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 2024

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 2024, together with the comparative figures for the corresponding period in 2023:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**1,439,486**	1,518,615
Cost of sales and services		**(1,410,369)**	(1,500,733)
Gross profit		**29,117**	17,882
Other income		**4,898**	3,813
Other gain and loss		**413**	(32)
Selling expenses		**(1,734)**	(1,114)
Administrative expenses		**(14,199)**	(21,092)
Reversal losses on trade receivables		**—**	721
Profit from operations		**18,495**	178
Finance costs	*5*	**(13,876)**	(12,223)
Profit/(loss) before tax		**4,619**	(12,045)
Income tax expenses	*6*	**(2,451)**	(71)

	Notes	Six months ended 30 September 2024 HK$'000 (Unaudited)	2023 HK$'000 (Unaudited)
Profit/(loss) for the period	7	**2,168**	(12,116)
Other comprehensive income for the period, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**3,498**	(7,890)
Other comprehensive income for the period, net of tax		**3,498**	(7,890)
Total comprehensive income for the period		**5,666**	(20,006)
Profit/(loss) for the period attributable to:			
Owners of the Company		**2,182**	(12,115)
Non-controlling interests		**(14)**	(1)
		2,168	(12,116)
Total comprehensive income for the period attributable to:			
Owners of the Company		**5,680**	(20,005)
Non-controlling interests		**(14)**	(1)
		5,666	(20,006)

	Notes	2024 (Unaudited)	2023 (Unaudited) (Re-presented)
Earning/(loss) per share	9		
Basic (HK cents per share)		**0.41**	(3.25)
Diluted (HK cents per share)		**0.41**	(3.25)

Condensed Consolidated Statement of Financial Position
As at 30 September 2024

	Notes	As at 30 September 2024 HK$'000 (Unaudited)	As at 31 March 2024 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,374**	620
Goodwill		**320**	320
Right-of-use assets		**916**	2,728
Financial assets at fair value through profit or loss ("FVTPL")		**4,379**	4,379
		6,989	8,047
Current assets			
Inventories		**72,421**	70,787
Trade and other receivables	*10*	**330,981**	237,308
Contract assets		**141,395**	194,090
Amount due from a related party		**19,591**	19,591
Financial assets at FVTPL		**478**	—
Pledged bank deposits		**64,677**	63,349
Bank and cash balances		**118,852**	86,688
		748,395	671,813
Current liabilities			
Trade and other payables	*11*	**313,889**	300,534
Contract liabilities		**72,681**	41,030
Lease liabilities		**843**	2,480
Amounts due to related parties		**11,499**	11,573
Amount due to a director		**530**	2,330
Other loans		**200**	200
Loans from a related party	*14(b)*	**—**	102,124
Current tax liabilities		**12,080**	9,455
		411,722	469,726
Net current assets		**336,673**	202,087
Total assets less current liabilities		**343,662**	210,134

	Notes	As at 30 September 2024 HK$'000 (Unaudited)	As at 31 March 2024 HK$'000 (Audited)
Non-current liabilities			
Accruals and other payables	*11*	**487**	487
Lease liabilities		**139**	411
Loan from a related party	*14(b)*	**207,124**	105,000
		207,750	105,898
NET ASSETS		**135,912**	104,236
Capital and reserves			
Share capital	*12*	**6,129**	4,500
Reserves		**133,818**	103,795
Equity attributable to owners of the Company		**139,947**	108,295
Non-controlling interests		**(4,035)**	(4,059)
TOTAL EQUITY		**135,912**	104,236

Notes to the Condensed Consolidated Financial Statements

For the Six Months ended 30 September 2024

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 supply chain management, provision of building construction services, property maintenance services, and alterations, renovation, upgrading and fitting-out works 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.

The financial information relating to the year ended 31 March 2024 that is included in these unaudited condensed financial statements for the six months ended 30 September 2024 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has report on those consolidated financial statements. The auditor's report was unqualified; include a reference to the materiality related to going concern to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

These condensed consolidated financial statements should be read in conjunction with the 2024 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 2024.

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 2024. 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 2023, 31 March 2024 and 30 September 2024, 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 2023 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 2024. 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 2024 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 four (2023: five) operating segments as follows:

(a) Supply chain management — engaged in sales and provision of materials, the relevant transportation of materials and potential accessary services

(b) Building construction and other construction related business — engaged in provision of construction services

(c) Alterations, renovation, upgrading and fitting-out works — engaged in provision of alterations, renovation, upgrading and fitting-out works

(d) Property maintenance — engaged in provision of maintenance works

Two operations (trading of materials and transportation service business) were combined into a new segment "supply chain management" during the period to better reflect the strategic business operations of the Group.

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 (2023: Nil).

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

	Supply chain management	**Building construction and other construction related business**	**Alterations, renovation, upgrading and fitting-out works**	**Property maintenance**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Six months ended 30 September 2024					
Segment revenue					
— External customers	**1,224,709**	**225**	**19,243**	**195,309**	**1,439,486**
Segment profit/(loss)	**9,527**	**195**	**(6,682)**	**25,781**	**28,821**
Unallocated other income					**3,873**
Administrative expenses					**(14,199)**
Finance costs					**(13,876)**
Profit before tax					**4,619**

	Supply chain management HK$'000 (Unaudited) (Re-presented)	Building construction and other construction related business HK$'000 (Unaudited)	Alterations, renovation, upgrading and fitting-out works HK$'000 (Unaudited)	Property maintenance HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Six months ended 30 September 2023					
Segment revenue					
— External customers	1,133,072	2,408	60,520	322,615	1,518,615
Segment profit	3,975	2,388	3,905	5,695	15,963
Unallocated other income					1,877
Administrative expenses					(17,774)
Finance costs					(12,111)
Loss before tax					(12,045)

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.

	Trading of materials		Transportation service income		Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	**HK$'000**	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Primary geographical markets												
Hong Kong	**240,097**	36,442	**—**	—	**225**	2,408	**19,243**	60,520	**195,309**	322,615	**454,874**	421,985
the People's Republic of China (the "PRC") except Hong Kong	**958,523**	1,082,576	**26,089**	14,054	**—**	—	**—**	—	**—**	—	**984,612**	1,096,630
Revenue from external customers	**1,198,620**	1,119,018	**26,089**	14,054	**225**	2,408	**19,243**	60,520	**195,309**	322,615	**1,439,486**	1,518,615
Timing of revenue recognition												
Goods and services transferred at a point in time	**1,198,620**	1,119,018	**—**	—	**—**	—	**—**	—	**—**	—	**1,198,620**	1,119,018
Services transferred over time	**—**	—	**26,089**	14,054	**225**	2,408	**19,243**	60,520	**195,309**	322,615	**240,866**	399,597
Total	**1,198,620**	1,119,018	**26,089**	14,054	**225**	2,408	**19,243**	60,520	**195,309**	322,615	**1,439,486**	1,518,615

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

	30 September 2024	31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Receivables, which are included in "Trade and other receivables"	**56,546**	81,724
Contract assets	**141,395**	194,090
Contract liabilities	**(72,681)**	(41,030)

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

The amount of HK$41,030,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 September 2024.

5. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on:		
Banks and other loans	**317**	114
Lease liabilities	**59**	207
Loans from a related party *(note 14 (a))*	**13,500**	11,902
	13,876	12,223

6. INCOME TAX EXPENSES

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong	**2,387**	—
— the PRC	**64**	71
	2,451	71

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 group entity established in Hong Kong will be tax at 8.25% (2023: 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 Profits Tax has been provided at a rate of 16.5% (2023: 16.5%) on the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%). Pursuant to relevant laws and regulations in the PRC, the effective EIT rate for a subsidiary which qualified as small and micro enterprises is 2.5% for assessable profits below RMB1 million and 5% for assessable profits between RMB1 million and RMB3 million for the six months ended 30 September 2023 and 2024.

7. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period is arrived at after charging/(crediting):

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**232**	269
Depreciation of right-of-use assets	**1,446**	1,665
Lease payments not included in the measurement of lease liabilities	**290**	—
Bank interest income	**(3,034)**	(1,859)
Interest income from sub-contractors	**(1,438)**	(1,874)
Exchange loss, net	**183**	32

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months from 1 April 2024 to 30 September 2024 (six months from 1 April 2023 to 30 September 2023: Nil).

9. EARNING/(LOSS) PER SHARE

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

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
Earning/(loss)	**(Unaudited)**	(Unaudited)
Earning/(loss) for the purpose of calculating basic and diluted earning/(loss) per share	**2,182**	(12,115)

	Six months ended 30 September	
	2024	2023
Number of shares	**(Unaudited)**	(Unaudited)
		(Re-presented)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**529,585,246**	372,736,316

The weighted average number of ordinary shares for prior period has been adjusted retrospectively to reflect the effect of the bonus element of the 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 2024 and 30 September 2023.

10. TRADE AND OTHER RECEIVABLES

	30 September 2024	31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**58,496**	83,631
Less: impairment losses	**(1,950)**	(1,907)
	56,546	81,724
Prepayments	**153,035**	89,873
Deposits and other receivables *(note)*	**121,400**	65,711
	274,435	155,584
	330,981	237,308

Note: As at 30 September 2024, approximately HK$92,000 (as at 31 March 2024: HK$92,000) 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 2024	31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**55,431**	70,453
91 to 180 days	**199**	448
181 to 365 days	**354**	10,193
Over 365 days	**562**	630
	56,546	81,724

11. TRADE AND OTHER PAYABLES

	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
Trade payables	**103,807**	78,744
Retention payables	**18,648**	19,244
	122,455	97,988
Accruals and other payables	**191,921**	203,033
Less: non-current portion	**(487)**	(487)
	191,434	202,546
	313,889	300,534

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 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
0 to 90 days	**40,646**	48,224
91 to 180 days	**33,304**	—
181 to 365 days	**48**	15,026
Over 365 days	**29,809**	15,494
	103,807	78,744

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

12. SHARE CAPITAL

	Number of shares *'000*	Nominal value of shares *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	200,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2024	450,000	4,500
Issuance of shares by rights issue *(note)*	171,876	1,719
At 30 September 2024	621,876	6,219

Note:

On 21 February 2024, the Board proposed to raise approximately HK$36,225,000 before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) shares in issue for every one (1) rights share (the "Rights Shares") at the subscription price of HK$0.161 per share (the "Rights Issue").

Upon the completion of the Rights Issue on 16 April 2024, the number of shares in issue of the Company was increased by 171,876,373, resulting in a credit to share capital and share premium by HK$1,719,000 and HK$24,253,000, respectively after netting of the related cost of approximately HK$1,700,000. Details of the Rights Issue are disclosed in the Company's announcements dated 21 February 2024 and 15 April 2024.

13. ACQUISITION OF A SUBSIDIARY

On 13 September 2024, the Group acquired 85% of the issued share capital of Runroc Holdings Limited ("Runroc") for a cash consideration of HK$87,000. Runroc was engaged in investment holding and trading business, and starts to get involved with provision of iron ore pre-treatment and mixed ore processing services for various steel mills through its subsidiary during the period. The acquisition is part of the Group's strategy to expand its supply chain management business.

The fair value of the identifiable assets and liabilities of Runroc and its subsidiary at the date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	103
Trade receivables	15,352
Prepayments, deposits and other receivables	2,208
Financial assets at FVTPL	513
Due from a director	199
Bank and cash balances	2,772
Inventory	35
Trade and other payables	(18,217)
Contract liabilities	(2,240)
Portion shared by NCI	(38)
Gain on bargain purchase	(600)
Satisfied by:	
Cash	87
Net cash inflow arising on acquisition:	
Cash consideration paid	(87)
Cash and cash equivalents acquired	2,772
	2,685

The business combination results in a gain on bargain purchase of approximately HK$600,000 as the fair value of Runroc as at the completion date of the acquisition exceeds the cash consideration of HK$87,000 paid. The gain is included in other gain and loss.

Runroc and its subsidiary contributed revenue of HK$17,472,000 and loss of HK$86,000 in the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 April 2024, total Group revenue for the period would have been HK$289,733,000, and profit for the period would have been HK$12,576,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2024, nor is intended to be a projection of future results.

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	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses paid to a director of certain subsidiaries of the Company *(Note)*	**13,500**	11,902

Note: The interest expense was loan interest charged on loans from Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The amounts due to and loans from a related party are detailed in note 14(b) below.

(b) Outstanding balances with related parties:

As at 31 March 2022, 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 Co., Ltd. ("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, 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. On 26 June 2024, these parties entered into agreements to further extend the maturity dates of the loans for further one year to 31 October 2025 and 30 September 2026, respectively.

(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	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**8,488**	7,023

(d) Performance bond of HK$12,341,000 (31 March 2024: HK$12,979,000) 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 compiled with the requirement in Chapter 14A of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interim Results

For the half year ended 30 September 2024 (the "Period"), the Group recorded a revenue of approximately HK$1,439 million representing a decrease of approximately 5% as compared to revenue of approximately HK$1,519 million of the same period in 2023 (the "Prior Interim Period").

With the increase in profit margin of the supply chain management segment and increase in project profits recorded from property maintenance segment, the Group's gross profit increases from approximately HK$17.9 million in Prior Interim Period to approximately HK$29.1 million for the 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$2.2 million (Prior Interim Period: loss attributable to owners of the Company of approximately HK$12.1 million). The turnaround from loss to profit of approximately HK$14.3 million was mainly attributable to the increase in gross profit of approximately HK$11.2 million and the decrease in administrative expenses of approximately HK$6.9 million, which was partially offset by the increase in finance costs and income tax of approximately 4.0 million.

Earning per share for the Period was approximately HK0.41 cent (Prior Interim Period: loss per share of approximately HK3.25 cent (re-presented)).

(2) Review of Operations

(i) *Supply chain management*

Revenue for the segment for the Period, comprising income from trading of materials of HK$1,198,620,000 and transportation service income of HK$26,089,000, was approximately HK$1,224,709,000 (Prior Interim Period: approximately HK$1,133,072,000).

Segment result increased from the Prior Interim Period segment profit of approximately HK$3,975,000 to segment profit approximately HK$9,527,000 in the Period as there was increase in profit margin recorded in the segment.

(ii) *Building Construction*

Revenue for the building construction segment for the Period was approximately HK$225,000 (Prior Interim Period: approximately HK$2,408,000).

Segment result decreased from the Prior Interim Period segment profit approximately HK$2,388,000 to segment profit approximately HK$195,000 in the Period.

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

(iii) ***Alterations, renovation, upgrading and fitting-out works (collectively "A&A works")***

Revenue for the A&A works segment for the Period was approximately HK$19,243,000 (Prior Interim Period: approximately HK$60,520,000) and segment loss was approximately HK$6,682,000 (Prior Interim Period: segment profit approximately HK$3,905,000).

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 profit to segment loss of the Period was mainly attributable to increase of construction costs for operation of A&A works projects in the Period and also additional cost was recognized from completed projects in the Period.

(iv) ***Property Maintenance***

Revenue for the property maintenance segment decreased from approximately HK$322,615,000 in the Prior Interim Period to approximately HK$195,309,000 in the Period and segment profit was approximately HK$25,781,000 (Prior Interim Period: segment profit approximately HK$5,695,000).

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

The increase in segment profit was mainly attributable to substantial increase in operating cost in the Prior 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 Prior Interim Period.

(3) Future Plans and Prospects

Financial resources

Supply chain management business

The Company currently involves in the supply chain of materials (e.g. iron ores) in various markets, the businesses of which involves sales and provision of materials, the relevant transportation of materials and potential accessary services (e.g. the mixing of iron ores).

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 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 businesses in 2024.

Building construction, property maintenance and A&A works

The growth of the Hong Kong construction industry in 2024 will slow down due to the diminishing demand in the private sector and the tightened public project expenditure. Owing to the continuous monetary tightening, building contractors are facing financial hardship while the fierce price competition has further narrowed profit margin.

Shortage of skilled workers and soaring costs in maintaining quality and safe construction are still the two main risk factors for the construction business. Adoption of the latest technology in the construction industry is one of the ways to improve the works management and enhance overall cost control.

In the long run, building sector would pick up sustainable growth again. The Group holds an optimistic but cautious outlook to the immediate future. We will keenly focus on operational costs control in order to maintain liquidity and competitiveness in the market. Additionally, we will leverage our accumulated experience and understanding in the industry to selectively explore other opportunities to reduce our business risks.

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

On 11 September 2024, Start Shinning Pte. Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party of the Company for the sale and purchase of the entire issued share capital of Runroc Holdings Limited ("Target Company"), a company incorporated in the British Virgin Islands with limited liability which holds 85% of the equity interest in Rizhao Zhongkuang New Energy Technology Co., Ltd.* (日照中礦新能源科技有限公司) ("Target Subsidiary"), a company a company established under the laws of the PRC with limited liability. The Target Company is principally engaged in investment holding and trading business and the Target Subsidiary is principally engaged in trading business and starts to get involved with provision of iron ore pre-treatment and mixed ore processing services for various steel mills (the "Acquisition").

The consideration of the Acquisition is HK$87,000 and the Acquisition was completed in 13 September 2024. Details of the Acquisition could be referred to the announcements of the Company dated 11 September 2024 and 14 October 2024.

Save as disclosed above, there was no material acquisition or disposal or loss of control of subsidiaries or associated companies by the Group during the Period.

(5) Major Corporate Event

On 21 February 2024, the Board proposed to raise approximately HK$36.23 million before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) shares in issue for every one (1) rights share (the "Rights Shares") at the subscription price of HK$0.161 per share (the "Rights Issue").

On 16 April 2024, the Rights Issue was completed with applications in respect of a total of 171,876,373 Rights Shares received and 171,876,373 Rights Shares allotted and issued. The gross proceeds raised from the Rights Issue are approximately HK$27.67 million and the net proceeds from the Rights Issue after deducting the estimated expenses of approximately HK$1.7 million in relation to the Rights Issue are estimated to be approximately HK$25.97 million.

Details of the Rights Issue are disclosed in the Company's announcements dated 21 February 2024 and 15 April 2024.

(6) Liquidity and Financial Resources

The Group maintained a healthy financial position. As at 30 September 2024, the current assets and current liabilities were stated at approximately HK$748.4 million (as at 31 March 2024: approximately HK$671.8 million) and approximately HK$411.7 million (as at 31 March 2024: approximately HK$469.7 million), respectively. The current ratio is 1.82 as at 30 September 2024 (as at 31 March 2024: 1.43). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2024, the Group had total cash and bank deposits of approximately HK$183.5 million (as at 31 March 2024: approximately HK$150.0 million).

As at 30 September 2024, total interest-bearing loans amounted to approximately HK$207.3 million (31 March 2024: approximately HK$207.3 million). The Group's net cash balance as at 30 September 2024 (the sum of pledged bank deposits, restricted cash and bank and cash less interest-bearing bank and other borrowings in current portion) was approximately HK$183.3 million (as at 31 March 2024: approximately HK$47.7 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2024, the Group had obtained credit facilities and trade finance facilities from various banks up to a maximum amount of approximately HK$69.5 million and US$50 million respectively (31 March 2024: approximately HK$69.5 million and US$50 million respectively) and approximately HK$12.2 million (31 March 2024: approximately HK$12.8 million) of the credit facilities has been utilized.

As at 30 September 2024, the gearing ratio of the Group was approximately 27.4% (as at 31 March 2024: approximately 30.5%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%. With its available bank balances and cash and existing available bank credit facilities for operating use, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

Reference should be made to the "going concern basis" in Note 2 to the consolidated financial statements for the year ended 31 March 2024 and "The Board's Response to the Auditor's Opinion" in the 2024 annual report of the Company.

(7) 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.

(8) 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 2024	31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Other receivables	**92**	92
Bank deposits	**64,677**	63,349
	64,769	63,441

(9) Contingent Liabilities

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

	30 September 2024	31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Guarantees in respect of performance bonds in favor of its clients	**12,341**	12,796

(10) Event after the Reporting Period

There is no other event after the reporting period that should be notified to the shareholders of the Company.

(11) Movement of Incomplete Contracts for the six months ended 30 September 2024

	31 March 2024	**Contracts Secured**	**Contracts Completed**	**30 September 2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Building Construction	—	—	—	—
Property Maintenance	1,229,787	—	—	1,229,787
Alteration, Renovation, Upgrading and Fitting-Out Works	139,038	12,579	(47,938)	103,679
	1,368,825	12,579	(47,938)	1,333,466

(12) Employees and Remuneration Policies

As at 30 September 2024, the Group employed a total of 95 staff (as at 30 September 2023: 202 staff) which included Hong Kong and the People's Republic of China employees. The total remuneration for staff for the Period was approximately HK$25.1 million for the Period (Prior Interim Period: approximately HK$40.3 million).

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

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

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: 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 2024.

Code Provision C.1.6

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, two of the independent non-executive directors were unable to attend the Company's annual general meeting held on 27 September 2024.

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 2024 to 30 September 2024.

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 2024.

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. Zhang Shengman and Ms. Li Xiaoting.

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 2024 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.

* *For identification purpose only*

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

Hong Kong, 29 November 2024

As at 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 Mr. Wong Wai Kwan Mr. Zhang Shengman and Ms. Li Xiaoting.