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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 2023

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 2023, together with the comparative figures for the corresponding period in 2022:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
			(Re-presented)
Continuing operations			
Revenue	4	1,518,615	1,212,496
Cost of sales and services		<u>(1,500,733)</u>	<u>(1,185,700)</u>
Gross profit		17,882	26,796
Other income		3,813	5,018
Other gain and loss		(32)	—
Selling expenses		(1,114)	(4,060)
Administrative expenses		(21,092)	(18,941)
Reversal/(impairment) losses on trade receivables		<u>721</u>	<u>(1,862)</u>
Profit from operations		178	6,951
Finance costs	5	<u>(12,223)</u>	<u>(25,182)</u>
Loss before tax		(12,045)	(18,231)
Income tax expenses	6	<u>(71)</u>	<u>(4,992)</u>
Loss for the period from continuing operation	7	(12,116)	(23,223)
Discontinued operations			
Loss for the period from discontinued operations	8	<u>—</u>	<u>(43,529)</u>

		Six months ended	
		30 September	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Re-presented)
Loss for the period		(12,116)	(66,752)
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>(7,890)</u>	<u>(17,914)</u>
Other comprehensive income for the period, net of tax		<u>(7,890)</u>	<u>(17,914)</u>
Total comprehensive income for the period		<u>(20,006)</u>	<u>(84,666)</u>
Loss for the period attributable to:			
Owners of the Company		(12,115)	(66,630)
Non-controlling interests		<u>(1)</u>	<u>(122)</u>
		<u>(12,116)</u>	<u>(66,752)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		(20,005)	(84,544)
Non-controlling interests		<u>(1)</u>	<u>(122)</u>
		<u>(20,006)</u>	<u>(84,666)</u>
Loss per share	<i>10</i>		
From continuing and discontinued operations			
Basic (HK cents per share)		<u>(2.69)</u>	<u>(17.77)</u>
Diluted (HK cents per share)		<u>(2.69)</u>	<u>(17.77)</u>
From continuing operations			
Basic (HK cents per shares)		<u>(2.69)</u>	<u>(6.16)</u>
Diluted (HK cents per share)		<u>(2.69)</u>	<u>(6.16)</u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		As at 30 September 2023	As at 31 March 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		882	1,122
Goodwill		320	320
Right-of-use assets		<u>4,107</u>	<u>4,072</u>
		<u>5,309</u>	<u>5,514</u>
Current assets			
Inventories		30,023	32,850
Trade and other receivables	<i>11</i>	281,784	299,532
Contract assets		209,943	179,495
Amount due from a related party	<i>14(b)(i)</i>	19,591	19,591
Pledged bank deposits		61,972	60,997
Bank and cash balances		<u>81,242</u>	<u>66,278</u>
		<u>684,555</u>	<u>658,743</u>
Current liabilities			
Trade and other payables	<i>12</i>	358,351	334,010
Contract liabilities		19,802	3,203
Lease liabilities		3,389	2,004
Amounts due to related parties	<i>14(b)(iii)</i>	11,499	11,945
Amount due to a director	<i>14(b)(iii)</i>	2,330	2,330
Other loans		6,950	—
Loans from a related party	<i>14(b)(ii)</i>	—	102,124
Current tax liabilities		<u>6,093</u>	<u>8,678</u>
		<u>408,414</u>	<u>464,294</u>
Net current assets		<u>276,141</u>	<u>194,449</u>
Total assets less current liabilities		<u>281,450</u>	<u>199,963</u>

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Accruals and other payables		487	487
Lease liabilities		938	1,569
Loans from a related party	<i>14(b)(ii)</i>	<u>207,124</u>	<u>105,000</u>
		<u>208,549</u>	<u>107,056</u>
NET ASSETS		<u><u>72,901</u></u>	<u><u>92,907</u></u>
Capital and reserves			
Share capital	<i>13</i>	18,000	18,000
Reserves		<u>58,946</u>	<u>78,951</u>
Equity attributable to owners of the Company		76,946	96,951
Non-controlling interests		<u>(4,045)</u>	<u>(4,044)</u>
TOTAL EQUITY		<u><u>72,901</u></u>	<u><u>92,907</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 1001, 10/F., China Huarong Tower, 60 Gloucester Road, Wan Chai, 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, trading of materials, and transportation services.

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 2023 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 2023.

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

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. leases. Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12. The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by: (i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and (ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. Based on the management’s assessment, there was immaterial impact on the condensed consolidated statement of financial position as at 1 April 2022, 31 March 2023 and 30 September 2023, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. There was also immaterial impact on the opening retained earnings as at 1 April 2022 as a result of the change. The key impact for the Group

relates to disclosure of the deferred tax assets and liabilities recognised. This disclosure will be provided in the annual financial statements. The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2024.

In addition to the adoption of the above amendments to standards, in the current period, the Group has adopted all other 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 2023. They do not have a material effect on the Group's condensed consolidated interim financial statements (unaudited).

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2023 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 (unaudited).

4. REVENUE AND SEGMENT INFORMATION

The Group has five (2022: 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
- (e) Transportation service

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated administrative expenses, certain other income, other gains and losses, finance costs and income tax expenses. Segment assets do not include certain other receivables, pledged bank deposits and bank and cash balances. Segment non-current assets do not include certain property, plant and equipment and certain right-of-use assets. Segment liabilities do not include certain lease liabilities, amounts due to related parties, amount due to a director, loans from a related party, certain trade and other payables and current tax liabilities.

There were no intersegment sales or transfers during the period (2022: 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 <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)	Transportation services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended						
30 September 2023						
Segment revenue						
— External customers	<u>2,408</u>	<u>60,520</u>	<u>322,615</u>	<u>1,119,018</u>	<u>14,054</u>	<u>1,518,615</u>
Segment profit	<u>2,388</u>	<u>3,905</u>	<u>5,695</u>	<u>2,343</u>	<u>1,632</u>	15,963
Unallocated other income						1,877
Administrative expenses						(17,774)
Finance costs						<u>(12,111)</u>
Loss before tax						<u>(12,045)</u>
	Building construction and other construction related business <i>HK\$'000</i> (Unaudited) (Re-presented)	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i> (Unaudited) (Re-presented)	Property maintenance <i>HK\$'000</i> (Unaudited)	Trading of materials <i>HK\$'000</i> (Unaudited)	Transportation services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited) (Re-presented)
Six months ended						
30 September 2022						
Segment revenue						
— External customers	<u>2,060</u>	<u>151,654</u>	<u>296,080</u>	<u>762,702</u>	<u>—</u>	<u>1,212,496</u>
Segment profit/(loss)	<u>13</u>	<u>(5,357)</u>	<u>40,337</u>	<u>(13,662)</u>	<u>—</u>	21,331
Unallocated other income						3,133
Administrative expenses						(17,513)
Finance costs						<u>(25,182)</u>
Loss before tax						<u>(18,231)</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.

	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Transportation service income		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 September	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)								(Re-presented)
Primary geographical markets												
Hong Kong	2,408	2,060	60,520	151,654	322,615	296,080	36,442	—	—	—	421,985	449,794
PRC except Hong Kong	—	—	—	—	—	—	1,082,576	762,702	14,054	—	1,096,630	762,702
Revenue from external customers	<u>2,408</u>	<u>2,060</u>	<u>60,520</u>	<u>151,654</u>	<u>322,615</u>	<u>296,080</u>	<u>1,119,018</u>	<u>762,702</u>	<u>14,054</u>	<u>—</u>	<u>1,518,615</u>	<u>1,212,496</u>
Timing of revenue recognition												
Goods and services transferred at a point in time	—	—	—	—	—	—	1,119,018	762,702	—	—	1,119,018	762,702
Services transferred over time	<u>2,408</u>	<u>2,060</u>	<u>60,520</u>	<u>151,654</u>	<u>322,615</u>	<u>296,080</u>	<u>—</u>	<u>—</u>	<u>14,054</u>	<u>—</u>	<u>399,597</u>	<u>449,794</u>
Total	<u>2,408</u>	<u>2,060</u>	<u>60,520</u>	<u>151,654</u>	<u>322,615</u>	<u>296,080</u>	<u>1,119,018</u>	<u>762,702</u>	<u>14,054</u>	<u>—</u>	<u>1,518,615</u>	<u>1,212,496</u>

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

	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Receivables, which are included in “Trade and other receivables”	128,804	190,565
Contract assets	209,943	179,495
Contract liabilities	(19,802)	(3,203)

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\$3,203,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 September 2023.

5. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Interest on:		
Banks and other loans	114	188
Lease liabilities	207	73
Loans from a related party (note 14 (a))	11,902	24,921
	<u>12,223</u>	<u>25,182</u>

6. INCOME TAX EXPENSES

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong	—	4,992
— People's Republic of China	71	—
	<u>71</u>	<u>4,992</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% (2022: 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% (2022: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2022: 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.

7. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period from continuing operations is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Depreciation of property, plant and equipment	269	581
Depreciation of right-of-use assets	1,665	1,128
Lease payments not included in the measurement of lease liabilities	—	25
Bank interest income	(1,859)	(282)
Interest income from sub-contractors	(1,874)	(1,023)
Exchange loss, net	<u>33</u>	<u>—</u>

8. DISCONTINUED OPERATIONS

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. As such, the Group lost its control on Wan Chung Singapore since 18 October 2022. The analysis of the results of discontinued operations is as follows:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period from discontinued operations:		
Revenue — Contracts with customers	—	102,035
Cost of services	—	(145,146)
Other income	—	4,019
Other gain and loss	—	246
Administrative expenses	—	(4,679)
Finance cost	<u>—</u>	<u>(4)</u>
Loss for the period from discontinued operations (attributable to owners of the Company)	<u>—</u>	<u>(43,529)</u>

Loss for the period from discontinued operations include the following:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of services provided	—	145,146
Depreciation of property, plant and equipment	—	557
Depreciation of right-of-use assets	—	444
Gain on disposals of property, plant and equipment	—	(246)
Lease payments not included in the measurement of lease	—	52
Employee benefits expenses	—	3,339
	<u>—</u>	<u>3,339</u>

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months from 1 April 2023 to 30 September 2023 (six months from 1 April 2022 to 30 September 2022: Nil).

10. LOSS PER SHARE

From continuing and discontinued operations

The calculations of basic and diluted loss per share are based on:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(12,115)</u>	<u>(66,630)</u>

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
		(Re-presented)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>449,999,949</u>	<u>375,000,000</u>

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share for both periods presented have been adjusted for the approved share re-organisation mentioned in note 13. Basic and diluted loss per shares for the period ended 30 September 2022 has been re-presented.

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 per share during the six months ended 30 September 2023 and 30 September 2022.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of calculating basic earnings per share	(12,115)	(66,630)
Less: Loss for the period from discontinued operations	<u>—</u>	<u>43,529</u>
Loss for the purpose of calculating basic and diluted earnings per share from continuing operations	<u>(12,115)</u>	<u>(23,101)</u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same as those detailed above the calculation of the basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted loss per share from the discontinued operations for the six months ended 30 September 2022 was HK11.61 cents per share and based on the loss for the period from discontinued operations attributable to the owners of the Company of approximately HK\$43,529,000 and the denominators used are the same as those as those detailed above the calculation of the basic and diluted loss per share from continuing and discontinued operations.

11. TRADE AND OTHER RECEIVABLES

	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	131,370	194,656
Less: impairment losses	<u>(3,147)</u>	<u>(4,091)</u>
	128,223	190,565
Bills receivables	581	—
Prepayments	139,633	92,773
Deposits and other receivables (<i>note</i>)	<u>13,347</u>	<u>16,194</u>
	<u>152,980</u>	<u>108,967</u>
	<u>281,784</u>	<u>299,532</u>

Note: As at 30 September 2023, approximately HK\$1,109,000 (as at 31 March 2023: HK\$3,131,000) 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 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 to 90 days	115,146	165,299
91 to 180 days	287	1,658
181 to 365 days	11,491	1,167
Over 365 days	<u>1,299</u>	<u>22,441</u>
	<u>128,223</u>	<u>190,565</u>

12. TRADE AND OTHER PAYABLES

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade payables	109,935	125,488
Retention payables	<u>22,497</u>	<u>23,429</u>
	<u>132,432</u>	<u>148,917</u>
Accruals and other payables	226,406	185,580
Less: non-current portion	<u>(487)</u>	<u>(487)</u>
	<u>225,919</u>	<u>185,093</u>
	<u>358,351</u>	<u>334,010</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 2023	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 90 days	82,293	101,968
91 to 180 days	5,303	—
181 to 365 days	240	7,365
Over 365 days	<u>22,099</u>	<u>16,155</u>
	<u>109,935</u>	<u>125,488</u>

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

13. SHARE CAPITAL

	30 September 2023	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Authorised:		
500,000,000 ordinary shares at HK\$0.04 each (31 March 2023:		
10,000,000,000 ordinary shares at HK\$0.002 each)	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
449,999,949 ordinary shares at HK\$0.04 each (31 March 2023:		
8,999,998,994 ordinary shares at HK\$0.002 each)	<u>18,000</u>	<u>18,000</u>

Note:

On 17 February 2023, the board of directors proposed to implement: (i) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 (“Existing Shares”) each to be consolidated into one (1) consolidated share at par value of HK\$0.04 (“Consolidated Share”); (ii) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares; and (iii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date. The aforesaid proposed changes can be implemented are subject to shareholder’s approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. The proposed changes (i), (ii) and (iii) have been implemented.

14. 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses paid to a director of certain subsidiaries of the Company (<i>Note</i>)	<u>11,902</u>	<u>24,921</u>

Note: The interest expense was loan interest charged on loans from Mr. Wong Law Fai (“**Mr. Wong**”), a director of certain subsidiaries of the Company, pursuant to loan agreements dated 1 December 2013, 19 September 2022 and 28 June 2023 respectively. The amounts due to and loans from a related party are detailed in note 14(b) below.

- (b) Outstanding balances with related parties:

- (i) Amount due from a related party

The amount represented the amount paid by the Group on behalf of Mr. Wong for the compensation recharged by insurance companies regarding the performance bonds issued for securing construction projects of Wan Chung Singapore, which are back-to-back guaranteed by Mr. Wong. Since Wan Chung Singapore went into liquidation and certain on-going incomplete projects were also suspended during the year ended 31 March 2023, the customers of those incomplete projects demanded insurance companies to compensate for those unsatisfactory performance of Wan Chung Singapore.

- (ii) Loans from a related party

As at 31 March 2023, the loans from a related party were advanced by Mr. Wong to the Company’s wholly-owned subsidiaries, namely Magic Choice Holdings Limited (“**Magic Choice**”) and Wan Chung Construction Company Limited (“**Wan Chung**”). The loans were 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 as settlement of part of the principal sum and the default interest of the aforementioned outstanding loans.

On the same date, Magic Choice, Wan Chung and Mr. Wong entered into new agreements to refinance the balances of the aforementioned outstanding loans, under which Mr. Wong agreed to grant new loans in the amounts of approximately HK\$102,124,000 and HK\$105,000,000 to Magic Choice and Wan Chung, respectively. The applicable interest rate for each of the aforesaid loans is 9.8% per annum. The maturity dates of the loans to Magic Choice and Wan Chung are 18 September 2023 and 18 September 2024, respectively. The interests on both loans are repayable on the 18th day of each month (or the immediate following business day if such day is not a business day) until the maturity date of the loans.

On 28 June 2023, Magic Choice, Wan Chung and Mr. Wong entered into agreements to extend the maturity dates of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2024 and 30 September 2025, respectively.

(iii) Amounts due to related parties and a director

The balances 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	<u>7,023</u>	<u>7,993</u>
(d) Performance bond of HK\$22,237,000 (31 March 2023: HK\$28,411,000) was guaranteed by Mr. Wong Law Fai, a director of certain subsidiaries of the Company.		

The related party transactions in respect of items (a) and (d) 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.

15. EVENT AFTER THE REPORTING PERIOD

On 17 February 2023, the board of directors proposed to implement: (i) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 (“Existing Shares”) each to be consolidated into one (1) consolidated share at par value of HK\$0.04 (“Consolidated Share”); (ii) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares; (iii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; (iv) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK\$0.01 each. The aforesaid proposed changes can be implemented are subject to shareholder’s approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. The proposed changes (i), (ii) and (iii) have been implemented during the six months period ended 30 September 2023.

The proposed change (iv) is expected to be effective on 1 December 2023 upon certain conditions as disclosed in the circular of the Company dated 3 March 2023. Details are disclosed in the Company’s announcement dated 16 November 2023.

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

16. COMPARATIVE FIGURES

The comparative result from discontinued operations in the consolidated statement of profit or loss and other comprehensive income have been re-presented to conform to the presentation of those operations as discontinued in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interim Results

For the half year ended 30 September 2023 (the “Period”), the Group recorded a revenue from continuing operations of approximately HK\$1,519 million representing an increase of approximately 25.2% as compared to revenue from continuing operations (as re-presented) of approximately HK\$1,212 million of the same period in 2022 (the “Prior Interim Period”).

With the decrease in project profits recorded from property maintenance segment, the Group’s gross profit decreases from approximately HK\$26.8 million (as re-presented) in Prior Interim Period to approximately HK\$17.9 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\$12.1 million (Prior Interim Period: HK\$66.6 million). The decrease in loss of approximately HK\$54.5 million was mainly attributable to i) the absence of loss from the discontinued operation for the Period whereas the loss from discontinued operation for Prior Interim Period (as re-presented) was approximately HK\$43.5 million, and ii) decrease in finance cost of approximately HK\$13.0 million.

Loss per share for the Period was approximately HK2.69 cent (Prior Interim Period: loss per share of approximately HK17.77 cent (as re-presented)).

(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\$2,408,000 (Prior Interim Period: approximately HK\$2,060,000).

Segment result increased from the Prior Interim Period segment profit approximately HK\$13,000 to segment profit approximately HK\$2,388,000 in the Interim Period.

Segment profit increased was mainly attributed to additional profit was recognized from a completed project in the Interim Period.

(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\$60,520,000 (Prior Interim Period: approximately HK\$151,654,000) and segment profit was approximately HK\$3,905,000 (Prior Interim Period: segment loss approximately HK\$5,357,000 (as re-presented)).

The decrease 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 which were in full swing operation in the Prior Interim Period.

Segment result changed from the Prior Interim Period segment loss to segment profit of the Interim Period was mainly attributable to reduction of cost of late completion of a project in the Interim Period, decrease of construction costs for operation of several A&A works project in the Interim Period and also additional profit was recognized from a completed project in the Interim Period.

(iii) *Property Maintenance*

Revenue for the property maintenance segment increased from approximately HK\$296,080,000 in the Prior Interim Period to approximately HK\$322,615,000 in the Interim Period and segment profit was approximately HK\$5,695,000 (Prior Interim Period: segment profit approximately HK\$40,337,000 (as re-presented)).

The property maintenance projects mainly included maintenance works for public sectors. The increase in segment revenue was mainly attributable to a large scale property maintenance contract which was in full swing operation in the Interim Period that contributed more segment revenue in the Interim Period.

The decrease in segment profit was mainly attributable to substantial increase in operating cost in the Interim Period including safety precaution and quality control cost and also substantial increase in subcontracting cost of the abovementioned two large scale property maintenance projects in the Interim Period.

Segment profit of the Interim Period decreased as compared with the Prior Interim Period was also attributed to decrease of gross profit ratio of this segment from the Prior Interim Period to the Interim Period due to aforesaid substantial increase in cost of the projects associated with relatively small amount increased in segment revenue in the Interim Period as compared with the Prior Interim Period.

(iv) *Transportation service*

Revenue for this segment of the Period included transportation of materials of approximately HK\$14,054,000 (Prior Interim Period: Nil).

Segment profit was approximately HK\$1,632,000 (Prior Interim Period: Nil).

(v) *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\$1,119,018,000 (Prior Interim Period: approximately HK\$762,702,000).

Segment profit was approximately HK\$2,343,000 (Prior Interim Period: segment loss of approximately HK\$13,662,000). Segment loss for Prior Interim Period was mainly attributable to the drop in market selling prices of materials affected by decreasing demand during Prior Interim Period.

(3) Future Plans and Prospects

Financial resources

Building construction, property maintenance and A&A works

Despite the slight improvement of inbound tourism and local consumption, the pace of recovery of Hong Kong economy has become somewhat slower than expected. While the Government has showed a clear commitment to long term investment in the construction industry, the highest interest rate would still be the major challenge to the private construction sector. We therefore are less optimistic and would expect a marginal growth in the construction market only.

When we are exploring more business opportunities in the public work sector, the shortage of labour supply and aging workers are still the major risks for the Group going forward. The Group would review and select suitable technologies and implement them in the project management. These would further streamline our project administration and would make the site management more efficient and effective.

The Group would continue to look about other construction business opportunities in order to lower our business risk.

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.

In the long run, the trading business will continue to generate income and contribute profit to the Group. Looking forward, the Group would continue to explore and strive to diversify and develop its trading businesses in 2023.

Transportation business

The Group commenced transportation service business during the year ended 31 March 2023 and expects the continuing development of the business would generate constable revenue and profit to the Group.

(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 2023, the current assets and current liabilities were stated at approximately HK\$684.6 million (as at 31 March 2023: approximately HK\$658.7 million) and approximately HK\$408.4 million (as at 31 March 2023: approximately HK\$464.3 million), respectively. The current ratio is 1.68 as at 30 September 2023 (as at 31 March 2023: 1.42). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2023, the Group had total cash and bank deposits of approximately HK\$143.2 million (as at 31 March 2023: approximately HK\$127.3 million).

As at 30 September 2023, total interest-bearing loans amounted to approximately HK\$214.1 million (31 March 2023: approximately HK\$207.1 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2023, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK\$69.5 million (31 March 2023: approximately HK\$69.5 million) and approximately HK\$17 million (31 March 2023: approximately HK\$12.8 million) of the credit facilities has been utilized.

As at 30 September 2023, the gearing ratio of the Group was approximately 31.0% (as at 31 March 2023: approximately 31.2%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

Reference should be made to the “going concern basis” in Note 2 to the consolidated financial statements for the year ended 31 March 2023 and “The Board’s Response to the Auditor’s Opinion” in the 2023 annual report of the Company.

References should also be made to note 14(b) to the condensed consolidated financial statements for the six months ended 30 September 2023 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, 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 2023	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Other receivables	1,109	3,131
Bank deposits	<u>61,972</u>	<u>60,997</u>
	<u><u>63,081</u></u>	<u><u>64,128</u></u>

(8) Contingent Liabilities

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

	30 September 2023	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Guarantees in respect of performance bonds in favor of its clients	<u>17,006</u>	<u>12,796</u>

(9) Event after the Reporting Period

On 17 February 2023, the board of directors proposed to implement: (i) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 (“Existing Share”) each to be consolidated into one (1) consolidated shares at par value of HK\$0.04 (“Consolidated Share”); (ii) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares; (iii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; (iv) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK\$0.01 each. The aforesaid proposed changes can be implemented are subject to shareholder’s approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. The proposed changes (i), (ii) and (iii) have been implemented up to the date of this announcement.

The proposed change (iv) is expected to be effective on 1 December 2023 upon certain conditions as disclosed in the circular of the Company dated 3 March 2023. Details are disclosed in the Company's announcement dated 16 November 2023.

Save as 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 2023

	31 March 2023	Contracts Secured	Contracts Completed	30 September 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Building Construction	—	—	—	—
Property Maintenance	2,377,109	—	—	2,377,109
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>278,116</u>	<u>654</u>	<u>(98,154)</u>	<u>180,616</u>
	<u><u>2,655,225</u></u>	<u><u>654</u></u>	<u><u>(98,154)</u></u>	<u><u>2,557,725</u></u>

(11) Employees and Remuneration Policies

As at 30 September 2023, the Group employed a total of 202 staff for continuing operations (as at 30 September 2022: 193 staff) which included Hong Kong and the People's Republic of China employees. The total remuneration for staff for continuing operation was approximately HK\$40.3 million for the Period (Prior Interim Period: approximately HK\$41.5 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 2023 (six months ended 30 September 2022: 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 2023.

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, one of the independent non-executive directors were unable to attend the Company’s annual general meeting held on 28 September 2023.

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 2023 to 30 September 2023.

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 2023.

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), Dr. Wong Lee Ping and Mr. Zhang Shengman.

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 2023 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 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chau Chit, Mr. Fung Ka Lun, Mr. Tang Hongyang, Mr. Zhu Feng and Mr. Zhu Xiaodong; and three independent non-executive Directors, namely Dr. Wong Lee Ping, Mr. Wong Wai Kwan and Mr. Zhang Shengman.