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

(formerly known as “Vision Fame International Holding Limited”)
(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1315)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Green Economy Development Limited (formerly known as “Vision Fame International Holding Limited”) (the “Company”) is pleased to announce 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 2021, together with the comparative figures for the corresponding period in 2020:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 September 2021

		Six months ended	
		30 September	
	<i>Notes</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	2,486,622	2,685,819
Cost of sales and services		<u>(2,403,947)</u>	<u>(2,637,012)</u>
Gross profit		82,675	48,807
Other income		7,355	16,453
Other gains and (losses)		34	(435)
Selling expenses		(6,399)	(25,771)
Administrative expenses		<u>(26,847)</u>	<u>(29,115)</u>
Profit from operations		56,818	9,939
Finance costs	5	<u>(4,826)</u>	<u>(6,655)</u>
Profit before tax	6	51,992	3,284
Income tax expenses	7	<u>(12,797)</u>	<u>(2,894)</u>
Profit for the period		<u>39,195</u>	<u>390</u>

	Six months ended	
	30 September	
	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other comprehensive income for the period, net of tax:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operation	<u>2,624</u>	<u>8,581</u>
Other comprehensive income for the period, net of tax	<u>2,624</u>	<u>8,581</u>
Total comprehensive income for the period	<u><u>41,819</u></u>	<u><u>8,971</u></u>
Profit for the period attributable to:		
Owners of the Company	40,485	1,187
Non-controlling interests	<u>(1,290)</u>	<u>(797)</u>
	<u><u>39,195</u></u>	<u><u>390</u></u>
Total comprehensive income for the period		
attributable to:		
Owners of the Company	43,109	9,768
Non-controlling interests	<u>(1,290)</u>	<u>(797)</u>
	<u><u>41,819</u></u>	<u><u>8,971</u></u>
		(Restated)
Earnings per share	8	
Basic (HK cents per share)	<u><u>0.61</u></u>	<u><u>0.02</u></u>
Diluted (HK cents per share)	<u><u>0.61</u></u>	<u><u>0.02</u></u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		3,516	4,058
Right-of-use assets		<u>3,330</u>	<u>3,603</u>
		<u>6,846</u>	<u>7,661</u>
Current assets			
Inventories		—	44,107
Trade and other receivables	10	398,272	315,468
Contract assets		278,912	281,981
Financial assets at fair value through profit or loss		1,084	1,059
Pledged bank deposits		59,777	59,769
Bank and cash balances		<u>149,896</u>	<u>148,801</u>
		<u>887,941</u>	<u>851,185</u>
Current liabilities			
Trade and other payables	11	353,414	385,925
Lease liabilities		2,587	3,075
Contract liabilities		35,071	32,515
Amounts due to a related party		2,600	24,784
Amount due to a director		1,800	1,700
Loans from a related party	13	247,628	243,009
Other loans		3,255	3,255
Current tax liabilities		<u>23,051</u>	<u>11,433</u>
		<u>669,406</u>	<u>705,696</u>
Net current assets		<u>218,535</u>	<u>145,489</u>
Total assets less current liabilities		<u>225,381</u>	<u>153,150</u>

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Accruals and other payables		487	487
Lease liabilities		<u>784</u>	<u>608</u>
		<u>1,271</u>	<u>1,095</u>
NET ASSETS		<u><u>224,110</u></u>	<u><u>152,055</u></u>
Capital and reserves			
Share capital	12	15,000	12,000
Reserves		<u>212,504</u>	<u>142,159</u>
Equity attributable to owners of the Company		227,504	154,159
Non-controlling interests		<u>(3,394)</u>	<u>(2,104)</u>
TOTAL EQUITY		<u><u>224,110</u></u>	<u><u>152,055</u></u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

1. GENERAL INFORMATION

Green Economy Development Limited (formerly known as “Vision Fame International Holding 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 2001 & 10, 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 works 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 of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2021 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 2021.

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 2021. 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 2021 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 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group has four (2020: 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 (2020: Nil).

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

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

	Building construction and other construction related business <i>HK\$'000</i> (Unaudited)	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i> (Unaudited)	Property maintenance <i>HK\$'000</i> (Unaudited)	Trading of materials <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended					
30 September 2020					
Segment revenue					
— External customers	46,789	118,240	279,597	2,241,193	2,685,819
Segment (loss)/profit	<u>(3,835)</u>	<u>(1,696)</u>	<u>24,105</u>	<u>6,075</u>	24,649
Unallocated other income					14,219
Other gains and (losses)					(435)
Administrative expenses					(28,494)
Finance costs					<u>(6,655)</u>
Profit before tax					<u>3,284</u>

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

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

Six months ended	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
30 September	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Primary geographical markets										
Hong Kong	1,335	4,950	127,226	116,250	357,435	279,597	—	—	485,996	400,797
PRC except Hong Kong	—	—	—	—	—	—	1,863,891	2,241,193	1,863,891	2,241,193
Singapore	130,009	41,839	6,726	1,990	—	—	—	—	136,735	43,829
Revenue from external customers	<u>131,344</u>	<u>46,789</u>	<u>133,952</u>	<u>118,240</u>	<u>357,435</u>	<u>279,597</u>	<u>1,863,891</u>	<u>2,241,193</u>	<u>2,486,622</u>	<u>2,685,819</u>
Timing of revenue recognition										
Goods and services transferred at a point in time	—	—	—	—	—	—	1,863,891	2,241,193	1,863,891	2,241,193
Services transferred over time	131,344	46,789	133,952	118,240	357,435	279,597	—	—	622,731	444,626
Total	<u>131,344</u>	<u>46,789</u>	<u>133,952</u>	<u>118,240</u>	<u>357,435</u>	<u>279,597</u>	<u>1,863,891</u>	<u>2,241,193</u>	<u>2,486,622</u>	<u>2,685,819</u>

5. FINANCE COSTS

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Banks and other loans	9	638
Convertible bond	—	1,283
Lease liabilities	54	104
Short term loans	133	—
Loans from a related party (<i>Note</i>)	<u>4,630</u>	<u>4,630</u>
	<u><u>4,826</u></u>	<u><u>6,655</u></u>

Note: Possible default interest (“Possible Default Interest”), based on the best estimate of the Company’s management, is in the amount of approximately HK\$17,137,000 for the period from 1 April 2021 to 30 September 2021 arising from the total amount owed by Wan Chung Construction Company Limited (“Wan Chung”), an indirect wholly-owned subsidiary of the Company, to Mr. Wong Law Fai, the managing director of Wan Chung, in the sum of HK\$201,152,177. For details, please refer to the announcement of the Company dated 9 March 2021 in relation to, among other things, the demand by Mr. Wong Law Fai for repayment of the total amount owed by Wan Chung to Mr. Wong Law Fai in the sum of HK\$201,152,177 together with the interest thereon under two loan agreements both dated 1 December 2013 and an advance agreement dated 30 October 2016, all made between Mr. Wong Law Fai as lender and Wan Chung as borrower. The Group has been in negotiation with Mr. Wong Law Fai in respect of the aforesaid, and would strive to procure the extension of loans and avoidance/waiver of any default interest arising therefrom, and the Possible Default Interest has not been taken into account in preparing the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2021.

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,269	1,232
Depreciation of right-of-use assets	2,205	1,755
Lease payments not included in the measurement of lease liabilities	54	140
Rent concessions	(26)	—
Bank interest income	(174)	(437)
Interest income from sub-contractors	(1,456)	(2,224)
Gain on disposal of property, plant and equipment	(94)	(8)
Net foreign exchange loss	<u>—</u>	<u>44</u>

7. INCOME TAX EXPENSES

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong	6,801	1,520
— Elsewhere	5,996	1,374
	<u>12,797</u>	<u>2,894</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% (2020: 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 16.5% (2020: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2020: 25%).

8. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>40,485</u>	<u>1,187</u>

	Six months ended	
	30 September	
	2021	2020
	<i>'000</i>	<i>'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	<u>6,623,799</u>	<u>6,206,897</u>

The weighted average number of ordinary shares for current and prior periods has been adjusted retrospectively to reflect the effect of rights issue as disclosed in note 12.

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 2021.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months from 1 April 2021 to 30 September 2021 (six months from 1 April 2020 to 30 September 2020: Nil).

10. TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables	137,313	151,487
Less: allowance for doubtful debts	<u>—</u>	<u>—</u>
	<u>137,313</u>	<u>151,487</u>
Prepayments	202,570	153,840
Deposits and other receivables	<u>58,389</u>	<u>10,141</u>
	<u>260,959</u>	<u>163,981</u>
	<u><u>398,272</u></u>	<u><u>315,468</u></u>

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 provision, is as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 90 days	134,329	151,440
91 to 180 days	2,009	—
181 to 365 days	975	—
Over 365 days	<u>—</u>	<u>47</u>
	<u>137,313</u>	<u>151,487</u>

11. TRADE AND OTHER PAYABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables	88,504	142,889
Retention monies payables	49,450	50,418
	137,954	193,307
Accruals and other payables	215,947	193,105
Less: non-current portion	(487)	(487)
	215,460	192,618
	353,414	385,925

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 90 days	86,391	140,942
91 to 180 days	181	388
181 to 365 days	577	223
Over 365 days	1,355	1,336
	88,504	142,889

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

12. SHARE CAPITAL

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.002 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
7,499,999,994 ordinary shares of HK\$0.002 each (31 March 2021: 6,000,000,000 ordinary shares of HK\$0.002 each)	<u>15,000</u>	<u>12,000</u>

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued '000	Nominal value of shares issued HK\$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	6,000,000	12,000
Shares issued on rights issue (<i>Note</i>)	<u>1,500,000</u>	<u>3,000</u>
At 30 September 2021	<u>7,500,000</u>	<u>15,000</u>

Note: On 1 June 2021, the Company announced a proposed rights issue (the “2021 Rights Issue”) on the basis of one new ordinary share (each, a “Rights Share”) for every four existing shares in issue at a subscription price of HK\$0.02 per Rights Share to raise up to HK\$30 million before related expenses by issuing 1,500,000,000 Rights Shares to the qualifying shareholders. The 2021 Rights Issue was completed on 4 August 2021 and the number of shares in issue of the Company was increased by 1,499,999,994. As such, resulting in a credit to share capital and share premium by HK\$3,000,000 and HK\$25,475,000, after netting of the related cost of approximately HK\$1,525,000.

13. LOANS FROM A RELATED PARTY

The loans from a related party 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% (*Note*) per annum and repayable on 30 September 2021 as extended by Mr. Wong Law Fai.

Note: Possible default interest (“Possible Default Interest”), based on the best estimate of the Company’s management, is in the amount of approximately HK\$17,137,000 for the period from 1 April 2021 to 30 September 2021 arising from the total amount owed by Wan Chung Construction Company Limited (“Wan Chung”), an indirect wholly-owned subsidiary of the Company, to Mr. Wong Law Fai, the managing director of Wan Chung, in the sum of HK\$201,152,177. For details, please refer to the announcement of the Company dated 9 March 2021 in relation to, among other things, the demand by Mr. Wong Law Fai for repayment of the total amount owed by Wan Chung to Mr. Wong Law Fai in the sum of HK\$201,152,177 together with the interest thereon under two loan agreements both dated 1 December 2013 and an advance agreement dated 30 October 2016, all made between Mr. Wong Law Fai as lender and Wan Chung as borrower. The Group has

been in negotiation with Mr. Wong Law Fai in respect of the aforesaid, and would strive to procure the extension of loans and avoidance/waiver of any default interest arising therefrom, and the Possible Default Interest has not been taken into account in preparing the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2021.

14. IMPORTANT EVENT AFTER THE REPORTING PERIOD

Reference is made to the Inside Information Announcement March 2021, and the announcement of the Company dated 4 October 2021 (the “Inside Information Announcement October 2021”) in relation to, among other things, the demand by Mr. Wong Law Fai for repayment of the total amount owed by Magic Choice Holdings Limited as borrower, an indirect wholly-owned subsidiary of the Company, to Mr. Wong Law Fai as lender in the sum of HK\$41,856,697 together with the interest thereon under the promissory notes dated 2 July 2014 and 24 March 2015, all made between Mr. Wong Law Fai as lender and Magic Choice Holdings Limited as borrower. The Group is still currently in negotiation with Mr. Wong Law Fai for the above and would strive to procure the extension of loans and avoidance/waiver of any default interest arising therefrom.

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

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interim Results

For the half year ended 30 September 2021 (the “Period”), the Group recorded a turnover of approximately HK\$2,487 million representing a slight decrease of approximately 7% as compared to approximately HK\$2,686 million of the same period in 2020 (the “Prior Interim Period”).

With a higher gross profit ratio during the period, the Group recorded a gross profit of approximately HK\$82.7 million (Prior Interim Period: approximately HK\$48.8 million) for the Period, representing an approximately 69.5% increase as compared to the Prior Interim Period.

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

The profit attributable to owners of the Company for the Period was approximately HK\$40.5 million (Prior Interim Period: approximately HK\$1.2 million).

Basic earnings per share for the Period was approximately HK0.61 cent (Prior Interim Period: approximately HK0.02 cent).

(2) Review of Operations

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

Revenue for the building construction segment for the Period was approximately HK\$131,344,000 (Prior Interim Period: approximately HK\$46,789,000).

Segment profit increased from Prior Interim Period loss approximately HK\$3,835,000 to segment profit approximately HK\$2,575,000 in the Period.

The increase in the segment revenue was mainly attributable to a full swing operations of large scale building construction projects in Singapore in the Period that have contributed more segment revenue in the Period and also attributable to work interruption due to the outbreak of COVID-19 in the Prior Interim Period. Segment profit increased from Prior Interim Period segment loss to segment profit in the Period was mainly attributable to additional project costs incurred of large scale building construction projects in Singapore in the Prior Interim Period.

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

Revenue for the A&A works segment for the Period was approximately HK\$133,952,000 (Prior Interim Period: approximately HK\$118,240,000) and segment profit was approximately HK\$3,404,000 (Prior Interim Period: segment loss approximately HK\$1,696,000).

The increase in segment revenue was in line with the increase in number of A&A works projects in progress during the Period. The average contract sum of A&A works projects in progress for the Period was amounted to approximately HK\$518 million (Prior Interim Period: approximately HK\$342 million). 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 Period. It was also attributable to the completion of several large scale projects in the Period.

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

(iii) *Property Maintenance*

Revenue for the property maintenance segment increased from approximately HK\$279,597,000 in the Prior Interim Period to approximately HK\$357,435,000 in the Period and segment profit increased from approximately HK\$24,105,000 in the Prior Interim Period to approximately HK\$46,315,000 in the Period.

The property maintenance projects mainly included maintenance works for public sectors. The increase in segment revenue was mainly attributable to a large scale long term property maintenance contract, with contract value of approximately HK\$1,147 million secured in early 2020, which was in the preliminary stage in the Prior Interim Period that had contributed less segment revenue in the Prior Interim Period.

The increase in segment profit was mainly attributable to the full swing operations of the abovementioned large scale long term property maintenance project in the 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\$1,864 million (Prior Interim Period: approximately HK\$2,241 million).

Segment profit was approximately HK\$23.9 million (Prior Interim Period: approximately HK\$6.1 million). Increase in segment profit was mainly attributable to the decrease in selling expenses during the period.

(3) Prospects

Building construction, property maintenance and A&A works

The Group's construction business of the Period has improved as compared with the Prior Interim Period. There is no obvious improvement of the market sentiment in the Hong Kong construction industry. The main reason for this is the effects of the virus pandemic which had been felt starting in 2020 and then spreading around the whole of the world including Hong Kong SAR in 2020 and continuing up to the present day.

These have resulted in markedly reduced demand overall. The competition has become keen and the profit margin stays at bottom level. The growth rate in the construction industry is presently low and, if the above factors continue, such growth rate is expected to remain low at least for say the next six months.

As disclosed in the announcement of the Group made on 24 November 2021, two subsidiary companies of the Group were suspended from tendering for public works under their respective categories with effect from 5 November 2021. Such suspension may be uplifted upon certain conditions being met. Such suspension does not immediately affect the ongoing works and projects now being undertaken by the two subsidiary companies.

Efforts are progress to uplift the said suspension and such efforts will continue. In the event that the suspension is uplifted within the next few months, then the effect on the overall construction business of the two subsidiary companies and the Group would likely be minor.

As the Covid-19 pandemic continues to be a mainstay in most economies and industries, the Singapore construction industry is no exception. For the past months, the Singapore government has gradually eased restrictions while transiting to the "new normal" of living with Covid-19 as an endemic. The Company has adapted to the government's policy by encouraging staff and workers to go for vaccination, enforcing strict Safety Management Measures (SMM) and setting protocols to deal with new infection cases amongst us.

Recent rising infection cases have also been dealt with swiftly and effectively, with antigen rapid test (ART) conducted immediately for all close contacts upon discovery of new cases and disinfection performed for the entire site. While there are some disruptions experienced due to the rising infection cases, the Company has maintain stability and continues to strive for excellence in all areas.

Rising material costs due to global supply chain disruption and prevailing high manpower costs that have shot up during the past year has put pressure on the finances of construction projects that have their prices locked in pre-pandemic. The Company is actively implementing costs-saving measures while balancing the need to push for accelerated progress of all ongoing construction projects.

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.

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.

The trading business continued 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 2021.

(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 2021, the current assets and current liabilities were stated at approximately HK\$887.9 million (as at 31 March 2021: approximately HK\$851.2 million) and approximately HK\$669.4 million (as at 31 March 2021: approximately HK\$705.7 million), respectively. The current ratio increases from 1.21 times as at 31 March 2021 to 1.33 times as at 30 September 2021. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2021, the Group had total cash and bank deposits of approximately HK\$209.7 million (as at 31 March 2021: approximately HK\$208.6 million).

As at 30 September 2021, total interest-bearing loans amounted to approximately HK\$250.9 million (31 March 2021: approximately HK\$246.3 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2021, the Group had obtained credit facilities from various banks and financial institutions up to a maximum amount of approximately HK\$57.5 million (31 March 2021: approximately HK\$154 million) and approximately HK\$14.1 million (31 March 2021: approximately HK\$14.1 million) of the credit facilities has been utilized.

As at 30 September 2021, the gearing ratio of the Group was approximately 28.0% (as at 31 March 2021: approximately 28.7%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

Reference should also be made to the “going concern basis” in note 2 to the consolidated financial statements for the year ended 31 March 2021 in the 2021 annual report of the Company, and to notes 13 and 14 to the condensed consolidated financial statements for the six months ended 30 September 2021 in this announcement.

(6) Foreign Exchange and Interest Rate Risk

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar, Singapore dollar and Renminbi. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required.

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

(7) Pledge of Assets

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the bank borrowings and performance bond facilities to the extent of approximately HK\$95,945,000 (31 March 2021 approximately HK\$101,226,000) in aggregate granted to the Group:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Other receivables	8,717	7,585
Bank deposits and restricted cash	<u>59,777</u>	<u>59,769</u>
	<u>68,494</u>	<u>67,354</u>

(8) Contingent Liabilities

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

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Guarantees in respect of performance bonds in favor of its clients	<u>98,866</u>	<u>94,216</u>

(ii) Possible default interest ("Possible Default Interest"), based on the best estimate of the Company's management, is in the amount of approximately HK\$17,137,000 for the period from 1 April 2021 to 30 September 2021 arising from the total amount owed by Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the

Company, to Mr. Wong Law Fai, the managing director of Wan Chung, in the sum of HK\$201,152,177. For details, please refer to the announcement of the Company dated 9 March 2021 in relation to, among other things, the demand by Mr. Wong Law Fai for repayment of the total amount owed by Wan Chung to Mr. Wong Law Fai in the sum of HK\$201,152,177 together with the interest thereon under two loan agreements both dated 1 December 2013 and an advance agreement dated 30 October 2016, all made between Mr. Wong Law Fai as lender and Wan Chung as borrower. The Group has been in negotiation with Mr. Wong Law Fai in respect of the aforesaid, and would strive to procure the extension of loans and avoidance/waiver of any default interest arising therefrom, and the Possible Default Interest has not been taken into account in preparing the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2021.

(9) Event after the Reporting Period

Reference is made to the Inside Information Announcement March 2021, and the announcement of the Company dated 4 October 2021 (the “Inside Information Announcement October 2021”) in relation to, among other things, the demand by Mr. Wong Law Fai for repayment of the total amount owed by Magic Choice Holdings Limited as borrower, an indirect wholly-owned subsidiary of the Company, to Mr. Wong Law Fai as lender in the sum of HK\$41,856,697 together with the interest thereon under the promissory notes dated 2 July 2014 and 24 March 2015, all made between Mr. Wong Law Fai as lender and Magic Choice Holdings Limited as borrower. The Group is still currently in negotiation with Mr. Wong Law Fai for the above and would strive to procure the extension of loans and avoidance/waiver of any default interest arising therefrom.

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 2021

	31 March 2021	Contracts Secured	Contracts Completed	30 September 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Building Construction	1,277,968	—	—	1,277,968
Property Maintenance	2,358,990	1,214,969	(1,188,931)	2,385,028
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>528,687</u>	<u>189,803</u>	<u>(210,857)</u>	<u>507,633</u>
	<u><u>4,165,645</u></u>	<u><u>1,404,772</u></u>	<u><u>(1,399,788)</u></u>	<u><u>4,170,629</u></u>

(11) Employees and Remuneration Policies

As at 30 September 2021, the Group employed a total of 422 staff (as at 30 September 2020: 318 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK\$68.3 million for the Period (Prior Interim Period: approximately HK\$50.6 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 2021 (six months ended 30 September 2020: 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 2021.

Roles of the chairman and the chief executive

Under the code provision A.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 2021 to 30 September 2021.

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.

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 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

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

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

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (<http://www.greeneconomy.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>). The 2021 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 2021

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