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Green Economy Development Limited

綠色經濟發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1315)

SUPPLEMENTAL ANNOUNCEMENT REGARDING PREPAYMENTS TO A SUPPLIER

This announcement is made by Green Economy Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.13, 13.14, and 13.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

PREPAYMENTS TO A SUPPLIER

The Group placed purchase orders with a supplier (the “**Supplier**”) to purchase iron ore products in its ordinary and usual course of business from time to time. For each purchase with the Supplier, the Group would normally be required to pay certain percentage of the purchase price pursuant to respective terms specified in the purchase contracts prior to the delivery of the relevant products (the “**Prepayments**”).

In line with general market practice of the industry, purchase contracts are negotiated and confirmed on a contract-by-contract basis to manage price fluctuations. Each contract specifies the agreed and fixed price, the purchase quantity (with an allowance of up to 5% to 10% deviation between the contracted and actual quantity), the delivery terms (whereby the Group arranges third-party logistics service providers to pick up the products from the specific locations) and the delivery deadline stipulated in the contract, and generally requires full prepayment of the total price prior to delivery. The Group has not entered into any framework agreements with the Suppliers in respect of the Prepayments. The Prepayments were without any interest or collateral. Upon delivery of the relevant products, the Prepayments made by the Group would be recognised as cost of inventories. Any unutilised Prepayments will be either refunded to the Group within approximately one month or carried forward and applied to the subsequent contract with the same supplier. To the best of the knowledge and belief of the directors of the Company (the “**Directors**”), after making all reasonable enquiries, the Suppliers and their ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

The Arrangements

The Group, through its subsidiaries Jiangsu Yunshun Supply Chain Management Co., Ltd. (江蘇允順供應鏈管理有限公司) (“Jiangsu Yunshun”) and Rizhao Zhongkuang New Energy Technology Co., Ltd. (日照中礦新能源科技有限公司) (“Rizhao Zhongkuang”), entered into arrangements with the Supplier for the procurement of iron ore products in the ordinary and usual course of business. The arrangements consist of:

- (i) Agency agreements dated 3 June 2025, 15 January 2026 and 23 March 2026 respectively, pursuant to which Jiangsu Yunshun engaged the Supplier to act as agent for the import of iron ore (including Australian ultrafine iron ore, Australian PB lump iron ore and Brazilian Minas fine iron ore). Under these agency agreements, Jiangsu Yunshun is required to make prepayments equivalent to approximately 40% of the estimated contract value to secure import allocations and lock in purchase prices.
- (ii) Purchase contract dated 30 October 2025, pursuant to which Rizhao Zhongkuang purchased IOC6 powder from the Supplier.

The prepayments do not bear interest and are not secured by collateral. They are applied against the actual purchase price of iron ore upon physical delivery. Any unutilised prepayments are refundable upon termination of the relevant contracts or if the Supplier fails to perform its obligations.

On 19 June 2026, Jiangsu Yunshun and the Supplier entered into a termination agreement to mutually terminate the agency agreement dated 3 June 2025. Pursuant to the termination agreement, the Supplier refunded RMB32.28 million to Jiangsu Yunshun by 30 June 2026.

As at 31 March 2026, the aggregate outstanding prepayment balance to the Supplier amounted to approximately RMB132.2 million (equivalent to approximately HK\$150.3 million) (the “31 March Balance”), representing approximately 37.2% of the Group’s total assets. As at the date of this announcement, the 31 March Balance has reduced to approximately RMB38.9 million (equivalent to approximately HK\$44.2 million), as the prepayments have been progressively applied against actual procurement and the aforesaid refund has been received.

The following table sets out details of the aggregate amounts of Prepayments paid to a Supplier as of the date when the Prepayments first exceeded 8% under the assets ratio, or where the increase in the relevant aggregate amount of the Prepayments further paid to the Suppliers resulting 3% or more of the Group's total assets, as compared to the previous transactions being required to be disclosed pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules (the “**Relevant Date**”):

Prepayments to a Supplier (Note 1)

Relevant Date	Approximate balance prior to Relevant Date (HK\$'000)	Approximate % of total assets prior to Relevant Date	Transaction amount as at the Relevant Date (Note 2) (HK\$'000)	Balance as at Relevant Date (HK\$'000)	Approximate % of total assets as at Relevant Date	Rule 13.13	Rule 13.14
19 January 2026	35,276	5.28%	21,993	57,269	8.58%	Yes	N/A
23 January 2026	57,269	8.58%	29,184	86,904	11.73%	N/A	Yes
6 February 2026	86,904	11.73%	25,440	112,344	15.16%	N/A	Yes
25 March 2026	112,344	15.16%	30,553	143,886	19.41%	N/A	Yes

Notes:

1. The Supplier is Jiangsu Beijing Gas Sam Energy Co., Ltd (江蘇北燃森田能源有限公司), a company established in the PRC with limited liability. Its ultimate beneficial owner is a PRC citizen.
2. The amount represents payment net of purchase of products and/or refund as at the Relevant Date.

As part of the supplier selection process, the Group's purchase department conducts background checks on its suppliers, covering their identity, background, reputation, supply stability, and past trading performance, and the Group's finance department performs credit risk assessments with reference to past transactions and the latest financial reports available (for suppliers which are listed entities). For PRC state-owned enterprise suppliers, the Group generally applies a streamlined credit assessment in view of their established financial strength and creditworthiness. The above procedures are performed for new suppliers and annual appraisal of recurring suppliers. The Group has also implemented ongoing monitoring procedures for its suppliers, including regular site visits, public record searches, and adverse news and regulatory checks, which are performed at least annually to ensure a clear understanding of their latest business development and management conditions of the suppliers.

All the Prepayments were subsequently utilised for purchases of inventories and unutilised amounts were refunded. No impairment loss was recognised.

The Directors consider that the Prepayments made from time to time were on normal commercial terms and in the ordinary course of business of the Group. Other than disclosed above, the Directors consider there was no other prepayments being required to be disclosed pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules.

INFORMATION ABOUT THE PARTIES

Information about the Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The principal activity of the Group is the trading of iron ore products.

The prepayments were made by the following subsidiaries of the Company:

- Jiangsu Yunshun, a company established in the PRC and an indirect wholly owned subsidiary of the Company, principally engaged in supply chain management and iron ore trading; and
- Rizhao Zhongkuang, a company established in the PRC and an indirect non-wholly owned subsidiary of the Company, principally engaged in mineral trading.

Information about the Supplier

The Supplier is a company established in the PRC with limited liability and is principally engaged in the supply of energy and mineral products, including iron ore.

As at the date of this announcement, the Supplier is wholly-owned by Shanghai Sam Resources Co., Ltd. (上海森田物資有限公司), which is in turn owned as to 99% by Qingdao Pavo Energy Co., Ltd. (青島帕沃能源有限公司). The ultimate beneficial owner of the Supplier is a PRC citizen.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Supplier and its ultimate beneficial owner are independent third parties who are not connected persons (within the meaning of the Listing Rules) of the Company nor associates (within the meaning of the Listing Rules) of any such connected person.

REASONS FOR AND BENEFITS OF THE PREPAYMENTS

The Directors consider that the prepayment arrangements with the Supplier are commercially necessary and are on normal commercial terms in the ordinary course of business. The reasons are as follows:

- (1) **Market practice and supply security:** It is customary in the iron ore trading industry for suppliers to require prepayments to secure supply allocation and manage commodity price fluctuation risks. Under the agency agreements, the 40% prepayment is required by the Supplier as a condition to reserve and allocate specific import volumes and to secure upstream procurement and logistics arrangements.
- (2) **Price volatility management:** Since June 2025, iron ore market prices have been highly volatile. By making prepayments when prices are favourable, the Group is able to lock in purchase prices, reduce exposure to price swings and protect gross profit margins.
- (3) **Support for business expansion:** The Group has secured or expects to secure significant downstream sales contracts with steel mill customers. The prepayments ensure that the Group can fulfil these orders on time and to specification. The Directors expect the Group's sales performance in the second half of the financial year to exceed that of the first half.
- (4) **Customer-driven demand:** The Group's customer base has diversified, with steel mill customers and trading agents currently representing approximately 53% and 47% of the customer base respectively. New steel mill customers have specific product and delivery requirements, which has driven additional procurement demand.

The Directors consider that the terms of the prepayment arrangements, including the prepayment ratios, were determined after arm's length negotiations between the Group's subsidiaries and the Supplier, taking into account prevailing market practices and the Group's operational requirements.

Credit assessment and recoverability

Prior to entering into the arrangements, the Group conducted internal credit assessments on the Supplier, including (i) reviewing the Supplier's background, reputation, supply stability and past trading performance; (ii) conducting public searches and assessing its financial background and creditworthiness; and (iii) considering the commercial benefits expected to be brought to the Group.

The recoverability of the prepayments is supported by:

- the contractual obligation of the Supplier to refund unutilised prepayments upon termination;
- the actual refund of RMB32.28 million received by Jiangsu Yunshun in June 2026 following the termination of the agency agreement dated 3 June 2025; and
- the ongoing utilisation of prepayments against actual deliveries in the ordinary course of business.

The Group conducted an expected credit loss assessment on the prepayments as at 31 March 2026 in accordance with its accounting policies, taking into account the ageing and utilisation of the prepayments, the Supplier's historical settlement record and credit profile, and relevant forward-looking factors. No impairment loss was recognised.

The Board is of the view that the prepayments remain substantially recoverable. The Board will continue to monitor the level and utilisation of the prepayments. The higher prepayment balance as at 31 March 2026 was temporary in nature and directly related to specific downstream orders. As the relevant sales contracts are delivered and settled, the prepayments will convert to cost of sales. The Group intends to improve inventory turnover, reduce long-dated prepayments and shorten settlement cycles going forward.

LISTING RULES IMPLICATIONS

For the Listing Rules implications under Rules 13.13 and 13.14, please refer to the table under the section "Prepayments to a Supplier" above. Set out below are the disclosure details required under Rule 13.15 of the Listing Rules.

Rule 13.15 — Disclosure details

Pursuant to Rule 13.15 of the Listing Rules, details including (i) the interest rate; and (ii) the repayment terms and collateral are required to be disclosed.

No interest is payable on the prepayments and no collateral is required. Under the agency agreements, the Supplier is contractually obliged to refund the prepayments in full if it fails to perform its agency obligations by the agreed deadlines. Under the purchase contract, unutilised prepayments are refundable upon termination or if the Supplier fails to deliver. The Group may terminate the relevant contracts upon the occurrence of certain events of default, including a material breach or prolonged failure to deliver by the Supplier.

Non-Compliance with the Listing Rules

The prepayments were made by subsidiaries of the Company in the ordinary course of their procurement activities. The Company acknowledges that the delay in disclosure and the non-compliance with Rules 13.13, 13.14 and 13.15 of the Listing Rules was inadvertent as caused by an oversight by the management of the Company who failed to recognize that the prepayments made under individual contracts with the same counterparty were required to be aggregated as a single series of advances for the purpose of the disclosure thresholds under Chapter 13 of the Listing Rules. The Company has since disclosed the above matters in the Group's annual report for the year ended 31 March 2026 in accordance with Rule 13.20 of the Listing Rules. The Company reiterates its principle that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

REMEDIAL ACTIONS

As of the date of this announcement, in order to avoid the recurrence of similar non-compliance in the future, the following remedial measures have been taken by the Group to ensure that the Listing Rules, including Rules 13.13, 13.14 and 13.15 of the Listing Rules, is complied with:

- (i) training on the Listing Rules (in particular Chapter 13 of the Listing Rules) was arranged and provided on 20 August 2026 by Hastings & Co., the legal advisor of the Company, for all Directors, senior management and managers of the finance department and purchase department of the Group;
- (ii) to enhance the Group's procurement and payment control procedures, in particular any deposits and prepayments to suppliers which would trigger reporting obligations under Rules 13.13, 13.14, and 13.15, the Group established following control measures:
 - Threshold amounts under Rules 13.13 and 13.14, being (i) 8% and (ii) 3% of the Group's total assets with reference to the Group's latest published annual or interim consolidated financial statements, are to be prepared by the finance department, reviewed and checked by the company secretary of the Company immediately after the publishing of annual or interim consolidated financial statements.
 - For every payment request to suppliers initiated by the procurement department, as part of the payment approval procedure, finance department is also responsible for performing a size test which is to check the outstanding balance immediately before such proposed payment and calculate the total outstanding balance after such payment to be made. The finance manager would review and approve the calculation, and if the result

would trigger a reporting obligation under Rules 13.13, 13.14, and 13.15; the finance department is responsible to prepare a draft Listing Rules disclosure announcement together with supporting disclosure information to the finance manager for review, and report to the company secretary for final review and to be published pursuant to the Listing Rules;

- (iii) where circumstances giving rise to a disclosure obligation under Rule 13.13 of the Listing Rules continue to exist at the Company's interim period end or annual financial year end, the finance department of the Group (after review by the finance manager) is required to prepare the information under Rule 13.15 of the Listing Rules for inclusion in the interim or annual report of the Company, and to report the same to the company secretary;
- (iv) The Group has established a contract registry system to ensure that all prepayments under individual contracts with the same counterparty are automatically flagged for aggregation testing under Rules 13.13 and 13.14; and
- (v) The Board has taken immediate remedial action by requiring, with immediate effect, the Group's finance department to prepare a monthly computation of the assets ratio under Rule 14.07(1) in respect of (a) prepayments to individual counterparties and (b) aggregated exposures to the same counterparty or connected group, where applicable.

Having considered the nature of the remedial measures, the enhanced internal control framework, the strengthened reporting process, and the results of the Board's review, the Board is of the view that the above measures are adequate and effective in preventing the recurrence of similar non-compliance incidents in the future.

By Order of the Board
Green Economy Development Limited
Tang Hongyang
Executive Director and Chief Executive Officer

Hong Kong, 8 September 2026

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Zhu Feng, Mr. Tang Hongyang, Mr. Zhu Xiaodong, Mr. Chau Ting Sen, Mr. Su Junjie and Mr. Fung Ka Lun, and three independent non- executive Directors, namely Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting.