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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)

MAJOR AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN THE TARGET COMPANY

Financial adviser to the Company



THE DISPOSAL

The Sale and Purchase Agreement

On 19 June 2025 (after trading hours of the Stock Exchange), the Company entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$1.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

The Deed of Settlement

As the Company is indebted to the Target Group, on 19 June 2025 (after trading hours of the Stock Exchange), the Company entered into the Deed of Settlement with the Target Company and Mr. Wong. Pursuant to the Deed of Settlement, the Company shall settle the Current Accounts with the Target Company by (i) instructing Mr. Wong to pay to the Target Group for settlement of his outstanding debt with the Company; and (ii) the Company shall pay HK\$15 million to the Target Company for the settlement of the remaining balance of the Current Accounts.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder in aggregate is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is wholly-owned by Mr. Wong, who is the director of a number of subsidiaries of the Target Company, the Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the Disposal and the Settlement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

As at the date of this announcement, the Purchaser, Mr. Wong and his associates (as defined under the Listing Rules) do not have any interests in the Shares. As such, no Shareholders will be required to abstain from voting for the resolutions to be proposed at the EGM in relation to the approval of the Disposal, the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Deed of Settlement are fair and reasonable and how to vote in respect of the resolutions on the Disposal, the Sale and Purchase Agreement and the Deed of Settlement and the transactions contemplated thereunder after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders with respect to the Disposal and the Settlement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with respect to the Disposal and the Settlement; and (iv) a notice of the EGM, is expected to be despatched by the Company to the Shareholders on or before 25 July 2025, as additional time is required by the Company for the preparation of certain financial information in the circular.

Shareholders and potential investors should note that the Completion is subject to the fulfilment or waiver of the conditions precedent (as the case may be) and Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

INTRODUCTION

The Sale and Purchase Agreement

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as below:

Purchaser: Smart Tactics Group Limited

Vendor: The Company

Assets to be disposed: The Sale Shares, being entire issued share capital of the Target Company.

Consideration: The consideration under the Sale and Purchase Agreement was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms, with reference to:

- (i) the unaudited consolidated net assets of the Target Group of approximately HK\$7.9 million as at 30 September 2024, which has taken account of the Current Accounts, being a net amount of approximately HK\$52.7 million due from the Remaining Group;
- (ii) for illustrative purpose, the unaudited consolidated net liabilities of the Target Group excluding the Current Accounts are approximately HK\$44.8 million as at 30 September 2024;
- (iii) the preliminary valuation of the Target Group is zero based on a draft valuation report prepared by an independent valuer; and
- (iv) the entering of the Deed of Settlement between the Company, the Target Company and Mr. Wong for the settlement of the Outstanding Debt (as defined below) owed by the Company to the Target Group.

Payment terms: The consideration shall be settled in full and in cash by the Purchaser on the date of completion.

Conditions precedents: The completion of the Sale and Purchase Agreement is subject to:

- (i) the shareholder of the Vendor having approved the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (ii) all necessary consents and approvals required to be obtained from relevant authorities (including but not limited to the Stock Exchange) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (iii) the warranties and representations made by the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading in material respect at Completion; and
- (iv) no change (or effect) which has a material adverse effect on the financial or trading position, business or property, results of operations or prospects of the Target Company as a whole having occurred or being likely to occur.

Subject to the prior written consent of the Purchaser, the Purchaser may waive the conditions precedent set out in (iii) above.

If the conditions precedent of the Sale and Purchase Agreement is not fulfilled on or before Long Stop Date, the rights and obligations of the parties under the Sale and Purchase Agreement shall lapse and be of no further effect save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

Completion: The completion of the Sale and Purchase Agreement shall take place on the completion date of the Sale and Purchase Agreement after the fulfillment of the conditions precedent under the Sale and Purchase Agreement.

DEED OF SETTLEMENT

The principal terms of the Deed of Settlement are set out as below:

- Parties:
- (1) The Company;
 - (2) The Target Company; and
 - (3) Mr. Wong

The Current Accounts: As at the date of the Deed of Settlement, the Company and the Target Company acknowledge and agree that

- (i) the Target Group is indebted to the Company in the sum of HK\$24,143,303; and
- (ii) the Company is indebted to the Target Group in the sum of HK\$76,891,414.

After setting off the above amounts, the Company is indebted to the Target Group in the amount of HK\$52,748,111 (the “**Debt**”)

Settlement of the Debt:

In settlement of the Debt, the Company shall instruct Mr. Wong to pay Wan Chung Construction Co., Ltd (“**Wan Chung**”), an indirectly wholly-owned subsidiary of the Target Company, in the amount of HK\$19,591,414, a sum which is owed by Mr. Wong to the Company, hence the indebtedness due from the Company to the Target Group will be reduced to HK\$33,156,697 (the “**Outstanding Debt**”) after the payment by Mr. Wong to Wan Chung.

The parties to the Deed of the Settlement agree that the Company shall pay the Target Company or its nominee the Settlement Amount of HK\$15,000,000 as full and final settlement of the Outstanding Debt. The Company (or its nominee) shall pay the Settlement Amount to the Target Company (or its nominee) within two months after the Completion.

Subject to the due payment of the Settlement Amount, the Target Company agrees and confirms that the Debt and other indebtedness owed to the Target Group by the Remaining Group shall be deemed fully settled and where relevant, all encumbrances created to secure the Debt or other indebtedness shall be deemed released, discharged and terminated.

For the avoidance of doubt, the Debt is deemed fully settled with the due payment of the Settlement Amount regardless whether or how Mr. Wong pays or settles HK\$19,591,414 with Wan Chung.

The Company intends to finance the Settlement Amount by utilising its internal resources.

INFORMATION OF THE TARGET COMPANY

The Target Group is principally engaged in (i) building construction and other construction related business; (ii) alterations, renovation, upgrading and fitting out works; and (iii) property maintenance (collectively, the “**Building Construction and A&A Works**”).

Set out below is a summary of the unaudited consolidated financial information of the Target Company, excluding discontinued operations for the year ended 31 March 2023.

	For the year ended		For the six months ended
	31 March 2023	31 March 2024	30 September 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	861,076	733,933	214,777
Profit/(loss) before income tax	(22,843)	3,882	2,988
Profit/(loss) after income tax	(27,162)	(75)	601

The unaudited consolidated total assets and net assets of the Target Company as at 30 September 2024 were approximately HK\$412.3 million and HK\$7.9 million respectively. Excluding the current accounts with the Remaining Group, the unaudited consolidated asset and net liabilities of the Target Company amounted to approximately HK\$359.4 million and HK\$44.8 million respectively.

INFORMATION OF THE PURCHASER

The Purchaser is a company wholly-owned by Mr. Wong, and is principally engaged in investment holding.

Mr. Wong is the director of a number of subsidiaries of the Target Company.

REASONS AND BENEFITS FOR THE DISPOSAL

The Company is principally engaged in (i) supply chain management business; and (ii) the provision of Building Construction and A&A Works, where the Target Group principally operates the segment of the provision of Building Construction and A&A Works of the Company.

As disclosed in the interim report of the Company for the six months ended 30 September 2024, the growth of the Hong Kong construction industry in 2024 slowed down due to the diminishing demand in the private sector and the tightened public project expenditure. Fierce price competition in the industry and increase of construction costs for operation of A&A works has further narrowed profit margin of the Target Group.

In addition to the challenging business environment for the Building Construction and A&A Works, the Target Group was in net liabilities position and recorded net loss for the year ended 31 March 2024 and merely breakeven for the six months ended 30 September 2024.

As such, the Company had been exploring other opportunities to reduce its business risks in respect of the building construction, property maintenance and A&A works. The Company considers the Disposal may (i) reduce operating cost and improve the Group's overall profitability; and (ii) allow the Company to better utilise the financial resources to develop its supply chain management business and explore other business opportunities.

In view of the above, the Directors (other than the Independent Non-Executive Directors who will give their opinions after taking into account the recommendation from the Independent Financial Adviser) are of the view that (i) the terms and conditions of the Disposal contemplated under the Sale and Purchase Agreement; and (ii) the terms and conditions of the Settlement contemplated under the Deed of Settlement are fair and reasonable and, if materialised, in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Group and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Company.

It is estimated that an unaudited gain of approximately HK\$9.3 million will be recorded from the Disposal and the Settlement. Such estimated unaudited gain is calculated with reference to (i) the consideration for the Disposal; (ii) the gain in the Settlement of the Current Accounts of approximately HK\$18.2 million; (iii) the unaudited consolidated net liabilities of the Target Company of approximately HK\$7.9 million as at 30 September 2024; and (iv) all relevant expenses incidental to the Disposal of approximately HK\$1.0 million. The actual gain to be recorded by the Company depends on the consolidated net liabilities of the Target Company as at the date of the Completion, which is subject to audit to be performed by the auditors of the Company.

USE OF PROCEEDS

The Consideration of HK\$1 is intended to be utilised as general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder in aggregate is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is wholly-owned by Mr. Wong, who is the director of a number of subsidiaries of the Target Company, the Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the Disposal and the Settlement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

As at the date of this announcement, the Purchaser, Mr. Wong and his associates (as defined under the Listing Rules) do not have any interests in the Shares. As such, no Shareholders will be required to abstain from voting for the resolutions to be proposed at the EGM in relation to the approval of the Disposal, the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Deed of Settlement are fair and reasonable and how to vote in respect of the resolutions on the Disposal, the Sale and Purchase Agreement and the Deed of Settlement and the transactions contemplated thereunder after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders with respect to the Disposal and the Settlement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with respect to the Disposal and the Settlement; and (iv) a notice of the EGM, is expected to be despatched by the Company to the Shareholders on or before 25 July 2025, as additional time is required by the Company for the preparation of certain financial information in the circular.

Shareholders and potential investors should note that completion of the Disposal is subject to the fulfilment or waiver of the conditions precedent (as the case may be) and Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Green Economy Development Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1315)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$1 for the Disposal
“Current Accounts”	the current accounts between the Target Group and the Remaining Group
“Deed of Settlement”	the deed of settlement dated 19 June 2025 entered into between the Target Company, Mr. Wong and the Company in relation to the waiver of the Current Accounts
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be held to approve, <i>inter alia</i> , the Sale and Purchase Agreement the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting, which has been formed to advise the Independent Shareholders on the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting in relation to the resolutions for approving the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder
“Independent Third Party(ies)”	person(s) or company(ies) and its (their) respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2025 or such later date as the Company and the Purchaser may from time to time agree in writing under the Sale and Purchase Agreement
“Mr. Wong”	Mr. Wong Law Fai

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Smart Tactics Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Remaining Group”	the group of companies comprising the Group (but excluding the Target Group)
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 19 June 2025 entered into between the Purchaser and the Company in relation to the Disposal
“Sale Shares”	10,000 issued shares of the Target Company, being the entire issued share capital of the Target Company held by the Company
“Settlement”	the settlement of the outstanding debt between the Company and the Target Company pursuant to the Deed of Settlement
“Settlement Amount”	the amount of HK\$15,000,000 for the settlement of the outstanding debt between the Company and the Target Company pursuant to the Deed of Settlement
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Prosper Ace Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company as at the date of this announcement

“Target Group” the Target Company and its subsidiaries

“%” per cent

* *For identification purpose only*

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

Hong Kong, 19 June 2025

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.