note: As at 30 September 2022, approximately HK\$8,256,000 (as at 31 March 2022: HK\$8,485,000) of deposits were pledged to certain insurance companies to secure the performance bonds.

The Group's trading terms with other customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of allowance, is as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
0 to 90 days	103,439	214,033
91 to 180 days	18,334	739
181 to 365 days	20,195	3,499
Over 365 days	—	4
	141,968	218,275

11. TRADE AND OTHER PAYABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade payables	136,521	137,706
Retention payables	<u>60,760</u>	<u>59,134</u>
	<u>197,281</u>	<u>196,840</u>
Accruals and other payables	149,695	200,461
Less: non-current portion	<u>(487)</u>	<u>(487)</u>
	<u>149,208</u>	<u>199,974</u>
	<u><u>346,489</u></u>	<u><u>396,814</u></u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods or services consumed, is as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
0 to 90 days	121,295	134,889
91 to 180 days	11,052	40
181 to 365 days	4,174	683
Over 365 days	<u>—</u>	<u>2,094</u>
	<u><u>136,521</u></u>	<u><u>137,706</u></u>

Trade payables are non-interest-bearing and are normally settled on 30 to 60 days terms.

12. SHARE CAPITAL

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.002 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
7,499,999,994 ordinary shares of HK\$0.002 each	<u>15,000</u>	<u>15,000</u>

13. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses paid to a director of certain subsidiaries of the Company (<i>Note</i>)	<u>24,921</u>	<u>4,630</u>

Note: The interest expense was loan interest charged on loans from Mr. Wong Law Fai, a director of certain subsidiaries of the Company, pursuant to loan agreements dated 1 December 2013 and 19 September 2022 respectively. The amounts due to and loans from a related party are detailed in note 13(b) below.

- (b) Outstanding balances with related parties:

The loans from a related party as at 31 March 2022 were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The loans are unsecured and bear interest at 3.8% per annum and repayable in September 2021. In the event of default of repayment, the amounts in default were interest bearing at 2% per month.

On 19 September 2022, Wan Chung Construction Company Limited (“Wan Chung”) repaid approximately HK\$42,041,000 to Mr. Wong Law Fai as settlement of part of the principal sum and default interest of the aforementioned outstanding loans.

On the same date, Magic Choice Holdings Limited (“Magic Choice”), Wan Chung and Mr. Wong Law Fai entered into the new agreements to refinance the balance of the aforementioned outstanding loans, under which Mr. Wong Law Fai agreed to grant new loans in the amount of approximately HK\$102,124,000 and HK\$105,000,000 to Magic Choice and Wan Chung, respectively. The applicable interest rate for the each of the aforesaid loans shall be 9.8% per annum. The maturity dates of loans to Magic Choice and Wan Chung are first and second anniversary of the drawdown date of the loans respectively.

In addition, the aforementioned parties entered into a deed of novation on the same date, under which Wan Chung has agreed to release and discharge Magic Choice from inter-companies balance of approximately HK\$55,096,000 owed by Magic Choice to Wan Chung in exchange for Magic Choice’s assumption of a part of the Outstanding Loans equal to the amount of such intercompany balance released and discharged Magic Choice’s assumption of part of the Outstanding Loans owed by Wan Chung to Mr. Wong Law Fai for an amount of approximately HK\$55,096,000 is reflected in the amount of the loan agreed to be granted under the relevant Loan Agreements to each of Wan Chung and Magic Choice.

Apart from the loans mentioned above, the amounts due to a director and related parties are unsecured, non-interest bearing and repayable on demand.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	7,993	5,918
Share-based payments	—	1,761
	<u>7,993</u>	<u>7,679</u>

(d) Performance bond of approximately HK\$34,067,000 (31 March 2022: HK\$44,354,000) was guaranteed by Mr. Wong Law Fai, a director of certain subsidiaries of the Company.

(e) Mr. Wong Law Fai provided a back-to-back guarantee of HK\$56,613,000 (31 March 2022: HK\$57,885,000) to the certain subsidiaries of the Group in relation to financial guarantee of certain construction projects.

The related party transactions in respect of items (a), (d) and (e) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and the Group has complied with the requirement in Chapter 14A of the Listing Rules.

14. EVENT AFTER THE REPORTING PERIOD

Pursuant to the Company's announcement dated 30 September 2022, on 13 September 2022, Samba Sky Investments Limited ("Samba Sky"), an indirect wholly-owned subsidiary of the Company, informed Wan Chung Construction (Singapore) Pte. Ltd. ("Wan Chung Singapore", a direct wholly-owned subsidiary of Samba Sky and an indirect wholly-owned subsidiary of the Company) that it authorised the directors of Wan Chung Singapore to proceed to take steps to place Wan Chung Singapore in liquidation (the "Liquidation") and to appoint liquidator of Wan Chung Singapore.

On 19 September 2022, the board of directors of Wan Chung Singapore passed the resolutions to appoint the provisional liquidators of Wan Chung Singapore.

On 18 October 2022, an extraordinary general meeting of Wan Chung Singapore regarding resolution for creditors' voluntary winding-up has been passed and a meeting of the creditors of Wan Chung Singapore being held for the purposes of the Liquidation.

Except for disclosed above, there is no other event after the reporting period that should be notified to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interim Results

For the half year ended 30 September 2022 (the “Period”), the Group recorded a turnover of approximately HK\$1,315 million representing a decrease of approximately 47.1% as compared to approximately HK\$2,487 million of the same period in 2021 (the “Prior Interim Period”).

With increase in incurring in costs, the Group recorded a gross loss of approximately HK\$16.3 million (Prior Interim Period: gross profit of approximately HK\$82.7 million) for the Period.

The segment results are discussed in the Review of Operations section below.

The loss attributable to owners of the Company for the Period was approximately HK\$66.6 million (Prior Interim Period: profit attributable to owners of the Company of approximately HK\$40.5 million).

Loss per share for the Period was approximately HK0.89 cent (Prior Interim Period: earnings per share of approximately HK0.61 cent).

(2) Review of Operations

(i) *Building Construction and Other Construction Related Business*

Revenue for the building construction segment for the Interim Period was approximately HK\$102,146,000 (Prior Interim Period: approximately HK\$131,344,000).

Segment result changed from Prior Interim Period segment profit of approximately HK\$2,575,000 to segment loss of approximately HK\$43,001,000 in the Interim Period.

Segment revenue and segment result of both Prior Interim Period and the Interim Period were substantially contributed by operations of building construction projects in Singapore. The virus pandemic is causing a downturn in construction business in Singapore generally. This has resulted in shortages in staff and more crucially and very significant prices rises in materials and labour. The rise in such prices which far exceeded contractual provisions resulting that Wan Chung Singapore has been making a significant loss in the Interim Period as compared with the Prior Interim Period and has been proceeded into creditors’ voluntary winding-up in October 2022.

(ii) *Alterations, renovation, upgrading and fitting-out works (collectively “A&A works”)*

Revenue for the A&A works segment for the Interim Period was approximately HK\$153,603,000 (Prior Interim Period: approximately HK\$133,952,000) and segment loss was approximately HK\$5,454,000 (Prior Interim Period: segment profit of approximately HK\$3,404,000).

The increase in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from several large scale A&A works projects in Hong Kong which were in full swing operation in the Interim Period.

Segment result changed from the Prior Interim Period segment profit to segment loss of the Interim Period was mainly attributable to additional construction costs in the Interim Period for operation of several large scale A&A works projects in the Interim Period.

(iii) *Property Maintenance*

Revenue for the property maintenance segment decreased from approximately HK\$357,435,000 in the Prior Interim Period to approximately HK\$296,080,000 in the Interim Period and segment profit decreased from approximately HK\$46,315,000 in the Prior Interim Period to approximately HK\$40,337,000 in the Interim Period.

The property maintenance projects mainly included maintenance works for public sectors. The decrease in segment revenue was mainly attributable to a large-scale and long-term property maintenance contract, with contract value of approximately HK\$956 million secured in 2021, which was in the early stage in the Interim Period that had contributed less segment revenue in the Interim Period.

The decrease in segment profit was mainly attributable to the full swing operations of a more profitable, large-scale and long-term property maintenance project in the prior Interim Period.

(iv) *Trading of materials*

Revenue for this segment of the Period represented sales of materials such as iron ores, cast iron and coal of approximately HK\$762,702,000 (Prior Interim Period: approximately HK\$1,863,891,000).

Segment loss was approximately HK\$13,662,000 (Prior Interim Period: segment profit of approximately HK\$23,948,000). Segment loss was mainly attributable to the drop in market selling prices of materials affected by decreasing demand during the period.

(3) Future Plans and Prospects

Financial resources

References were made to the sections of “Disclaimer Of Opinion”, “Basis For Disclaimer Of Opinion” and “The Board’s Response to the Auditor’s Opinion” in the 2022 annual report of the Company, as well as made to the Company’s announcement (“**Loans-update Announcement**”) dated 19 September 2022.

In view of Wan Chung’s partial repayment to the lender which decreased the total amount of indebtedness owed, and the refinancing arrangements as disclosed in the Loans-update Announcement, it was considered that there has been significant progress made and the Company will continue to strive to finalise and implement the Action Plans towards the removal of the audit modification on going concern in the auditor’s report for the financial year ending 31 March 2023.

Building construction, property maintenance and A&A works

Hong Kong’s building industry achieved a mild growth in the first half of year 2022. With the support of the global economic recovery and government investment in infrastructure projects, we expect the growth will continue in the construction sector.

While the market sentiment is improving, factors like hyperinflation and shortage of skilful construction workers are driving strong price competition and low profit margins.

2023 will be a challenging year for all construction companies while the industry grapples with managing uncertainties and volatilities of the global environment. The Company holds an optimistic but cautious outlook to the immediate future as Hong Kong progresses towards a path of recovery. To help the Company continue to navigate through the residual impacts of the Covid-19 pandemic, we will keenly focus on operational costs control in order to maintain liquidity and competitiveness in the market. Additionally, we will leverage our accumulated experience and understanding in the industry to selectively explore other construction business opportunities to lower our business risks.

Following the commencement of the creditors’ voluntary winding-up of Wan Chung Singapore, the Group has ceased to have construction business and operation in Singapore.

Trading of materials business

- I. Rationality of the existence of trade agent market: Given that domestic iron and steel enterprises purchase iron ore from foreign iron ore enterprises through a dual system, some qualified large steel enterprises implement the Benchmark Prices, while small unqualified steel enterprises adopt the Spot Prices that is higher than the Benchmark Prices. The international trade of iron ore is characterized by strong professionalism, frequent market fluctuations and unstable supply, which is extremely risky for buyers. Therefore, most small iron and steel enterprises entrust trader agents to import iron ore, and some large iron and steel enterprises

with direct purchase agreements also entrust reputable trader agents to import iron ore, so as to ensure the stability of iron ore supply. This is the value of the existence of the iron ore trade agent market.

II. *Industry Status and Trend*

1. Policy factor: according to the Outline of 14th Five-Year Plan for the Development of Iron Ore Industry issued by China, it is clearly required that the growth of iron ore industry shall increase 70% by 2021, which have made each local government correspondingly introduce local policies to improve the industry penetration.
2. Economic factor: currently, the market size of iron ore has reached RMB500 billion, with a steady upward trend of the overall market. With the effective control of the epidemic, the demand for the iron and steel industry has increased, which was driven by gradual implementation of major national infrastructure projects and the recovery of the demand of downstream markets like automobile. It has increased the profit of the steel and improved the enthusiasm of the iron and steel enterprises to increase production, thereby generating strong demand for iron ores. The trade of iron ore and even the steel industry will continuously have a strong development under the effect of China's macro policies.

III. *Development plan of the Company's business (partly selected from the business plan)*

The Company's corporate development goal: we will establish a port of ore blending integration platform based on modern supply chain management. Through scientific blending of ore, the final blended ore products can meet the production demand of various steel enterprises, so as to provide stable raw material supply guarantee for iron and steel enterprises. The Company will strive to develop into a core supply chain enterprise of large domestic iron and steel enterprises. Through the advantages of call auction, the Company will save logistics costs in multiple logistics links such as import order, shipping, port yard, scientific ore blending and inland transshipment. In the future, the Company will become a professional iron ore product and service integrator and service and product agent in iron ore industry. It will develop a supply chain management software system with independent intellectual property rights, by using modern network information technology and listed company platform, so as to realize the integration of supply chain in the industry, optimize the cost, and achieve the smooth coordination of logistics, capital flow and information flow, as well as obtaining greater revenue from management services for the Company.

Notwithstanding the loss incurred in the interim period resulted from current fluctuation in the relevant market, the management of the Group considers that the trading business would continue to generate income and contribute profit to the Group in the long run, and the Group would continue to explore and strive to diversify and develop its trading businesses in the coming years.

(4) Material Acquisitions and Disposal of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries or associated companies by the Group during the Period.

(5) Liquidity and Financial Resources

The Group maintained a healthy financial position. As at 30 September 2022, the current assets and current liabilities were stated at approximately HK\$707.5 million (as at 31 March 2022: approximately HK\$872.0 million) and approximately HK\$518.9 million (as at 31 March 2022: approximately HK\$705.0 million), respectively. The current ratio increases from 1.24 times as at 31 March 2022 to 1.36 times as at 30 September 2022. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2022, the Group had total cash and bank deposits of approximately HK\$165.1 million (as at 31 March 2022: approximately HK\$192.7 million).

As at 30 September 2022, total interest-bearing loans amounted to approximately HK\$212.7 million (31 March 2022: approximately HK\$223.0 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2022, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK\$110 million (31 March 2022: approximately HK\$110 million) and approximately HK\$16.5 million (31 March 2022: approximately HK\$23.6 million) of the credit facilities has been utilized.

As at 30 September 2022, the gearing ratio of the Group was approximately 29.8% (as at 31 March 2022: approximately 25.3%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

References should be made to the “going concern basis” in note 2 to the consolidated financial statements for the year ended 31 March 2022, and “The Board’s Response to the Auditor’s Opinion” in the 2022 annual report of the Company, as well as made to the Company’s announcement dated 19 September 2022.

References should also be made to notes 13(b) and 14 to the condensed consolidated financial statements for the six months ended 30 September 2022 in this announcement.

(6) Foreign Exchange and Interest Rate Risk

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which

they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar, Singapore dollar and Renminbi. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required.

Similarly, the Group currently does not have an interest rate hedging policy and the Group monitors interest rate risks continuously and considers hedging any excessive risk when necessary.

(7) Pledge of Assets

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the banking facilities and performance bonds granted to the Group:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Other receivables	8,256	8,485
Bank deposits	<u>59,991</u>	<u>59,832</u>
	<u>68,247</u>	<u>68,317</u>

(8) Contingent Liabilities

At the end of each reporting period, the Group had provided the following guarantees:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Guarantees in respect of performance bonds in favor of its clients	<u>96,364</u>	<u>116,153</u>

(9) Event after the Reporting Period

Pursuant to the Company's announcement dated 30 September 2022, on 13 September 2022, Samba Sky Investments Limited ("Samba Sky"), an indirect wholly-owned subsidiary of the Company, informed Wan Chung Construction (Singapore) Pte. Ltd. ("Wan Chung Singapore", a direct wholly-owned subsidiary of Samba Sky and an indirect wholly-owned subsidiary of the Company) that it authorised the directors of Wan Chung Singapore to proceed to take steps to place Wan Chung Singapore in liquidation (the "Liquidation") and to appoint liquidator of Wan Chung Singapore.

On 19 September 2022, the board of directors of Wan Chung Singapore passed the resolutions to appoint the provisional liquidators of Wan Chung Singapore.

On 18 October 2022, an extraordinary general meeting of Wan Chung Singapore regarding resolution for creditors' voluntary winding-up has been passed and a meeting of the creditors of Wan Chung Singapore being held for the purposes of the Liquidation.

Except for disclosed above, there is no other event after the reporting period that should be notified to the shareholders of the Company.

(10) Movement of Incomplete Contracts for the six months ended 30 September 2022

	31 March 2022	Contracts Secured	Contracts Completed	30 September 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Building Construction	1,277,968	—	(1,277,968)	—
Property Maintenance	2,381,168	—	(4,059)	2,377,109
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>477,974</u>	<u>7,895</u>	<u>(68,376)</u>	<u>417,493</u>
	<u><u>4,137,110</u></u>	<u><u>7,895</u></u>	<u><u>(1,350,403)</u></u>	<u><u>2,794,602</u></u>

(11) Employees and Remuneration Policies

As at 30 September 2022, the Group employed a total of 193 staff (as at 30 September 2021: 422 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK\$71.1 million for the Period (Prior Interim Period: approximately HK\$68.3 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package are consisted of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

INTERIM DIVIDEND

The directors of the Company (the “Directors”) do not recommend the payment of dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures.

Save as disclosed below, the Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the “CG Code”) throughout the six months ended 30 September 2022.

Code Provision C.1.6

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, two of the independent non-executive directors were unable to attend the Company’s annual general meeting held on 30 September 2022.

Code provision C.2.1

Roles of the chairman and the chief executive

Under the code provision C.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing.

The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Chau Chit during the period from 1 April 2022 to 30 September 2022.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 and 23 September 2015 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information and risk management of the Group, oversee the financial reporting system and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Wai Kwan (the chairman of the Audit Committee), Mr. Tam Tak Kei Raymond, and Dr. Wong Lee Ping.

The Audit Committee has reviewed with the management the Group's interim results for the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (<http://www.greeneconomy.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>). The 2022 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

By Order of the Board
Green Economy Development Limited
Chau Chit
Chairman and Chief Executive Officer

Hong Kong, 30 November 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chau Chit, Mr. Fung Ka Lun and Mr. Zhu Xiaodong; and three independent non-executive Directors, namely Mr. Tam Tak Kei Raymond, Dr. Wong Lee Ping and Mr. Wong Wai Kwan.