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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF INTERESTS IN R-TECHO

THE ACQUISITION

On 26 January 2024 (after trading hours), Hong Kong Dakyun, a wholly owned subsidiary of the Company, entered into Agreement 1 for the sale and purchase of Sale Shares 1 and Agreement 2 for the sale and purchase of Sale Shares 2 in respect of the Acquisition. The aggregate consideration of the Acquisition is KRW741,500,000 (equivalent to approximately HK\$4,449,000).

LISTING RULES IMPLICATIONS

The Company has applied for and the Stock Exchange has agreed to exercise its discretion under Rule 14.20 of the Listing Rules to adopt an alternative size test for the profits ratio in relation to the Acquisition. As more than one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated based on the alternative size test and the other applicable size tests are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements, but exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 26 January 2024 (after trading hours), Hong Kong Dakyun, a wholly owned subsidiary of the Company, entered into Agreement 1 for the sale and purchase of Sale Shares 1 and Agreement 2 for the sale and purchase of Sale Shares 2 in respect of the Acquisition. The aggregate consideration of the Acquisition is KRW741,500,000 (equivalent to approximately HK\$4,449,000).

AGREEMENT 1

A summary of the principal terms of Agreement 1 is set out below:

Date

26 January 2024

Parties

- (i) Hong Kong Dakyun, as purchaser
- (ii) Kim Hongseok, as seller

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Seller 1 is an Independent Third Party.

Asset to be acquired

Hong Kong Dakyun has agreed to acquire, and Seller 1 has agreed to sell, Sale Shares 1, representing approximately 5.75% of the total issued share capital of the Target Company as of the date of this announcement.

Consideration

The consideration for the Acquisition in respect of Sale Shares 1 of KRW609,500,000 (equivalent to approximately HK\$3,657,000) was arrived at after arm's length negotiations between Hong Kong Dakyun and Seller 1 on normal commercial terms with reference to the net asset value of the Target Company as at 31 December 2022 in the amount of KRW11,928,876,000 (equivalent to approximately HK\$71,572,000) and the financial performance and future prospects of the Target Company.

The consideration has been settled in cash from the internal resources of the Group.

Completion

Completion is expected to take place within 3 months after the day of signing of Agreement 1.

Upon completion of Agreement 1 (on a standalone basis), the Target Company will be owned as to approximately 5.75% by Hong Kong Dakyun.

AGREEMENT 2

A summary of the principal terms of Agreement 2 is set out below:

Date

26 January 2024

Parties

- (i) Hong Kong Dakyun, as purchaser
- (ii) Kim Inho, as seller

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Seller 2 is an Independent Third Party.

Asset to be acquired

Hong Kong Dakyun has agreed to acquire, and Seller 2 has agreed to sell, Sale Shares 2, representing approximately 1.10% of the total issued share capital of the Target Company as of the date of this announcement.

Consideration

The consideration for the Acquisition in respect of Sale Shares 2 of KRW132,000,000 (equivalent to approximately HK\$792,000) was arrived at after arm's length negotiations between Hong Kong Dakyun and Seller 2 on normal commercial terms with reference to the net asset value of the Target Company as at 31 December 2022 in the amount of KRW11,928,876,000 (equivalent to approximately HK\$71,572,000) and the financial performance and future prospects of the Target Company.

The difference between the price per share for Sale Shares 1 and Sale Shares 2 is mainly attributed to the negotiation process and results with the respective sellers.

The consideration has been settled in cash from the internal resources of the Group.

Completion

Completion is expected to take place within 3 months after the day of signing of Agreement 2.

Upon completion of Agreement 2 (on a standalone basis), the Target Company will be owned as to approximately 1.10% by Hong Kong Dakyun.

Upon completion of Agreement 1 and Agreement 2, the Target Company will be owned as to approximately 6.85% in aggregate by Hong Kong Dakyun.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated under the law of South Korea with limited liability and is principally engaged in the wholesale and retail of steel and the collection and manufacturing of steel scrap.

As of the date of this announcement, the Target Company is owned by 19 shareholders, out of which each of the top 3 shareholders owns between 10%–21% of issued shares of the Target Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, all the shareholders of the Target Company are Independent Third Parties.

The financial information of the Target Company prepared in accordance with Korean Generally Accepted Accounting Standards is set out below.

	For the period from 1 January 2023 to 31 October 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)	For the year ended 31 December 2021 (Audited)
Net profit before taxation	KRW2,090,647,000 (equivalent to approximately HK\$12,544,000)	KRW1,314,509,000 (equivalent to approximately HK\$7,887,000)	KRW2,144,748,000 (equivalent to approximately HK\$12,868,000)
Net profit after taxation	KRW2,090,647,000 (equivalent to approximately HK\$12,544,000)	KRW887,405,000 (equivalent to approximately HK\$5,324,000)	KRW1,487,064,000 (equivalent to approximately HK\$8,922,000)

The unaudited total asset value and the net asset value (book value) of the Target Company as at 31 October 2023 was approximately KRW27,223,925,000 (equivalent to approximately HK\$163,340,000) and approximately KRW14,019,523,000 (equivalent to approximately HK\$84,115,000) respectively. The audited total asset value and the net asset value (book value) of the Target Company as at 31 December 2022 was approximately KRW28,443,095,000 (equivalent to approximately HK\$170,655,000) and approximately KRW11,928,876,000 (equivalent to approximately HK\$71,572,000) respectively.

INFORMATION OF THE PARTIES TO AGREEMENT 1 AND AGREEMENT 2

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.

Hong Kong Dakyun is an indirect wholly owned subsidiary of the Company and is engaged in trading of materials.

Seller 1 and Seller 2 are residents in the South Korea.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Through the equity acquisition of the Target Company, the Group aims to expand its business into the wholesale and retail of steel and the collection and manufacturing of steel scrap. The synergy between the wholesale and retail of steel and steel scrap collection, manufacturing of steel scrap and iron ore trading for the Group is rooted in their complementary roles within the steel production ecosystem. Iron ore serves as a primary raw material for traditional steelmaking processes, while steel scrap offers a sustainable alternative through recycling. The Group as a trading agent, by participating in both markets, gains the flexibility to adapt to changing market conditions and price dynamics. Fluctuations in iron ore prices can impact the cost of steel production, prompting the Group to strategically balance the use of steel scrap to manage costs effectively. Additionally, the recycling aspect of steel scrap aligns with environmental sustainability goals, providing the Group with a diversified approach that not only mitigates economic risks but also contributes to a more environmentally conscious steel production process. The synergy between wholesale and retail of steel and the collection and manufacturing of steel scrap and iron ore trading thus allows the Group to optimize resource utilization, enhance resilience in the face of market uncertainties, and contribute to both economic and ecological sustainability.

Having considered the above factors and reasons, the Board (including all the independent non-executive Directors) considers that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better and is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Company has applied for and the Stock Exchange has agreed to exercise its discretion under Rule 14.20 of the Listing Rules to adopt an alternative size test for the profits ratio in relation to the Acquisition. As more than one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated based on the alternative size test and the other applicable size tests are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements, but exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of Sale Shares 1 and Sale Shares 2 by Hong Kong Dakyun under Agreement 1 and Agreement 2
“Agreement 1”	the contract of stock transfer dated 26 January 2024 entered into between (i) Hong Kong Dakyun as purchaser and (ii) Kim Hongseok as seller in respect of the sale and purchase of Sale Shares 1
“Agreement 2”	the contract of stock transfer dated 26 January 2024 entered into between (i) Hong Kong Dakyun as purchaser and (ii) Kim Inho as seller in respect of the sale and purchase of Sale Shares 2
“Board”	the board of Directors
“Company”	Green Economy Development Limited, a company incorporated in the Cayman Islands with limited liability (stock code: 1315), the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected person
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dakyun”	Hong Kong Dakyun International Trade Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Korea” or “South Korea”	the Republic of Korea
“KRW”	Korean Won, the lawful currency of Korea
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Sale Shares 1”	115,000 shares of the Target Company, representing approximately 5.75% of the total issued share capital of the Target Company as of the date of this announcement
“Sale Shares 2”	22,000 shares of the Target Company, representing approximately 1.10% of the total issued share capital of the Target Company as of the date of this announcement
“Seller 1”	Kim Hongseok, an existing shareholder of the Target Company
“Seller 2”	Kim Inho, an existing shareholder of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “R-TECHO”	R-TECHO Co., Ltd., a company incorporated in South Korea with limited liability
“%”	per cent.

In this announcement, save as otherwise stated, figures in KRW are translated to HK\$ at the exchange rate of HK\$1 = KRW166.67 for illustration purposes only. No representation is made that any amount in HK\$ or KRW would have been or can be converted at the above rate.

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

Hong Kong, 26 January 2024

As of the date of this announcement, the Board comprises five 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.