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)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

AUDITED ANNUAL RESULTS

Reference is made to the announcement (the "Unaudited Results Announcement") of the Company dated 30 June 2022 regarding the publication of the Company's unaudited annual consolidated results ("Unaudited Results") for the year ended 31 March 2022.

Further to the publication of the Unaudited Results Announcement, the board (the "Board") of directors (the "Directors") of the Company hereby announces its audited annual consolidated results ("Audited Results") for the year ended 31 March 2022, together with the corresponding comparative figures for the year ended 31 March 2021 as follows.

The major variances between Audited Results and Unaudited Results could be referred to in the section "MATERIAL DIFFERENCES BETWEEN UNAUDITED RESULTS AND AUDITED RESULTS" in this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	2022 *HK$'000*	2021 *HK$'000*
Revenue	*4*	**4,272,884**	5,236,876
Cost of sales and services		**(4,183,612)**	(5,156,282)
Gross profit		**89,272**	80,594
Other income		**9,719**	29,818
Other gains and (losses)		**999**	(3,876)
Selling expenses		**(11,843)**	(25,694)
Administrative expenses		**(54,645)**	(57,210)
Profit from operations		**33,502**	23,632
Finance costs	*6*	**(33,932)**	(12,243)
(Loss)/profit before tax		**(430)**	11,389
Income tax expenses	*7*	**(14,987)**	(6,282)
(Loss)/profit for the year	*8*	**(15,417)**	5,107
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**6,659**	15,119
Other comprehensive income for the year, net of tax		**6,659**	15,119
Total comprehensive income for the year		**(8,758)**	20,226
(Loss)/profit for the year attributable to:			
Owners of the Company		**(13,566)**	7,216
Non-controlling interests		**(1,851)**	(2,109)
		(15,417)	5,107
Total comprehensive income for the year attributable to:			
Owners of the Company		**(6,907)**	22,335
Non-controlling interests		**(1,851)**	(2,109)
		(8,758)	20,226

		2022	2021 (Restated)
(Loss)/earnings per share	*10*		
Basic (HK cents)		**(0.19)**	0.12
Diluted (HK cents)		**(0.19)**	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		**3,531**	4,058
Right-of-use assets		**5,199**	3,603
		8,730	7,661
Current assets			
Inventories		**79,806**	44,107
Trade and other receivables	*11*	**322,628**	315,468
Contract assets		**275,693**	281,981
Financial assets at fair value through profit or loss		**1,083**	1,059
Pledged bank deposits		**59,832**	59,769
Bank and cash balances		**132,908**	148,801
		871,950	851,185
Current liabilities			
Trade and other payables	*12*	**396,814**	385,925
Lease liabilities		**3,108**	3,075
Contract liabilities		**41,486**	32,515
Amounts due to related parties		**17,479**	24,784
Amount due to a director		**2,680**	1,700
Loans from a related party	*13*	**218,878**	243,009
Other loans		**4,105**	3,255
Current tax liabilities		**20,447**	11,433
		704,997	705,696
Net current assets		**166,953**	145,489
Total assets less current liabilities		**175,683**	153,150

	Note	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Accruals and other payables	*12*	**487**	487
Lease liabilities		**1,678**	608
		2,165	1,095
NET ASSETS		**173,518**	152,055
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**15,000**	12,000
Reserves		**162,473**	142,159
		177,473	154,159
Non-controlling interests		**(3,955)**	(2,104)
TOTAL EQUITY		**173,518**	152,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 2010, 20/F., No. 118 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai ("Mr. Wong"), the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made between Mr. Wong as lender and Wan Chung as borrower ("Wan Chung Loan Agreements"). It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

On 4 October 2021, the Company received a demand letter dated 2 October 2021 (the "Second Demand Letter") from Mr. Wong in relation to the promissory notes dated 2 July 2014 and 24 March 2015 respectively (both as supplemented) in the principal sum of HK$41,856,697 made between Mr. Wong as lender and Magic Choice Holdings Limited ("Magic Choice"), an indirect wholly-owned subsidiary of the Company, as borrower ("Magic Choice Promissory Notes"). It is stated in the Second Demand Letter that, among other things, the failure of Magic Choice to repay all the outstanding principal and the interest accrued thereon under the Magic Choice Promissory Notes in the sum of HK$42,654,153 on 30 September 2021 constituted an event of default, and that the promissory notes became due and payable.

As at 30 September 2021, the total sum owed by Wan Chung and Magic Choice to Mr. Wong under the Wan Chung Loan Agreements and the Magic Choice Promissory Notes amounted to an aggregate outstanding principal sum of approximately HK$243 million together with any accrued interest thereon.

On 31 March 2022, HK$50,000,000 was paid to Mr. Wong by Wan Chung which was applied as follows:

(a) approximately HK$25,869,000 for repayment of default interest under the Wan Chung Loan Agreements and the Magic Choice Promissory Notes for the period from 1 October 2021 up to and including 10 March 2022; and

(b) approximately HK$24,131,000 for partial repayment of principal on the outstanding loans of the Wan Chung Loan Agreements.

As at 31 March 2022, the Group's total borrowings due to Mr. Wong amounted to approximately HK$218,878,000 and the interest thereon amounted to approximately HK$14,879,000 while its cash and cash equivalents amounted to approximately HK$132,908,000 only.

Subsequent to 31 March 2022, the Group has not made any repayment of loans or any interest thereon to Mr. Wong.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2023.

The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong.

After taking into account of the Group's bank deposits and cash balances amounting to HK$132,908,000 as at 31 March 2022 and the Group's ability for generating operating cash, the directors are optimistic that Mr. Wong will accept the repayment proposals put forward/to be put forward by the Group. As such the directors consider it reasonable to assume that the Company will successfully extend the loans due to Mr. Wong.

The directors therefore considered it appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform")

The amendments do not have an impact on these financial statements as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. The amendments had no impact on the consolidated financial statements of the Group as the Group does not have any rent concessions that were previously ineligible for the practical expedient because of the original time limit and accounted for as lease modifications, become eligible.

(b) New and revised HKFRSs in issue but not yet effective

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Building construction and other construction related business	**274,115**	173,133
— Alterations, renovation, upgrading and fitting-out works	**292,282**	285,983
— Property maintenance	**687,308**	639,764
— Trading of materials	**3,019,179**	4,137,996
	4,272,884	5,236,876

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products or service lines and geographical regions:

For the year ended 31 March	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets										
Hong Kong	**4,915**	7,306	**280,153**	274,857	**687,308**	639,764	**—**	—	**972,376**	921,927
People's Republic of China (the "PRC") except Hong Kong	**—**	—	**—**	—	**—**	—	**3,019,179**	4,137,996	**3,019,179**	4,137,996
Singapore	**269,200**	165,827	**12,129**	11,126	**—**	—	**—**	—	**281,329**	176,953
Revenue from external customers	**274,115**	173,133	**292,282**	285,983	**687,308**	639,764	**3,019,179**	4,137,996	**4,272,884**	5,236,876
Timing of revenue recognition										
Goods and services transferred at a point in time	**—**	—	**—**	—	**—**	—	**3,019,179**	4,137,996	**3,019,179**	4,137,996
Services transferred over time	**274,115**	173,133	**292,282**	285,983	**687,308**	639,764	**—**	—	**1,253,705**	1,098,880
Total	**274,115**	173,133	**292,282**	285,983	**687,308**	639,764	**3,019,179**	4,137,996	**4,272,884**	5,236,876

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and the expected timing of recognising revenue as follows:

	Construction contracts	
	2022	2021
	HK$'000	*HK$'000*
Within one year	**1,243,183**	996,340
More than one year but not more than two years	**737,350**	893,641
More than two years	**282,937**	—
	2,263,470	1,889,981

5. SEGMENT INFORMATION

The Group has four (2021: four) operating segments as follows:

(a) Building construction and other construction related business

(b) Alterations, renovation, upgrading and fitting-out works

(c) Property maintenance

(d) Trading of materials

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 financial assets at fair value through profit or loss, 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.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) **Information about reportable segments profit or loss, assets and liabilities:**

	Building construction and other construction related business	Alterations, renovation, upgrading and fitting-out works	Property maintenance	Trading of materials	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2022					
Revenue from external customers	**274,115**	**292,282**	**687,308**	**3,019,179**	**4,272,884**
Segment (loss)/profit	**(27,529)**	**(1,709)**	**97,731**	**10,236**	**78,729**
Interest revenue	**—**	**371**	**930**	**—**	**1,301**
Depreciation	**1**	**8**	**932**	**29**	**970**
Capital expenditure	**—**	**—**	**—**	**6**	**6**
At 31 March 2022					
Segment assets	**82,669**	**106,287**	**212,801**	**200,007**	**601,764**
Segment liabilities	**(105,270)**	**(73,991)**	**(151,085)**	**(91,400)**	**(421,746)**
Year ended 31 March 2021					
Revenue from external customers	173,133	285,983	639,764	4,137,996	5,236,876
Segment (loss)/profit	(9,769)	4,610	53,671	10,708	59,220
Interest revenue	3	461	3,856	—	4,320
Depreciation	—	—	950	24	974
Capital expenditure	—	—	2,803	10	2,813
At 31 March 2021					
Segment assets	88,130	69,205	224,237	266,507	648,079
Segment liabilities	(69,767)	(69,091)	(163,748)	(104,843)	(407,449)

(ii) Reconciliations of reportable segments:

Revenue and profit or loss:

	2022	2021
	HK$'000	*HK$'000*
Revenue		
Consolidated revenue	**4,272,884**	5,236,876
Profit or loss		
Total profit of reportable segments	**78,729**	59,220
Unallocated amounts:		
Other income	**8,419**	25,498
Other gains and (losses)	**999**	(3,876)
Administrative expenses	**(54,645)**	(57,210)
Finance costs	**(33,932)**	(12,243)
Consolidated (loss)/profit before tax	**(430)**	11,389

Assets and liabilities:

	2022	2021
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**601,764**	648,079
Unallocated amounts:		
Unallocated head office and corporate assets	**278,916**	210,767
Consolidated total assets	**880,680**	858,846
Liabilities		
Total liabilities of reportable segments	**421,746**	407,449
Unallocated amounts:		
Unallocated head office and corporate liabilities	**285,416**	299,342
Consolidated total liabilities	**707,162**	706,791

(iii) Geographical information:

Information about the Group's non-current assets by location of assets are detailed below:

	Non-current assets	
	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**6,450**	4,503
The PRC except Hong Kong	**29**	50
Singapore	**2,251**	3,108
Consolidated total	**8,730**	7,661

(iv) Revenue from major customers:

	2022	2021
	HK$'000	*HK$'000*
Trading of materials segment		
Customer A[#]	**—**	829,567
Customer B[#]	**—**	775,798
Customer D	**748,826**	—
Customer E	**462,426**	—
Building construction and other construction related business and property maintenance segments		
Customer C	**700,384**	771,457

Revenue from these customers amounted to less than 10% of the total revenue of the Group for the year ended 31 March 2022.

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest expenses on loans from a related party	**33,453**	9,234
Interest expenses on bank loans and other loans	**301**	2,825
Interest expenses on lease liabilities	**178**	184
	33,932	12,243

7. INCOME TAX EXPENSES

Income tax has been recognised in profit or loss as follows:

	2022	2021
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**12,431**	4,326
Under-provision in prior years	**80**	13
	12,511	4,339
Current tax — PRC Enterprise Income Tax		
Provision for the year	**2,157**	1,388
Under-provision in prior years	**319**	555
	2,476	1,943
	14,987	6,282

Pursuant to the rules and regulations of the Cayman Islands, Republic of Seychelles and the British Virgin Islands, the Group is not subject to any income tax in these regions.

Under the two-tiered profits tax regime, profits tax rate for the first HK$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% (2021: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profit Tax has been provided at a rate 16.5% (2021: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2021: 25%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2022	2021
	HK$'000	*HK$'000*
Auditor's remuneration	**1,780**	1,700
Cost of services provided	**1,186,512**	1,054,880
Cost of inventories sold	**2,997,100**	4,101,593
Depreciation of property, plant and equipment	**1,654**	1,977
Depreciation of right-of-use assets	**3,849**	3,892
Net foreign exchange (gain)/losses	**(866)**	2,881
Gain on disposals of property, plant and equipment	**(110)**	(23)
Gain on disposals of right-of-use assets	**—**	(4)
Expenses relating to short-term lease and leases of low value assets	**1,139**	1,497

9. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2022 (2021: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2022	2021
	HK$'000	*HK$'000*
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(13,566)**	7,216
Number of shares	***'000***	*'000* (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**7,060,699**	6,206,897

The weighted average number of ordinary shares for current and prior years have been adjusted retrospectively to reflect the effect of rights issue.

As the effect of the Company's outstanding share options were anti-dilutive, the Company did not include the effect of such dilutive potential ordinary shares arising from the outstanding share options in the weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share during the year ended 31 March 2022.

11. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**218,275**	151,487
Prepayments	**81,920**	153,840
Deposits and other receivables	**22,433**	10,141
	104,353	163,981
	322,628	315,468

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 aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 to 90 days	**214,033**	151,440
91 to 180 days	**739**	—
181 to 365 days	**3,499**	—
Over 365 days	**4**	47
	218,275	151,487

12. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**137,706**	142,889
Retention payables	**59,134**	50,418
	196,840	193,307
Accruals and other payables	**200,461**	193,105
Less: non-current portion	**(487)**	(487)
	199,974	192,618
	396,814	385,925

The aging analysis of trade payables based on the date of receipt of goods or services consumed, is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 to 90 days	**134,889**	140,942
91 to 180 days	**40**	388
181 to 365 days	**683**	223
Over 365 days	**2,094**	1,336
	137,706	142,889

13. LOANS FROM A RELATED PARTY

The loans from a related party represent loans from Mr. Wong, a director of certain subsidiaries of the Company. The loans are unsecured, interest bearing at 3.8% per annum and repayable on 30 September 2021. In the event of default of repayment, the amount in default is interest bearing at 2% per month. During the year, principal amount of HK$24,131,000 has been settled and the remaining balances have been overdue.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group

The Group recorded total turnover of approximately HK$4,273 million for the financial year ended 31 March 2022 ("Fy2022"), compared to turnover of approximately HK$5,237 million for the financial year ended 31 March 2021 ("Fy2021"). Nevertheless, with the increase in gross profit margin, the Group recorded an increase in gross profit of approximately HK$8.7 million, from approximately HK$80.6 million in Fy2021 to approximately HK$89.3 million in Fy2022.

Increase in finance cost of approximately HK$21.7 million fully offset the increase in gross profit, and with the increase in income tax expenses of approximately HK$8.7 million, the Company recorded a loss attributable to shareholders of the Company for Fy2022 of approximately HK$13.6 million (Fy2021: profit attributable to shareholder of the Company of approximately HK$7.2 million).

The fluctuations in revenue and segment results are further discussed in the Results of Operations section below.

Basic loss per share for Fy2022 is approximately HK0.19 cent (Fy2021: basis earnings per share of approximately HK0.12 cent (restated)).

The Board does not recommend any payment of dividends for Fy2022 (Fy2021: Nil).

Results of Operations

(i) ***Building Construction***

Revenue for the building construction segment increased by approximately HK$101 million from approximately HK$173 million for Fy2021 to approximately HK$274 million for Fy2022.

Segment loss increased from last year approximately HK$9.8 million to approximately HK$28 million for Fy2022.

Segment revenue of building construction segment in Fy2021 and Fy2022 was substantially contributed by building construction projects in Singapore.

The increase in the segment revenue was mainly attributable to more operations of existing large scale building construction projects in Singapore in Fy2022 that have contributed more segment revenue in Fy2022 and also attributable to work interruption resulting from outbreak of COVID-19 decelerated the progress of the projects in Fy2021.

Due to continuous impact on Covid-19 resulting in workers shortage, increase in labour and building material cost that the building construction projects in Singapore is facing a big challenge. Segment loss increased from Fy2021 to Fy2022 was primarily attributable to additional project costs incurred of several large scale building construction projects in Singapore in Fy2022.

(ii) ***Alterations, Renovation, Upgrading and Fitting-out ("A&A") Works***

Revenue for the A&A works segment in Fy2022 was approximately HK$292 million (Fy2021: approximately HK$286 million).

The slight increase in segment revenue was in line with the increase in number of A&A works projects in progress during the year. The average contract sum of A&A works projects in progress for the year was amounted to approximately HK$503 million (Fy2021: approximately HK$402 million). The slight increase in the segment revenue from A&A works segment was 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 Fy2022. It was also attributable to the completion of several projects in Fy2022.

Segment profit of A&A works decreased from Fy2021 approximately HK$4.6 million to segment loss for Fy2022 approximately HK$1.7 million. The decrease was mainly due to additional construction costs for large scale A&A works projects in Fy2022.

(iii) ***Property Maintenance***

Revenue for the property maintenance segment increased from approximately HK$640 million in Fy2021 to approximately HK$687 million in Fy2022 and segment profit increased from approximately HK$53.7 million in Fy2021 to approximately HK$97.7 million in Fy2022.

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 which was in the preliminary stage in Fy2021 that had contributed less revenue in Fy2021.

The increase in segment profit was attributable to higher profit margin for the large scale long term property maintenance project in Fy2022.

In addition, the increase in segment profit was mainly attributable to the full swing operations of two large scale long term property maintenance projects in Fy2022.

(iv) ***Trading of Materials***

Revenue for this segment for Fy2022 included sales of materials of approximately HK$3,019 million (Fy2021: HK$4,138 million).

During the year, the Group mainly conducted trading of iron ores, cast iron and coal.

Segment profit was approximately HK$10.2 million (Fy2021: approximately HK$10.7 million).

BUSINESS OVERVIEW AND PROSPECT

Construction related businesses

The fifth wave of the pandemic has worsened the already weak construction market. The subsequent significant increase in inflation (e.g. in respect of crucial items such as materials used in construction) would further narrow or decrease the profit margin of the Group. Compared with public works, projects in the private sector would suffer more, because many of them are fixed price contracts. The management would tighten up its cost control to minimize the loss and would explore new opportunities in an effort to secure the continuing operation of the company.

As disclosed in the announcement of the Group on 24 November 2021, two subsidiary companies of the Group were suspended from tendering for the public works under their respective categories with effect from 5 November 2021. Such suspension may be uplifted and the management is making effort on uplifting it. The management is aware of the possible implications for the said subsidiaries and possibly the Group if the suspension is not uplifted within a certain period of time under the relevant rules. Therefore maximum effort is being made to uplift such suspension.

The delta and omicron variant of the novel coronavirus has swept across nations worldwide for the past months and the daily new infection cases in Singapore peaked around Feb 2022. Daily cases has since began to subside. With the situation generally stabilized, the Singapore government has gradually began to ease restrictions and open up its borders. While this is good news, the process of bringing in more foreign workers is still rather slow and tedious due to the calibrated approach adopted and policy shift towards less reliance on foreign labour.

Meanwhile, global supply chain disruptions has been persisting for the past months due to the recent China lockdowns and other geopolitical issues like the Russia-Ukraine war. This has led to sky-rocketing material costs on top of the increasing manpower cost. Generally, building material costs has increased across the board by about 20-30%, especially for steel, concrete and aluminium. In light of the above, the Company is actively managing its cost and expenses while pushing for progress for all its projects.

As the Singapore construction industry embark on its road to recovery, the Company hopes to rebuild itself and re-emerge strongly from the Covid-19 pandemic.

Trading of materials business

I. **Rationality of the existence of trade agent market:** Given that domestic iron and steel enterprises purchase iron ore from foreign iron ore enterprises through a dual system, some qualified large steel enterprises implement the Benchmark Prices, while small unqualified steel enterprises adopt the Spot Prices that is higher than the Benchmark Prices. The international trade of iron ore is characterized by strong professionalism, frequent market fluctuations and unstable supply, which is extremely risky for buyers. Therefore, most small iron and steel enterprises entrust trader agents to import iron ore, and some large iron and steel enterprises with direct purchase agreements also entrust reputable trader agents to import iron ore, so as to ensure the stability of iron ore supply. This is the value of the existence of the iron ore trade agent market.

II. Industry Status and Trend

1. Policy factor: according to the Outline of 14th Five-Year Plan for the Development of Iron Ore Industry issued by China, it is clearly required that the growth of iron ore industry shall increase 70% by 2021, which have made each local government correspondingly introduce local policies to improve the industry penetration.

2. Economic factor: currently, the market size of iron ore has reached RMB500 billion, with a steady upward trend of the overall market. With the effective control of the epidemic, the demand for the iron and steel industry has increased, which was driven by gradual implementation of major national infrastructure projects and the recovery of the demand of downstream markets like automobile. It has increased the profit of the steel and improved the enthusiasm of the iron and steel enterprises to increase production, thereby generating strong demand for iron ores. The trade of iron ore and even the steel industry will continuously have a strong development under the effect of China's macro policies.

III. Development plan of the Company's business (partly selected from the business plan)

The Company's corporate development goal: we will establish a port of ore blending integration platform based on modern supply chain management. Through scientific blending of ore, the final blended ore products can meet the production demand of various steel enterprises, so as to provide stable raw material supply guarantee for iron and steel enterprises. The Company will strive to develop into a core supply chain enterprise of large domestic iron and steel enterprises. Through the advantages of call auction, the Company will save logistics costs in multiple logistics links such as import order, shipping, port yard, scientific ore blending and inland transshipment. In the future, the Company will become a professional iron ore product and service integrator and service and product agent in iron ore industry. It will develop a supply chain management software system with independent intellectual property rights, by using modern network information technology and listed company platform, so as to realize the integration of supply chain in the industry, optimize the cost, and achieve the smooth coordination of logistics, capital flow and information flow, as well as obtaining greater revenue from management services for the Company.

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 2022.

Liquidity and Financial Resources

As at 31 March 2022, the current assets and current liabilities were stated at approximately HK$872.0 million (as at 31 March 2021: approximately HK$851.2 million) and approximately HK$705.0 million (as at 31 March 2021: approximately HK$705.7 million), respectively. The current ratio maintained at 1.24 times as at 31 March 2022 (as at 31 March 2021: 1.21 times). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period. As at 31 March 2022, the Group had total cash and bank deposits of approximately HK$192.7 million (as at 31 March 2021: approximately HK$208.6 million).

As at 31 March 2022, total interest-bearing loans amounted to approximately HK$223.0 million (as at 31 March 2021: approximately HK$246.3 million). The Group's net cash deficit as at 31 March 2022 (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$30.2 million (as at 31 March 2021: net cash deficit of approximately HK$37.7 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2022, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK$110 million (31 March 2021: approximately HK$154 million) and approximately HK$23.6 million (31 March 2021: approximately HK$14.1 million) of the credit facilities has been utilized.

As at 31 March 2022, the gearing ratio of the Group was approximately 25.3% (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%. 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 also be made to the "going concern basis" in Note 2 to the consolidated financial statements for the year ended 31 March 2022 in this announcement.

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:

	31 March 2022 *HK$'000*	31 March 2021 *HK$'000*
Pledged for securing the Group's banking facilities and performance bond		
Other receivables	**8,485**	7,585
Bank deposits	**59,832**	59,769
Total	**68,317**	67,354

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries or associated companies by the Group in Fy2022.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks relating to constructions related segments

(i) The Group's construction works are labour-intensive in nature. In the event that there is a significant increase in the costs and demand of labour, the Group's staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group's existing labour and/or recruit sufficient labour in a timely manner to cope with the Group's existing or future projects, the Group may not be able to complete the Group's projects on schedule and within budget, the Group's operations and profitability may be adversely affected.

(ii) The Group needs to estimate the time and costs involved in projects in order to determine the fee. There is no guarantee that the actual amount of time and costs would not exceed the Group's estimation during the performance of the jobs. The actual amount of time and costs involved in completing the jobs may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

(iii) The projects undertaken by the Group are mostly on a case by case basis. As such, our revenue derived from such projects is not recurring in nature and we cannot guarantee that our customers will provide us with new business after the completion of the current projects. The Group has to go through the competitive tendering process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender competitively, our business and hence our revenue will be adversely affected.

Risks relating to trading segment

(i) The trading profit margin is relatively low and hence any significant impairment of trade receivables, and abnormal fluctuations of trading prices and exchange rates would affect the operating result of the Company.

Financial 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 risks continuously and considers hedging any excessive risk when necessary.

Contingent Liabilities

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 Wan Chung Outstanding Loan of HK$201 million. It was stated in the Demand Letter that an event of default occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021, whose resignation would become effective on 1 April 2021. Possible Default Interest was therefore calculated based on the default interest rates stated in the Wan Chung Loan Agreements. The Group has been in negotiation with Mr. Wong in respect of the aforesaid, and would strike to procure the extension of loans and avoidance/wavier of any default interest arising therefrom, and the Possible Default Interest has not been taken into account in preparing the consolidated financial statements of the Group for the year ended 31 March 2022.

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

	31 March 2022	31 March 2021
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favor of its clients	**116,153**	94,216

Movement of incomplete contracts for the year ended 31 March 2022

	31 March 2021	**Contracts Secured**	**Contracts Completed**	**31 March 2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Building Construction	1,277,968	—	—	1,277,968
Property Maintenance	2,358,990	1,216,994	(1,194,816)	2,381,168
Alteration, Renovation, Upgrading and Fitting-Out Works	528,687	245,130	(295,843)	477,974
	4,165,645	1,462,124	(1,490,659)	4,137,110

Employees and Remuneration Policies

As at 31 March 2022, the Group employed a total of 450 staff (as at 31 March 2021: 440 staff) which included Hong Kong, Macau, Singapore and Mainland China employees. The total remuneration for staff was approximately HK$141.5 million for Fy2022 (Fy2021: approximately HK$122 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 consist 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.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 March 2022 (2021: Nil). No interim dividend was declared for the six months ended 30 September 2021 (30 September 2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICE

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. During the year ended 31 March 2022, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2022, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

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 year.

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.

Financial reporting, Risk management and internal control

The Company has engaged internal control consultant to conduct internal control reviews, has set up Risk Management Committee to assist the Board to oversee the risk management system carried out by the management on an ongoing basis, and has appointed a compliance officer to advise on and assist the Board in overseeing the compliance of laws and regulations by the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2022.

EVENT AFTER THE REPORTING PERIOD

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

MATERIAL DIFFERENCES BETWEEN UNAUDITED RESULTS AND AUDITED RESULTS

The auditing process for the Audited Results had not been completed as at the date of publication of the Unaudited Results Announcement. Since subsequent adjustments have been made to the Unaudited Results contained in the Unaudited Results Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the Unaudited Results contained in the Unaudited Results Announcement and the Audited Results in this announcement. Set out as below are principal details and reasons for the differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Disclosure in this announcement	**Disclosure in the Unaudited Results Announcement**	**Difference**	
	HK$'000	*HK$'000*	*HK$'000*	*Notes*
Revenue	4,272,884	4,279,830	(6,946)	*1*
Cost of sales and services	(4,183,612)	(4,178,244)	(5,368)	*2, 3*
Gross profit	89,272	101,586	(12,314)	*1, 2, 3*
Other income	9,719	11,351	(1,632)	*4*
Administrative expenses	(54,645)	(53,705)	(940)	*3, 5*
Profit from operations	33,502	48,388	(14,886)	*1, 2, 4, 5*
(Loss)/profit before tax	(430)	14,456	(14,886)	*1, 2, 4, 5*
Income tax expenses	(14,987)	(17,640)	2,653	*6*
Loss for the year	(15,417)	(3,184)	(12,233)	*1, 2, 4, 5, 6*
Total comprehensive income for the year	(8,758)	3,475	(12,233)	*1, 2, 4, 5, 6*
Loss for the year attributable to:				
Owners of the Company	(13,566)	(1,333)	(12,233)	*1, 2, 4, 5, 6*
Total comprehensive income for the year attributable to:				
Owners of the Company	(6,907)	5,326	(12,233)	*1, 2, 4, 5, 6*
LOSS PER SHARE				
Basic (HK cents)	(0.19)	(0.02)	(0.17)	*1, 2, 4, 5, 6*
Diluted (HK cents)	(0.19)	(0.02)	(0.17)	*1, 2, 4, 5, 6*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Disclosure in this announcement *HK$'000*	Disclosure in the Unaudited Results Announcement *HK$'000*	Difference *HK$'000*	*Notes*
Current assets				
Trade and other receivables	322,628	331,165	(8,537)	*2, 4*
Contract assets	275,693	282,639	(6,946)	*1*
Total current assets	871,950	887,433	(15,483)	*1, 2, 4*
Current liabilities				
Trade and other payables	396,814	397,411	(597)	*2, 5*
Current tax liabilities	20,447	23,100	(2,653)	*6*
Current liabilities	704,997	708,247	(3,250)	*2, 5, 6*
Net current assets	166,953	179,186	(12,233)	*1, 2, 4, 5, 6*
Total assets less current liabilities	175,683	187,916	(12,233)	*1, 2, 4, 5, 6*
NET ASSETS	173,518	185,751	(12,233)	*1, 2, 4, 5, 6*
Capital and reserves				
Reserves	162,473	174,706	(12,233)	*1, 2, 4, 5, 6*
Equity attributable to owners of the Company	177,473	189,706	(12,233)	*1, 2, 4, 5, 6*
TOTAL EQUITY	173,518	185,751	(12,233)	*1, 2, 4, 5, 6*

Notes:

1. Being liquidated damages provision of HK$1,860,000 due to additional time to complete a construction project, and reduction in unbilled revenue of HK$5,086,000 as a result of greater cutback percentages and contract sum finalisation.

2. Being additional construction costs recognised for costs exceeding initial budgets of HK$6,540,000. Partial balance was newly recognised based on more accurate estimation, and partial balance was originally recorded as payment on behalf of sub-contractors.

3. Being reclassification of project salary expenses to administrative expenses based on work nature of HK$1,172,000.

4. Being reduction of interest income from sub-contractors for construction projects of HK$1,632,000.

5. Being reduction of salaries payable by the Company of HK$232,000.

6. Being tax effect associated with subsequent adjustments made.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios and comparative figures related to the above material differences, all other information contained in the Unaudited Results Announcement remain unchanged.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the independent auditors report on the consolidated financial statements of the Group for the year ended 31 March 2022.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Green Economy Development Limited (formerly known as Vision Fame International Holding Limited) (the "Company") and its subsidiaries (the "Group") set out in the 2022 Annual Report, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to note 2 to the consolidated financial statements.

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai ("Mr. Wong"), the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made between Mr. Wong as lender and Wan Chung as borrower ("Wan Chung Loan Agreements"). It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

On 4 October 2021, the Company received a demand letter dated 2 October 2021 (the "Second Demand Letter") from Mr. Wong in relation to the promissory notes dated 2 July 2014 and 24 March 2015 respectively (both as supplemented) in the principal sum of HK$41,856,697 made between Mr. Wong as lender and Magic Choice Holdings Limited ("Magic Choice"), an indirect wholly-owned subsidiary of the Company, as borrower ("Magic Choice Promissory Notes"). It is stated in the Second Demand Letter that, among other things, the failure of Magic Choice to repay all the outstanding principal and the interest accrued thereon under the Magic Choice Promissory Notes in the sum of HK$42,654,153 on 30 September 2021 constituted an event of default, and that the promissory notes became due and payable.

As at 30 September 2021, the total sum owed by Wan Chung and Magic Choice to Mr. Wong under the Wan Chung Loan Agreements and Magic Choice Promissory Notes amounted to an aggregate outstanding principal sum of approximately HK$243 million together with any accrued interest thereon.

On 31 March 2022, HK$50,000,000 was paid to Mr. Wong by Wan Chung which was applied as follows:

(a) approximately HK$25,869,000 for repayment of default interest under the Wan Chung Loan Agreements and Magic Choice Promissory Notes for the period from 1 October 2021 up to and including 10 March 2022; and

(b) approximately HK$24,131,000 for partial repayment of principal on the outstanding loans of the Wan Chung Loan Agreements.

As at 31 March 2022, the Group's total borrowings due to Mr. Wong amounted to approximately HK$218,878,000 and the interest thereon amounted to approximately HK$14,879,000 while its cash and cash equivalents amounted to approximately HK$132,908,000 only.

Subsequent to 31 March 2022, the Group has not made any repayment of loans or any interest thereon to Mr. Wong.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2023. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for the 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of loan extension negotiations with Mr. Wong.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

We consider that the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements. Up to the date of our report, no extension agreement has been reached with Mr. Wong regarding the loans due to him. In view of the extent of the uncertainty relating to the successful outcome of loan extension negotiations with Mr. Wong as described above, we were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2023.

The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong.

After taking into account of the Group's bank deposits and cash balances amounting to HK$132,908,000 as at 31 March 2022 and the Group's ability for generating operating cash, the directors are optimistic that Mr. Wong will accept the repayment proposals put forward/to be put forward by the Group. As such the directors consider it reasonable to assume that the Company will successfully extend the loans due to Mr. Wong.

The directors therefore considered it appropriate to adopt the going concern basis in preparing these consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2021 and the consolidated financial statements and annual results for the year ended 31 March 2022.

The Audit Committee has critically reviewed the Disclaimer of Opinion in the Extract From Independent Auditor's Report, the going concern basis and the underlying assumptions in note 2 to the consolidated financial statements, and the Board's Response To The Auditor's Opinion in this announcement. The Audit Committee has enquired management of their basis to prepare the consolidated financial statements on a going concern basis and the Company's proposals to address the Disclaimer of Opinion, as well as discussing with the auditors to understand the reasoning and consideration in arriving the Disclaimer of Opinion. After careful consideration, the Audit Committee agreed with the management's position and basis concerning major judgmental areas including the going concern basis, and acknowledged the measures being taken to address the Disclaimer of Opinion.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.greeneconomy.com.hk) and the Stock Exchange's website (http://www.hkex.com.hk). The 2022 Annual Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites on or before 15 August 2022.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, business partners, bankers and other business associates for their trust and support.

* *For identification purpose only*

By Order of the Board
Green Economy Development Limited
CHAU CHIT
Chairman and Chief Executive Officer

Hong Kong, 29 July 2022

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.