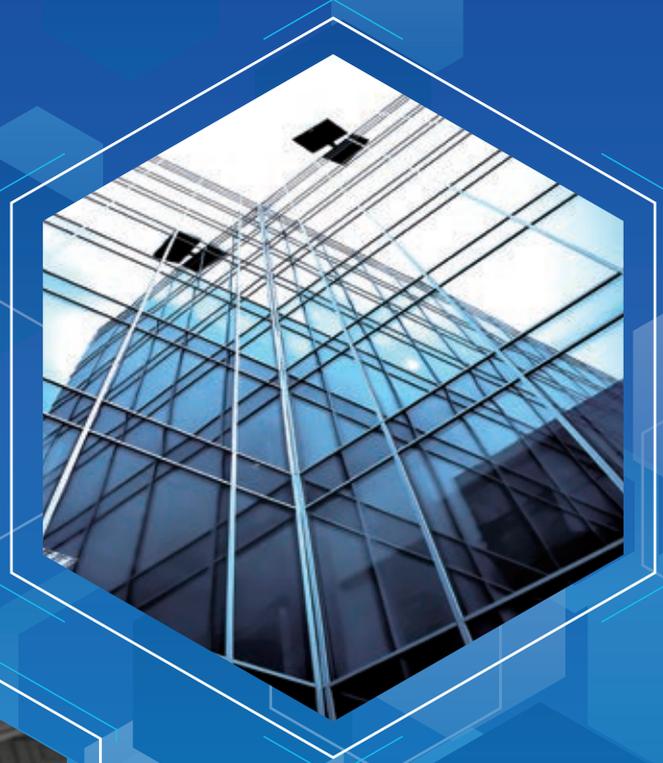


Green Economy Development Limited 綠色經濟發展有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1315

INTERIM REPORT 2022



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CORPORATE INFORMATION

PRESIDENT

Michael Ngai Ming Tak

EXECUTIVE DIRECTORS

Chau Chit (*Chairman*)
Fung Ka Lun
Zhu Xiaodong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tam Tak Kei Raymond
Wong Lee Ping
Wong Wai Kwan

COMPLIANCE OFFICER

Zhang Wan

COMPANY SECRETARY

Cheung Yiu Kuen

AUDIT COMMITTEE

Wong Wai Kwan (*Chairman*)
Tam Tak Kei Raymond
Wong Lee Ping

REMUNERATION COMMITTEE

Tam Tak Kei Raymond (*Chairman*)
Chau Chit
Wong Lee Ping
Wong Wai Kwan

RISK MANAGEMENT COMMITTEE

Chau Chit
Zhu Xiaodong
Wong Wai Kwan

NOMINATION COMMITTEE

Chau Chit (*Chairman*)
Tam Tak Kei Raymond
Wong Lee Ping
Wong Wai Kwan

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2010, 20/F.
No. 118 Connaught Road West
Hong Kong

AUDITOR

RSM Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Limited
DBS Bank Limited
Chong Hing Bank Limited

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Union Registrars Limited
Suites 3301-04, 33/F., Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

COMPANY WEBSITE

www.greeneconomy.com.hk

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.

(2) REVIEW OF OPERATIONS (Continued)

(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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) FUTURE PLANS AND PROSPECTS (Continued)

Building construction, property maintenance and A&A works (Continued)

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 material 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.

(3) FUTURE PLANS AND PROSPECTS (Continued)

Trading of material business (Continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(5) LIQUIDITY AND FINANCIAL RESOURCES (Continued)

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 21(b) and 22 to the condensed consolidated financial statements for the six months ended 30 September 2022 in this report.

(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

Details of the Group’s assets that are pledged to secure banking borrowings and performance bonds facilities granted to the Group, are set out in note 19 to the condensed consolidated financial statements.

(8) CONTINGENT LIABILITIES

The Group’s significant contingent liabilities as at 30 September 2022 are set out in note 20 to the condensed consolidated financial statements.

(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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(9) EVENT AFTER THE REPORTING PERIOD (Continued)

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 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	30 September 2022 HK\$'000
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	477,974	7,895	(68,376)	417,493
	4,137,110	7,895	(1,350,403)	2,794,602

Building Construction segment

Contracts secured for the six months ended 30 September 2022

Contracts	Commencement date	Contract Value HK\$'000
N/A	N/A	N/A
Total		

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022 (Continued)

Property Maintenance segment

Contracts secured for the six months ended 30 September 2022

Contract	Commencement date	Contract value HK\$'000
N/A	N/A	N/A
Total		

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured for the six months ended 30 September 2022

Contracts	Commencement Date	Contract value HK\$'000
Renovation of classrooms at a college, Hong Kong	April 2022	1,515
Civil modification works at Mei Foo Sun Chuen Substation for CLP Power Hong Kong Limited	September 2022	6,380
Total		7,895

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022 (Continued)

Building Construction segment

Contract completed for the six months ended 30 September 2022

Contract	Commencement date	Completion date	Contract value HK\$'000
Design and build of upgrading projects for G20B, Singapore	February 2015	***	193,477
Proposed expansion, upgrading and retrofitting works to existing Moral Home for the Aged Sick at Jalan Bilal, off Bedor Road, Singapore	January 2018	***	120,118
Design, supply & install of covered linkway of Land Transport Authority of Singapore	August 2018	***	219,473
Design and build upgrading projects for Housing Development Board, Singapore	December 2018	***	173,268
Construction of vehicle shelters, pass office extension & ancillary works at campus, Singapore	November 2019	***	46,205
Proposed additions and alterations to existing 2 primary schools in Singapore	January 2020	***	207,922
Development of a 9-storey nursing home, Singapore	September 2020	***	179,909
Additions and alterations at Currency House and Gombak Drive, Singapore	December 2020	***	137,596
Total			1,277,968

Property Maintenance segment

Contracts completed for the six months ended 30 September 2022

Contracts	Commencement date	Completion date	Contract value HK\$'000
Additions and alterations to existing 3-storey conserved shophouse at 78 Arab Street (Kampong Glam conservation area), Singapore	January 2021	***	4,059
Total			4,059

*** Operation of the projects in Singapore were ceased

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022 (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed for the six months ended 30 September 2022

Contracts	Commencement date	Completion date	Contract value HK\$'000
Repartitioning and fitting-out term contract for City University of Hong Kong	August 2019	August 2022	16,500
Improvement works of teaching venues of The Education University of Hong Kong	March 2020	April 2022	16,993
Replacement of fume cupboards in laboratories for Hong Kong Baptist University	June 2021	August 2022	26,921
Design and fitting-out works of new office for EMSD, Hong Kong	November 2021	April 2022	6,447
Renovation of classrooms at a college, Hong Kong	April 2022	September 2022	1,515
Total			68,376

Overall

Contracts secured subsequent to 30 September 2022 and up to the date of the report

Contracts	Commencement date	Contract value HK\$'000
External wall refurbishment works at CLP Power Hong Kong Limited, Shatin Centre, Hong Kong	October 2022	30,072
		30,072

(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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	1,314,531	2,486,622
Cost of sales and services		(1,330,846)	(2,403,947)
Gross (loss)/profit		(16,315)	82,675
Other income	6	9,037	7,355
Other gain	6	246	34
Selling expenses		(4,060)	(6,399)
Administrative expenses		(23,620)	(26,847)
Impairment losses on trade receivables		(1,862)	—
(Loss)/profit from operations		(36,574)	56,818
Finance costs	7	(25,186)	(4,826)
(Loss)/profit before tax		(61,760)	51,992
Income tax expenses	9	(4,992)	(12,797)
(Loss)/profit for the period	8	(66,752)	39,195
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		(17,914)	2,624
Other comprehensive income for the period, net of tax		(17,914)	2,624
Total comprehensive income for the period		(84,666)	41,819
(Loss)/profit for the period attributable to:			
Owners of the Company		(66,630)	40,485
Non-controlling interests		(122)	(1,290)
		(66,752)	39,195
Total comprehensive income for the period attributable to:			
Owners of the Company		(84,544)	43,109
Non-controlling interests		(122)	(1,290)
		(84,666)	41,819
(Loss)/earnings per share	10		
Basic (HK cents per share)		(0.89)	0.61
Diluted (HK cents per share)		(0.89)	0.61

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Notes</i>	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		2,589	3,531
Right-of-use assets	12	3,610	5,199
		6,199	8,730
Current assets			
Inventories		14,311	79,806
Trade and other receivables	14	355,789	322,628
Contract assets		171,240	275,693
Financial assets at fair value through profit or loss ("FVTPL")	13	1,024	1,083
Pledged bank deposits	15	59,991	59,832
Bank and cash balances	15	105,151	132,908
		707,506	871,950
Current liabilities			
Trade and other payables	16	346,489	396,814
Lease liabilities		2,545	3,108
Contract liabilities		22,451	41,486
Amounts due to related parties	21(b)	12,112	17,479
Amount due to a director	21(b)	4,300	2,680
Loans from a related party	21(b)	102,124	218,878
Other loans		5,605	4,105
Current tax liabilities		23,256	20,447
		518,882	704,997
Net current assets		188,624	166,953
Total assets less current liabilities		194,823	175,683

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2022

	<i>Notes</i>	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Non-current liabilities			
Accruals and other payables	16	487	487
Lease liabilities		484	1,678
Loan from a related party	21(b)	105,000	—
		105,971	2,165
NET ASSETS		88,852	173,518
Capital and reserves			
Share capital	17	15,000	15,000
Reserves		77,929	162,473
Equity attributable to owners of the Company		92,929	177,473
Non-controlling interests		(4,077)	(3,955)
TOTAL EQUITY		88,852	173,518

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company											Total equity					
	Issued capital	Share premium account	Share option reserve	Foreign currency transaction reserve	Capital reserve	Legal reserve	Statutory surplus reserve	Other reserve	Accumulated losses	Total	Non-controlling interests ("NCI")						
													(note (i))	(note (18))	(note (ii))	(note (iii))	(note (iv))
													HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (audited)	12,000	300,824	—	14,297	3,642	12	1,459	22,000	(200,075)	154,159	(2,104)	152,055					
Issue of shares on rights issue	3,000	25,475	—	—	—	—	—	—	—	28,475	—	28,475					
Recognition of share-based payments	—	—	1,761	—	—	—	—	—	—	1,761	—	1,761					
Total comprehensive income for the period	—	—	—	2,624	—	—	—	—	40,485	43,109	(1,290)	41,819					
Change in equity for the period	3,000	25,475	1,761	2,624	—	—	—	—	40,485	73,345	(1,290)	72,055					
At 30 September 2021 (unaudited)	15,000	326,299	1,761	16,921	3,642	12	1,459	22,000	(159,590)	227,504	(3,394)	224,110					
At 1 April 2022 (audited)	15,000	326,299	1,746	20,956	3,642	12	1,562	22,000	(213,744)	177,473	(3,955)	173,518					
Total comprehensive income for the period	—	—	—	(17,914)	—	—	—	—	(66,630)	(84,544)	(122)	(84,666)					
Changes in equity for the period	—	—	—	(17,914)	—	—	—	—	(66,630)	(84,544)	(122)	(84,666)					
At 30 September 2022 (unaudited)	15,000	326,299	1,746	3,042	3,642	12	1,562	22,000	(280,374)	92,929	(4,077)	88,852					

Notes:

- (i) Under the Companies Law, Cap 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.
- (ii) Capital reserve comprises the following:
- Wan Chung Construction Company Limited ("Wan Chung") acquired the entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK\$2,776,000 which was deemed to be capital contribution from owners of the Company.
 - Wan Chung recovered indemnified taxation of approximately HK\$866,000 from its former shareholder pursuant to the deed of indemnity which was deemed to be capital contribution from owners of the Company.
- (iii) In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital, Legal reserve is not distributable to shareholders. No transfer was made in current and prior periods as the subsidiary incurred a loss for both periods.
- (iv) Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganization in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited in January 2012.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	14,483	(5,174)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53)	(731)
Proceeds from disposals of property, plant and equipment	246	34
Bank interest received	282	174
Increase in pledged bank deposits	(159)	(8)
Net cash generated from/(used in) investing activities	316	(531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	1,500	—
Repayment to a director	(42,041)	—
Principal element of lease payments	(1,740)	(2,321)
Net proceeds from rights issue	—	28,475
Interest expenses on lease liabilities	(77)	—
Decrease in amount due to related parties	(5,367)	(22,184)
Increase in amount due to a director	6,996	100
Net cash (used in)/generated from financing activities	(40,729)	4,070
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,930)	(1,635)
Effect of foreign exchange rate changes	(1,827)	2,730
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	132,908	148,801
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	105,151	149,896
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	68,051	32,885
Non-pledged time deposits with original maturity of less than three months when acquired	37,100	117,011
	105,151	149,896

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

4. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(a) Disclosures of level in fair value hierarchy at:

Description	At 30 September 2022			
	Fair value measurements using:			
	Level 1	Level 2	Level 3	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Listed equity investment	1,024	—	—	1,024

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

4. FAIR VALUE MEASUREMENT (Continued)

(a) Disclosures of level in fair value hierarchy at: (Continued)

Description	At 31 March 2022			
	Fair value measurements using:			Total HK\$'000 (Audited)
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Listed equity investment	1,083	—	—	1,083

5. 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Building construction and other construction related business HK\$'000 (Unaudited)	Alterations, renovation, upgrading and fitting-out works HK\$'000 (Unaudited)	Property maintenance HK\$'000 (Unaudited)	Trading of materials HK\$'000 (Unaudited)	Total HK\$'000 (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	(43,001)	(5,454)	40,337	(13,662)	(21,780)
Unallocated other income					7,152
Other gain					246
Administrative expenses					(22,192)
Finance costs					(25,186)
Loss before tax					(61,760)
Six months ended 30 September 2021					
Segment revenue					
— External customers	131,344	133,952	357,435	1,863,891	2,486,622
Segment profit	2,575	3,404	46,315	23,948	76,242
Unallocated other income					5,398
Other gain					34
Administrative expenses					(24,856)
Finance costs					(4,826)
Profit before tax					51,992

NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

5. REVENUE AND SEGMENT INFORMATION (Continued)

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 30 September	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (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	102,146	131,344	153,603	133,952	296,080	357,435	762,702	1,863,891	1,314,531	2,486,622
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	102,146	131,344	153,603	133,952	296,080	357,435	762,702	1,863,891	1,314,531	2,486,622

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Receivables, which are included in "Trade and other receivables"	141,968	218,275
Contract assets	171,240	275,693
Contract liabilities	22,451	41,486

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.

NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

6. OTHER INCOME AND OTHER GAIN

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other income		
Interest income from sub-contractors	1,023	1,456
Bank interest income	282	174
Government grants	4,476	4,242
Others	3,256	1,483
	9,037	7,355
Other gain		
Gain on disposal of property, plant and equipment	246	34
	246	34
	9,283	7,389

7. FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on:		
Banks and other loans	188	142
Lease liabilities	77	54
Loans from a related party (Note 21(a))	24,921	4,630
	25,186	4,826

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

8. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (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)

9. INCOME TAX EXPENSES

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

10. (LOSS)/EARNINGS PER SHARE

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

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

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

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.

11. 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).

12. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2022, the Group did not enter into any new lease agreement. Therefore, no additional lease liabilities nor right-of-use assets are recognised (during the six months ended 30 September 2021: the Group entered into a new lease agreement for use of an office for two years with a fixed payment during the contract period and lease liabilities together with related right-of-use assets of HK\$1,941,000 were recognised upon lease commencement).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

13. FINANCIAL ASSETS AT FVTPL

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Financial assets at FVTPL		
Listed equity investments, at fair value		
HLH Group Limited	1,024	1,083

14. 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 (note)	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

14. TRADE AND OTHER RECEIVABLES (Continued)

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

15. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCE

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Cash and bank balances	68,051	107,108
Time deposits at banks mature within three months	37,100	25,800
	105,151	132,908
Pledged bank deposits	59,991	59,832

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$5,897,000 (31 March 2022: approximately HK\$1,052,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between fourteen days and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

16. TRADE AND OTHER PAYABLES

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

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	—	2,094
	136,521	137,706

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

17. 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	20,000	20,000
Issued and fully paid: 7,499,999,994 ordinary shares of HK\$0.002 each	15,000	15,000

18. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 19 December 2011, the Company adopted a share option scheme (the "2011 Scheme") to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

Eligible participants of the Scheme include employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, and business partners or service providers of the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the directors of the Company may determine, which shall not exceed ten years from the date of grant. The exercise price is determined by the directors of the Company and will be at least higher than (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

18. SHARE OPTION SCHEME (Continued)

On 30 September 2021, an ordinary resolution was passed to terminate the 2011 Scheme. A new share option scheme (the "2021 Scheme") becomes in force for ten years from that date.

As at 30 September 2022, there are 149,999,998 share options of the Company granted under the 2021 Scheme, representing approximately 2% of the issued share capital of the Company. Unless otherwise determined by the Directors, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised. The remaining life of the New Scheme is approximately 10 years and to be expired on 29 September 2031.

Details of specific categories of options are as follows:

Year	Date of grant	Vesting period	Exercise period	Exercise price
2021	13 August 2021	N/A	13 August 2021 to 12 August 2026	HK\$0.03

If the option remains unexercised after a period of 5 years from the date of grant, the option expires. Options are forfeited if the employees leave the Group after 3 months.

Option type	Outstanding at 1 April 2022	Granted during period	Outstanding at 30 September 2022
2021	149,999,998	—	149,999,998
Exercisable at the end of the period			149,999,998
Weighted average exercise price	HK\$0.03	N/A	HK\$0.03

The options outstanding at the end of the period have a weighted average remaining contractual life of 3.875 years.

Options were granted on 13 August 2021. The estimated fair values of the options granted on that date is HK\$1,746,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

18. SHARE OPTION SCHEME (Continued)

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

Date of issue	13 August 2021
Share price	HK\$0.029
Exercise price	HK\$0.030
Expected volatility	72.168%
Expected life	5 years
Risk-free rate	0.656%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group did not recognise the expense for the six months ended 30 September 2022 in relation to share options granted by the Company (six months from 1 April 2021 to 30 September 2021: HK\$1,761,000).

19. 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	59,991	59,832
	68,247	68,317

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

20. CONTINGENT LIABILITIES

Compensation to banks or insurance companies due to unsatisfactory performance to customers

Performance bonds amounting to approximately HK\$96,364,000 (31 March 2022: approximately HK\$116,153,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers.

In addition, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

21. 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 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest expenses paid to a director of certain subsidiaries of the Company (Note)	24,921	4,630

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 21(b) below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

21. RELATED PARTY TRANSACTIONS (Continued)

(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 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 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short-term benefits	7,993	5,918
Share-based payments	—	1,761
	7,993	7,679

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

21. RELATED PARTY TRANSACTIONS (Continued)

- (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.

22. 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.

23. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 30 November 2022.

OTHER INFORMATION

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).

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.

SHARE OPTION SCHEMES

On 19 December 2011, the sole shareholder of the Company adopted the share option scheme (the “2011 Scheme”) by way of written resolution which would be valid for a period of ten years. On 30 September 2021, the shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of a new share option scheme (the “2021 Scheme”), which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme. The share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme. Details of 2011 Scheme and 2021 Scheme are as follows:

2011 Scheme

The 2011 Scheme was adopted by the sole Shareholder by way of written resolution on 19 December 2011 and was terminated on 7 October 2021. The terms of the 2011 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company’s performance.

The total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2011 Scheme is 149,999,998 which represents approximately 2% of the shares of the Company in issue as at the date of this interim report. Since the 2011 Scheme was terminated on 7 October 2021, no further options can be granted under the 2011 Scheme. However, the share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme.

Each of the grantees was required to pay HK\$1.00 as a consideration for the grant of share options in accordance with the 2011 Scheme. The offer of share options must be accepted within 7 days from the date of the offer.

OTHER INFORMATION (CONTINUED)

Save as disclosed above, there is no material difference in the terms, which shall be disclosed pursuant to Rule 17.09 of the Listing Rules, between the 2011 Scheme and the 2021 Scheme.

149,999,998 share options were granted on 13 August 2021 in accordance with the terms of the 2011 Scheme. No share option was exercised or cancelled in accordance with the terms of the 2011 Scheme. Details of movements in the share options under the 2011 Scheme during the six months period ended 30 September 2022 are as follows:

Name of grantees	Options to subscribe for shares of the Company			Date of grant	Exercise period	Exercise price per share
	At the beginning of the period	Options granted during the period	At the end of the period			
President of the Company						
Michael Ngai Ming Tak	74,999,999	—	74,999,999	13 August 2021	13 August 2021 – 12 August 2026	HK\$0.03
Director of the Company						
Fung Ka Lun	74,999,999	—	74,999,999	13 August 2021	13 August 2021 – 12 August 2026	HK\$0.03
	149,999,998	—	149,999,998			

2021 Scheme

On 30 September 2021, the shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of the 2021 Scheme, which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme.

The purpose of the 2021 Scheme is to replace the 2011 Scheme. The terms of the 2021 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the 2021 Scheme is to replace the 2011 Scheme and to continue to enable the Company to grant share options to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

There is no option outstanding, granted, exercised, cancelled or lapsed under the 2021 Scheme since its adoption and during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Directors	Capacity	Number of shares/ Underlying shares in the Company <i>(note 1)</i>	Percentage of the issued share capital of the Company <i>(note 1)</i>
Mr. Chau Chit <i>(note 2)</i>	Interest of Controlled Corporation	750,000,000 (L)	10.00%
Mr. Fung Ka Lun <i>(note 3)</i>	Beneficial owner	74,999,999 (L)	1.00%
Mr. Wong Wai Kwan	Beneficial owner	6,250,000 (L)	0.08%

Notes:

- The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 30 September 2022 and the percentage of the issued share capital of the Company is calculated on the basis of 7,499,999,994 shares in issue as at 30 September 2022.
- Mr. Chau Chit, the executive Director, is the ultimate beneficial owner of Mega Start Limited ("Mega Start"). By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 750,000,000 Shares held by Mega Start.
- The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 19 December 2011 (the "2011 Scheme"). Upon exercise of the share options in accordance with the 2011 Scheme, ordinary shares in the share capital of the Company are issuable. The share options are personal to the director. Further details of the share options are set out in the section headed "Share Options Schemes" above.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 September 2022 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name of Shareholders	Capacity	Number of Shares held (note 1)	Percentage of the issued share capital of the Company (note 1)
Million Creation Holdings Limited (note 2)	Beneficial owner	887,500,000 (L)	11.83%
Double Energy Limited (note 2)	Beneficial owner and Interest of controlled corporation	893,856,000 (L)	11.92%
Zhu Kai (note 2)	Interest of controlled corporation	893,856,000 (L)	11.92%
Mega Start Limited	Beneficial owner	750,000,000 (L)	10.00%
Fount Holdings Limited	Beneficial owner	475,000,000 (L)	6.33%
Mr. Tang Hao (note 3)	Interest of controlled corporation	475,000,000 (L)	6.33%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 30 September 2022 and the percentage of the issued share capital of the Company is calculated on the basis of 7,499,999,994 shares in issue as at 30 September 2022.
2. Million Creation Holdings Limited ("Million Creation") is wholly-owned by Double Energy Limited ("Double Energy") and therefore Double Energy, which directly owns 6,356,000 Shares, is deemed to be interested in all the 887,500,000 Shares held by Million Creation by virtue of the SFO, and Double Energy is wholly-owned by Mr. Zhu Kai and therefore Mr. Zhu Kai is deemed to be interested in all the 893,856,000 Shares held by Double Energy and Million Creation by virtue of the SFO.
3. Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Limited.

Save as disclosed above, as at 30 September 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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.

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 believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

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.

OTHER INFORMATION (CONTINUED)

CHAIRMAN'S APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their total dedication, efforts and contribution during such challenging period. I should also thank all of our Shareholders for their support and confidence in us.

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 report, 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.