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If you have sold or transferred all your shares in Green Economy Development Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was affected, for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

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)

(1) MAJOR AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN THE TARGET COMPANY; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee
and the Shareholders



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter from Grand Moore, the Independent Financial Adviser, containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 46 of this circular.

A notice convening the EGM to be held at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong on Friday, 10 October 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

22 September 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 19 June 2025 in relation to the Sale and Purchase Agreement, Deed of Settlement and the transactions contemplated thereunder
“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

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held to approve, <i>inter alia</i> , the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder
“FY2023”	the year ended 31 March 2023
“FY2024”	the year ended 31 March 2024
“FY2025”	the year ended 31 March 2025
“FY2026”	the year ending 31 March 2026
“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” or “Grand Moore”	Grand Moore Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and is the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, 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)

DEFINITIONS

“Latest Practicable Date”	16 September 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 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
“Magic Choice”	Magic Choice Holdings Limited, a wholly-owned subsidiary of the Target Company
“Mr. Wong”	Mr. Wong Law Fai
“PRC”	the People’s Republic of China, which for the purpose of this circular, 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Chain Management Business”	the Group’s supply chain management business which involves the sales and provision of materials, the relevant transportation of materials and potential accessory services
“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 Latest Practicable Date
“Target Group”	the Target Company and its subsidiaries
“Wan Chung”	Wan Chung Construction Co., Ltd, an indirectly wholly-owned subsidiary of the Target Company
“Wan Chung Singapore”	Wan Chung Construction (Singapore) Pte. Limited, a wholly-owned subsidiary of the Target Company
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD

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)

Executive Directors

Mr. Zhu Feng (Chairman)

Mr. Tang Hongyang (Chief Executive Officer)

Mr. Zhu Xiaodong

Mr. Chau Ting Sen

Mr. Su Junjie

Mr. Fung Ka Lun

Registered office

Windward 3,

Regatta Office Park

P.O. Box 1350

Grand Cayman, KY1-1108

Cayman Islands

Independent Non-executive Directors

Mr. Wong Wai Kwan

Mr. Zhang Shengman

Ms. Li Xiaoting

*Head office and principal place of
business in Hong Kong*

Room 1001, 10/F.

China Huarong Tower,

60 Gloucester Road, Wan Chai

Hong Kong

22 September 2025

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
PROPOSED DISPOSAL OF
THE ENTIRE ISSUED SHARE CAPITAL
IN THE TARGET COMPANY; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement dated 19 June 2025 in relation to the Disposal pursuant to the Sale and Purchase Agreement and the Settlement pursuant to the Deed of Settlement.

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.

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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.

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.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal pursuant to the Sale and Purchase Agreement and the Settlement pursuant to the Deed of Settlement; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder; (iii) a letter from Grand Moore containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder, (iv) other information as required by the Listing Rules; and (v) the notice of convening the EGM.

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:	<p>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:</p> <ul style="list-style-type: none">(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;

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(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 into 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.

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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

Principal terms of the Deed of Settlement

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

Parties: (1) The Company;

(2) The Target Company, wholly-owned subsidiary of the 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 an 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.

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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.

Background of the Outstanding Debt

Amount due from the Target Group

As at the date of the Deed of Settlement, the Target Group was indebted to the Company in the sum of HK\$24,343,303, which consisted of (i) the amount of HK\$24,143,303 paid by the Company in July 2014 on behalf of Magic Choice as the share capital injection of Wan Chung; and (ii) certain legal fee of HK0.2 million paid by the Company on behalf of the Target Group in September 2023.

Amount due to the Target Group

As at the date of the Deed of Settlement, the Company was indebted to the Target Group in the sum of HK\$77,091,414, which mainly consisted of

- (i) HK\$57.5 million borrowed from Wan Chung in December 2013 for the supplement of working capital; and
- (ii) HK\$19,591,414 due to Wan Chung, which represented the settlement of the claim to an insurance company paid by Wan Chung on behalf of the Company, as a result of the Company's guarantee on the performance bonds for Wan Chung Singapore on certain unfinished construction projects in Singapore upon Wan Chung Singapore's liquidation (the "**WC Singapore Guarantee**").

Amount due from Mr. Wong

As at the date of the Deed of Settlement, the Company had an amount due from Mr. Wong of approximately HK\$19,591,414, which represented the back-to-back guarantee provided by Mr. Wong in respect of the Company's WC Singapore Guarantee.

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Financing of the Settlement Amount

As at the Latest Practicable Date, excluding the cash held by the Target Group, the bank and cash balances of the Company amounted to more than HK\$30 million, which is sufficient to finance the Settlement Amount of HK\$15 million and the working capital of the Group after the Settlement of the Debt.

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 consolidated financial information of the Target Company, excluding discontinued operations for the year ended 31 March 2023.

	For the year ended		
	31 March	31 March	31 March
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Revenue	861,076	733,933	381,013
Profit/(loss) before income tax	(22,843)	3,882	2,253
Profit/(loss) after income tax	(27,162) ^(Note 1)	(75) ^(Note 2)	(2,000) ^(Note 3)

Notes:

1. The income tax expenses of the Target Company for FY2023 amounted to approximately HK\$4.3 million. Such income tax expenses were incurred as (i) the assessable profits of Wan Chung amounted to approximately HK\$27.2 million for FY2023; and (ii) the loss-making subsidiaries of the Target Company did not recognize deferred tax asset for the tax losses for FY2023 considering it is not probable that taxable profit will be available against which the unused tax losses can be utilized.
2. The income tax expenses of the Target Company for FY2024 amounted to approximately HK\$4 million with the annualized effective tax rate of 101.9%. Such income tax expenses were incurred as (i) the assessable profits of Wan Chung amounted to approximately HK\$25.0 million for FY2024; and (ii) the loss-making subsidiaries of the Target Company did not recognize deferred tax asset for the tax losses for FY2024 considering it is not probable that taxable profit will be available against which the unused tax losses can be utilized.
3. The income tax expenses of the Target Company for FY2025 amounted to approximately HK\$4.3 million with the annualized effective tax rate of 188.8%. Such income tax expenses were incurred as (i) the assessable profits of Wan Chung amounted to approximately HK\$26.8 million for FY2025; and (ii) the loss-making subsidiaries of the Target Company did not recognize deferred tax asset for the tax losses for FY2025 considering it is not probable that taxable profit will be available against which the unused tax losses can be utilized.

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The consolidated total assets and net assets of the Target Company as at 31 March 2025 were approximately HK\$392.0 million and HK\$5.5 million respectively. Excluding the current accounts with the Remaining Group, the consolidated total assets and net liabilities of the Target Company as at 31 March 2025 amounted to approximately HK\$339.1 million and HK\$47.4 million respectively.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally involved in (i) the Supply Chain Management Business; and (ii) the provision of building construction services, property maintenance services, and alterations, renovation, upgrading and fitting-out works services.

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 FOR AND BENEFITS OF THE DISPOSAL

The deteriorating financial performance of the Target Group

The lagging property market, high interest rates and aging construction manpower have led to a slowdown in the growth of the Hong Kong construction industry. The market is characterized by heightened competition due to declining demand in the private sector and stringent public project spending. Fierce price competition in the industry and soaring construction costs for operation of Building Construction and A&A Works has further narrowed profit margin of the Target Group.

Facing the challenging business environment in the Hong Kong construction industry, the Target Company has been loss making for the last three consecutive financial years and recorded net liabilities as at 31 March 2025 (excluding the current accounts with Remaining Group). The Group undertook 22, 9, and 8 large-scale projects respectively in FY2023, FY2024 and FY2025. In 2025, the number of large-scale projects of property maintenance and A&A works undertaken by the Target Group decreased significantly. As (i) the number of construction project tenders has declined in both private and government sector due to intensified market competition and fewer projects available to construction companies as a result of high interest rates and tightened public project expenditures stemming from substantial government deficits; (ii) during the period from 2020 to 2025, four directors and two assistant directors, who had worked in the Target Group for over 20 years, ceased to serve in their positions, which undermined customers' confidence in the business of Building Construction and A&A Works of the Target Group; and (iii) in 2023, an incident involving casualties in a project led to Wan Chung Construction Company Limited being suspended from tendering for public construction projects for a period of three months, which had negatively impacted the reputation of construction business of the Target Group, the Target Group has experienced a significant decrease in tender opportunities for large-scale projects in the Hong Kong construction market. As such, the Target Group faces increasing difficulties in securing new large-scale contracts from customers to continue its operation of Building Construction and A&A

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Works. As the Building Construction and A&A Works business of the Target Group, including building construction, alterations, renovation, upgrading and fitting-out works and property maintenance, requires a significant amount of working capital due to their inherently capital-intensive nature, prolonged project durations and the substantial upfront investments needed for materials and labor costs, it is essential for the Group to allocate significant cash resources for the Target Group to meet the financial requirement in order to retain approved contractors and tender for large-scale projects. Besides, the Target Group needs to maintain significant cash balances across various bank to secure banking facilities. As such, the business of the Target Group has consumed a substantial portion of the Group's cash resources, thereby constraining the Company's ability to pursue growth opportunities in other business segments.

In light of the above, the Company has been exploring other opportunities to reduce its business risks in relation to the Building Construction and A&A Works segment. Considering (i) the Target Group is expected to secure fewer tenders of large-scale projects in the near future; (ii) the Building Construction and A&A Works business of the Target Group occupies substantial cash resources, which would constrain the development of the Group's other business; and (iii) working capital will be redirected from the Target Group to support the growth of the Supply Chain Management Business following the Disposal, the Company is of the view that the Disposal is fair and reasonable and in the interests of the Company.

The development of the Supply Chain Management Business

The Group's Supply Chain Management Business involves the sales and provision of materials (mainly consisting of iron ore products), the relevant transportation of materials and potential ancillary services.

The PRC is the world's largest consumer and importer of iron ore, which serves as a critical raw material for the PRC's steel industry. The iron ore supply chain industry in the PRC serves as a critical component of the nation's steel production ecosystem, which underpins infrastructure, construction, manufacturing, and other key economic sectors. In 2024, the PRC accounted for approximately 70% of global seaborne iron ore trade, importing approximately 1.2 billion metric tonnes, primarily from major suppliers in Australia, Brazil, and South Africa. The PRC's reliance on imported iron ore underscores the strategic importance of the iron ore supply chain industry.

The iron ore supply chain industry is characterized by high entry barriers due to the capital-intensive nature of operations, comprehensive supply chain requirements and rigorous compliance standards. The Group commenced the Supply Chain Management Business since 2019 and has cultivated strong business relationships with a diverse customer base over the years. The Supply Chain Management Business has achieved economic scale of operation through the provision of series of value-added services to its customers, including but not limited to price monitoring of iron ore products, proactive procurement planning and execution, inventory and supplier management.

LETTER FROM THE BOARD

Price monitoring and proactive procurement planning and execution

The experienced procurement team of the Group would closely monitor the market price of iron ore products of different gradings and analyze the expected price and exchange rate fluctuation for the upcoming period. Besides, the Group's sales team engages in regular communication with customers to ascertain their projected demand over the next few months and delivers the projected demand to the Group's procurement team, which would develop and implement the procurement plan of the iron ore products. Such procurement strategy entails the purchase of iron ore products in batches of large quantities with competitive price and ensures sufficient inventory of iron ore products is maintained at the ports to meet customer demands in a timely manner.

Inventory and supplier management

The Group has entered into long-term storage arrangements with major ports in the PRC, which are all strategically located in the proximity of the customers and suppliers. These long-term storage arrangements offer free storage periods and favorable transshipment fees to the Group, which significantly lowers the Group's overall storage and logistics costs, enabling the Group to offer more competitive prices to its customers. Coupled with the comprehensive logistic services, the Group is able to ensure prompt delivery of iron ore products to its customers.

In order to fulfill the demand of customers in a timely manner, the Group has entered into long term contracts with its major suppliers to ensure the stable and reliable supply of different gradings of iron ore products. Such robust supply chain network has enabled the Group to maintain adequate level of inventory and ensure the timely delivery of iron ore products to its customers. By leveraging these long-term supplier relationships, the Group is well-positioned to meet market demand consistently and support the growth of its Supply Chain Management Business.

The Group generally pays deposits to its suppliers in advance for iron ore products. Upon arranging the delivery of iron ore products to its customers, the Group offers a credit period of up to one month to its customers while the Group settles the amount payable to its suppliers upon receipt from customers. As such, the customers of the Group may improve their cash flow and liquidity position through the Group's Supply Chain Management Business by reducing their inventory level.

Competitive edge of the Supply Chain Management Business

With the streamlined operation of the Supply Chain Management Business and the value-added services as illustrated above, the Group has achieved a distinct competitive edge over other industry players due to the following factors:

- (i) credit period offered to customers: The Group generally pays suppliers an advance deposit of up to 15% of the purchase price for iron ore products. Upon delivery to customers, the Group offers a credit period of up to one month. Such arrangement helps improve customers' cash flow and liquidity by reducing their inventory needs. With access to the Group's iron ore price trend information and reliable delivery services,

LETTER FROM THE BOARD

customers can make just-in-time purchases based on their actual demand. The extended credit terms also help the Group strengthen long-term customer relationships and enhance customer loyalty;

- (ii) maintenance of port infrastructure network for prompt delivery to customers: The Group has long-term storage arrangements with various ports in Rizhao, Qingdao, Jingjiang, Taicang, Jiangyin, which are all strategically located near its customers to ensure prompt delivery to its customers. Such proximity ensures reliable and timely supply iron ore products, which strengthens long-term customer relationships and confidence;
- (iii) competitive logistic costs offered to customers: The Group's large-scale operations allow it to benefit from cost-saving advantages at ports, including free storage periods and transshipment fees. These advantages significantly reduce the Group's storage and logistics costs, enabling more competitive pricing for customers. Besides, the comprehensive port network provides the Group with the flexibility to quickly respond to customer needs in different regions. Regardless of the customer's location, the Group can efficiently transport the iron ore products from the nearest port, which improves the delivery efficiency and lowers the logistic costs; and
- (iv) efficient inventory and supplier management: the Group's customers rely on various iron ore products for their production. The Group is aware of and will in advance anticipate the kind of iron ore products and the respective quantity that the customers require through daily communication with the customers. By entering into long-term contracts with major suppliers, the Group is able to secure different gradings of iron ore products in large volume and competitive price. As such, the Group is able to maintain adequate level of inventory and ensure the timely delivery of iron ore products to its customers. Such efficient inventory and supplier management enable the Group to consistently meet customer needs and enhance customer retention and loyalty.

The Group has maintained a large customer base, including the pre-approved suppliers of private or state-owned enterprises and direct suppliers of steel mills in the PRC. The Group has also entered into long-term contracts with its major customers, pursuant to which the customers will place purchase orders of iron ore products to the Group. As such, based on (i) the long-term contracts between the Group and the customers and; (ii) the Group's stable procurement of iron ore products, the Group consider the Supply Chain Management Business is well positioned to continue to generate stable cashflow and profit, which is in the interest of the Company and its Shareholders as a whole.

As the companies engaged in iron ore supply chain industry generally rely on a volume-driven strategy to achieve sustainable profitability, it is essential for the Group to allocate sufficient financial resources to the development of its Supply Chain Management Business. Following the Disposal, the Group will be able to redirect its substantial financial resources from the Building Construction and A&A Works segment to the Supply Chain Management Business. The redirected funding will enable the Group to expand its procurement channel to purchase a wider range of iron ore products to meet customers' requirements such as iron ore from Indian mines and Venezuelan

LETTER FROM THE BOARD

mines. To support the rapid expansion of the Supply Chain Management Business, the Group plans to further optimize its logistics and distribution network by establishing long-term business relationship with more reputable logistics service providers, which will facilitate the Group to respond more efficiently to customers' orders and ensure timely delivery of iron ore products.

Save for the above business development plan and the proposed Disposal, the Company does not have any other plan to expand, cease or dispose any of its existing business, or acquire any new businesses.

View of the Directors

In view of the above, the Directors (including the Independent Non-Executive Directors after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Upon the 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\$11.7 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 assets of the Target Company of approximately HK\$5.5 million as at 31 March 2025; 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 FROM THE DISPOSAL

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.

LETTER FROM THE BOARD

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.

None of the Directors has a material interest in the Disposal. Hence, no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Disposal Agreement, the Deed of Settlement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

In this connection, Grand Moore has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

EGM

The EGM will be held at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong on Friday, 10 October 2025 at 11:00 a.m. for the Shareholders 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. The resolution(s) approving the Disposal and the Settlement will be conducted by way of a poll at the EGM pursuant to the Articles of Association. The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholder with a material interest in the Sale and Purchase Agreement and the Deed of Settlement and his/her/its associate(s) are required to abstain from voting on the resolution approving the same in accordance with the Listing Rules.

As at the Latest Practicable Date, the Purchaser, Mr. Wong and his associates (as defined under the Listing Rules) do not have any interests in the Shares. To the best of the Directors' knowledge having made all reasonable enquiries, 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 Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

FORM OF PROXY

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the

LETTER FROM THE BOARD

holding of the EGM (i.e. 11:00 a.m. on 8 October 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 8 October 2025 to Friday, 10 October 2025 (both dates inclusive) for the purpose of determining the Shareholder's eligibility to attend and vote at the EGM. During the above period, no transfer of the Share(s) will be effected. In order to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 6 October 2025.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 19 to 20 of this circular and the letter of advice from Grand Moore to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 46 of this circular in connection with the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder and the principal factors and reasons considered by Grand Moore in arriving at such advice.

The Directors (including members of the Independent Board Committee whose views are set out in the Letter from the Independent Board Committee in this circular) are of the view that although the entering into of the Sale and Purchase Agreement and the Deed of Settlement is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the Deed of Settlement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Completion is subject to the fulfilment (or waiver, as the case may be) of the Conditions Precedent, the Disposal and the Settlement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

On behalf of the Board
Green Economy Development Limited
Zhu Feng
Chairman

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)

22 September 2025

To the Independent Shareholders,

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
PROPOSED DISPOSAL OF
THE ENTIRE ISSUED SHARE CAPITAL
IN THE TARGET COMPANY; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 22 September 2025 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and in the ordinary and usual course of business of the Group.

Grand Moore has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. We wish to draw your attention to its letter of advice which is set out on pages 21 to 46 of the Circular.

Having considered (i) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the terms of the Deed of Settlement and the transactions contemplated thereunder; and (iii) the advice from Grand Moore, we are of the opinion that (a) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole notwithstanding the Disposal is not in the ordinary and usual course of business of the Group; and (b) the terms of the Deed of Settlement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, in the interests of the Company and the Shareholders as a whole notwithstanding the Settlement is not in the ordinary and usual course of business of the Group.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Green Economy Development Limited

Mr. Wong Wai Kwan
*Independent Non-executive
Director*

Mr. Zhang Shengman
*Independent Non-executive
Director*

Ms. Li Xiaoting
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Grand Moore Capital Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.



中毅資本有限公司
Grand Moore Capital Limited

21st Floor, No. 88 Lockhart Road
Wan Chai, Hong Kong

22 September 2025

*To the Independent Board Committee and
the Independent Shareholders of
Green Economy Development Limited*

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, Deed of Settlement and the transactions contemplated thereunder (the “**Transactions**”), the details of which are set forth in the “Letter from the Board” (the “**Board Letter**”) contained in the circular issued by the Company to the Shareholders dated 22 September 2025 (the “**Circular**”), of which this letter forms apart. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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 the Consideration of HK\$1.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Transactions. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

In the past two years, we have not acted in any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries, the Purchaser or their respective controlling Shareholders (if applicable) that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's annual report for the year ended 31 March 2025 (the "**2024/25 Annual Report**"); (iii) valuation report in relation to the appraised value of the Target Group (the "**Valuation Report**") as set out in Appendix II to the Circular; (iv) other information provided by the Directors and/or the senior management of the Company (the "**Management**"); (v) the opinions expressed by and the representations of the Directors and the Management; and (vi) our review of the relevant public information. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company and the Purchaser, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, the Purchaser, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factors and reasons:

1. Background information and financial overview of the Group

As per the 2024/2025 Annual Report, the operating segments of the Group includes (i) supply chain management; (ii) building construction and other construction related business; (iii) alterations, renovation, upgrading and fitting-out works; and (iv) property maintenance. Set out below is the key consolidated financial information of the Group for the year ended 31 March 2024 and 2025 as extracted from the 2024/2025 Annual Report.

	For the year ended 31 March	
	2024	2025
	HK\$'000	HK\$'000
Revenue	2,934,565	2,833,486
— Supply chain management	2,200,632	2,452,473
— Building construction and other construction related business	1,963	1,360
— Alterations, renovation, upgrading and fitting-out works	116,177	44,541
— Property maintenance	615,793	335,112
Gross Profit	84,934	58,640
Profit for the year	18,206	15,254

Revenue of the Group amounted to approximately HK\$2,833,486,000 for the year ended 31 March 2025 which represents a decline of approximately HK\$101,079,000, or approximately 3.4%, from approximately HK\$2,934,565,000 for the year ended 31 March 2024. The 2024/2025 Annual Report carries on to explain that the decrease in revenue was primarily due to (i) the considerable decrease in revenue from provision of property maintenance service from approximately HK\$615,793,000 to approximately HK\$335,112,000 for the years ended 31 March 2024 and 2025 respectively (mainly attributable to two large scale long term property maintenance contracts which contract period were expired on 31 March 2024 and 31 December 2024 respectively had contributed less segment revenue in the year ended 31 March 2025 and no long term property maintenance contract was awarded in the year ended 31 March 2025); and (ii) the significant decrease in revenue from alterations, renovation, upgrading and fitting-out works from approximately HK\$116,177,000 to approximately HK\$44,541,000 for the years ended 31 March 2024 and 2025 respectively (mainly attributable to the recognition of more revenue from several large scale A&A works projects in Hong Kong which were in full swing operation in the year ended 31 March 2024); partly offset by increase in revenue from Supply Chain Management Business from approximately HK\$2,200,632,000 for the year ended 31 March 2024 to approximately HK\$2,452,473,000 for the year ended 31 March 2025.

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Gross profit of the Group amounted to approximately HK\$58,640,000 for the year ended 31 March 2025 which represents a decrease of approximately HK\$26,294,000, or approximately 31.0%, from approximately HK\$84,934,000 for the year ended 31 March 2024. The gross profit margin decreased from approximately 2.9% to 2.1% for the year ended 31 March 2024 and 2025, respectively. The decrease in gross profit was mainly due to (i) considerable decrease in revenue from alterations, renovation, upgrading and fitting-out works and property maintenance segments during the year ended 31 March 2025; (ii) more construction costs for operation of several large scale A&A works projects; and (iii) more operating cost including safety precaution and quality control cost and also more subcontracting cost of the large scale property maintenance projects incurred during the year ended 31 March 2025.

Net profit of the Group amounted to approximately HK\$15,254,000 for the year ended 31 March 2025 which represents a decrease of approximately HK\$2,952,000, or approximately 16.2%, from a net profit of approximately HK\$18,206,000 for the year ended 31 March 2024. Such decrease was mainly attributable to the aforesaid decrease in revenue and gross profit from alterations, renovation, upgrading and fitting-out works and provision of property maintenance service.

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated statement of financial position set out in the 2024/2025 Annual Report.

	For the year ended 31 March	
	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	679,860	667,608
Total liabilities	575,624	523,796
Equity attributable to owners of the Company	108,295	148,006
Bank and cash balances (including pledged bank deposits)	150,037	209,860

The total assets of the Group amounted to approximately HK\$667,608,000 as at 31 March 2025, representing a decrease of approximately HK\$12,252,000 or approximately 1.8%, as compared to HK\$679,860,000 as at 31 March 2024. The decrease was primarily due to the decrease in (i) contract assets, from approximately HK\$194,090,000 as at 31 March 2024 to approximately HK\$110,224,000 as at 31 March 2025 (mainly attributable to decrease in contract assets arising from performance under the property maintenance business, i.e. balances due from customers under construction contracts that arise when the Group has right to receive consideration for work completed and not yet billed because the rights are conditional upon certification, and such balances will be transferred to the trade and bills receivables when the rights become unconditional); (ii) right-of-use assets, from approximately HK\$2,728,000 as at 31 March 2024 to approximately HK\$1,489,000 as at 31 March 2025; and (iii) financial assets at fair value through profit or loss, from approximately HK\$4,379,000 as at 31 March 2024 to approximately HK\$3,543,000 as at 31 March 2025, partly offset by the increase in bank and cash balances and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

pledged bank deposits as discussed below. We note from the 2024/2025 Annual Report that the Company completed a rights issue on 16 April 2024 where net proceeds of approximately HK\$25.97 million were raised.

The total liabilities of the Group amounted to approximately HK\$523,796,000 as at 31 March 2025, representing a decrease of approximately HK\$51,828,000 or approximately 9.0%, as compared to HK\$575,624,000 as at 31 March 2024. The decrease was primarily due to the decrease in (i) trade and other payables, from approximately HK\$300,534,000 as at 31 March 2024 to approximately HK\$275,541,000 as at 31 March 2025 (mainly due to decrease in accrued project cost); (ii) contract liabilities (relating to construction services and delivery of materials, which are related short-term advances received to render construction services and receipts in advance from customers for purchasing iron ores, cast iron and coal), from approximately HK\$41,030,000 as at 31 March 2024 to HK\$16,432,000 as at 31 March 2025; and (iii) amount due to a director, from approximately HK\$2,330,000 as at 31 March 2024 to Nil as at 31 March 2025.

The Group's equity attributable to owners of the company increased from approximately HK\$108,295,000 as at 31 March 2024 to approximately HK\$148,006,000 as at 31 March 2025, representing an increase of approximately HK\$39,711,000 or approximately 36.7%.

The bank and cash balances (including pledged bank deposits) of the Group amounted to approximately HK\$209,860,000 as at 31 March 2025, representing an increase of approximately HK\$59,823,000 or 39.9% as compared to approximately HK\$150,037,000 as at 31 March 2024, mainly due to (i) completion of the aforementioned rights issue in April 2024 which brought to the Group net proceeds of approximately HK\$25.97 million; and (ii) increase in non-pledged time deposits from approximately HK\$68,800,000 as at 31 March 2024 to approximately HK\$119,526,000 as at 31 March 2025.

2. Information on the parties

2.1 Information on the Group

The Group 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 Group.

2.2 Information on 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 and the Purchaser is therefore a connected person of the Company at the subsidiary level.

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2.3 Information on the Target Company

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

Set out below is a summary of the unaudited consolidated financial information of the Target Company for the three years ended 31 March 2025, excluding discontinued operation for the year ended 31 March 2023.

	For the year ended		
	31 March	31 March	31 March
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Revenue	861,076	733,933	381,013
Profit/(loss) before income tax	(22,843)	3,882	2,253
Profit/(loss) after income tax	(27,162)	(75)	(2,000)
	(note 1)	(note 2)	(note 3)

Notes:

1. The income tax expenses of the Target Company for FY2023 amounted to approximately HK\$4.3 million. Such income tax expenses were incurred as (i) the assessable profits of Wan Chung amounted to approximately HK\$27.2 million for FY2023; and (ii) the loss-making subsidiaries of the Target Company did not recognize deferred tax asset for the tax losses for FY2023 considering it is not probable that taxable profit will be available against which the unused tax losses can be utilized.
2. The income tax expenses of the Target Company for FY2024 amounted to approximately HK\$4 million with the annualized effective tax rate of 101.9%. Such income tax expenses were incurred as (i) the assessable profits of Wan Chung amounted to approximately HK\$25.0 million for FY2024; and (ii) the loss-making subsidiaries of the Target Company did not recognize deferred tax asset for the tax losses for FY2024 considering it is not probable that taxable profit will be available against which the unused tax losses can be utilized.
3. The income tax expenses of the Target Company for FY2025 amounted to approximately HK\$4.3 million with the annualized effective tax rate of 188.8%. Such income tax expenses were incurred as (i) the assessable profits of Wan Chung amounted to approximately HK\$26.8 million for FY2025; and (ii) the loss-making subsidiaries of the Target Company did not recognize deferred tax asset for the tax losses for FY2025 considering it is not probable that taxable profit will be available against which the unused tax losses can be utilized.

The unaudited consolidated total assets and net assets of the Target Company as at 31 March 2025 were approximately HK\$392 million and HK\$5.5 million respectively. Excluding the current accounts with the Remaining Group, the unaudited consolidated total assets and net liabilities of the Target Company as at 31 March 2025 amounted to approximately HK\$339.1 million and HK\$47.4 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We requested for and reviewed the management accounts of the Target Group and note that the Target Group had cash of approximately HK\$61.1 million, HK\$80.2 million and HK\$120.2 million as at 31 March 2023, 2024 and 2025, respectively.

We discussed with the Management and understand that in the years ended 31 March 2023 and 2024, the Target Group, comprising the Building Construction and A&A Works segment, secured large-scale and long-term property maintenance and A&A works projects. Due to the Target Group's business nature, the substantial cash holding maintained by the Target Group is necessary to ensure sufficient working capital to support the execution of these sizeable contracts.

Due to the decrease in contracts of property maintenance and A&A works, the revenue of the Target Group decreased significantly from approximately HK\$733.9 million for the year ended 31 March 2024 to approximately HK\$381.0 million for the year ended 31 March 2025.

As disclosed under note 32 to the consolidated financial statements of the Company in the 2024/2025 Annual Report, the maturity date of the loans granted by Mr. Wong to the Target Group in 2022 in the total amount of approximately HK\$207 million with the interest rate of 13% per annum was extended to 30 September 2027. The Management advised that, in the year ended 31 March 2025, the annual interest expense of the aforesaid loan from Mr. Wong of HK\$27 million could only be barely covered by the gross profit of approximately HK\$33.3 million of the Target Group.

We also note the high annualized effective tax rate of the Target Group for FY2023, FY2024 and FY2025 due to (i) assessable profits of Wan Chung; and (ii) absence of deferred tax assets of the loss-making subsidiaries of the Target Company.

In the current financial year ending 31 March 2026, the Management expects that the large-scale projects of property maintenance and A&A work of the Target Group continue to decrease as compared to the years ended 31 March 2024 and 2025. Under the circumstances that the building and construction industry in Hong Kong is currently facing significant challenges (details of which are set out in section 2.3.1 below), the Management is of the view that the Target Group is unlikely to return to profitability after the payment of the fixed interest expense on the loans from Mr. Wong in the foreseeable future.

2.3.1 Industry overview of the Target Company

The Target Group is principally engaged in the Building Construction and A&A Works.

According to "2024 Economic Background and 2025 Prospects" issued by the Office of the Government Economist of the Financial Secretary's Office of the Government of Hong Kong, real gross domestic product (the "GDP") of Hong Kong grew by 2.5% in 2024, after an increase of 3.2% in the preceding year. However, the building and construction expenditure component of the GDP in Hong Kong exhibited a

year-on-year decline of 0.7% and 6.5% respectively in the second and third quarter of 2024. In addition, business sentiment of large enterprises weakened in most sectors, in particular, the net balance of expected change in business situation in the construction and real estate sectors amount to -14% and -15% respectively in the first quarter of 2025. Furthermore, residential property prices in December 2024 were on average 7% lower than a year ago, and 27% below the peak in September 2021, and the non-residential property market remained weak in general in 2024. Prices for overall office space on average plunged by 24% between November 2023 (price index for overall office space in December 2023 was not available, due to insufficient transactions for Grade A office space in that month) and December 2024. Analysed by grade, prices of Grade A, B and C office space declined by 26%, 22% and 21% respectively. Overall office rentals in December 2024 were 5% lower than those in December 2023. Within the total, rentals of Grade A, B and C office space all retreated by 5%. Compared with the respective peaks in 2018 and 2019, prices and rentals of office space in December 2024 were 44% and 19% lower. Prices and rentals of retail shop space fell by 19% and 7% respectively between December 2023 and December 2024. Compared with the respective peaks in 2018 and 2019, prices and rentals in December 2024 were 37% and 16% lower.

The above is in line with the information disclosed in the section headed “Reasons and benefits for the Disposal” set out in the Board Letter which lends support to the Company’s rationale for entering into the Sale and Purchase Agreement and Deed of Settlement.

3. Reasons for and benefits of the Disposal

The deteriorating financial performance of the Target Group

The lagging property market, high interest rates and aging construction manpower have led to a slowdown in the growth of the Hong Kong construction industry. The market is characterized by heightened competition due to declining demand in the private sector and stringent public project spending. Fierce price competition in the industry and soaring construction costs for operation of Building Construction and A&A Works has further narrowed profit margin of the Target Group.

Facing the challenging business environment in the Hong Kong construction industry, the Target Company has been loss making for the last three consecutive financial years and recorded net liabilities as at 31 March 2025 (excluding the current accounts with Remaining Group). The Group undertook 22, 9, and 8 large-scale projects respectively in FY2023, FY2024 and FY2025. In 2025, the number of large-scale projects of property maintenance and A&A works undertaken by the Target Group decreased significantly. As (i) the number of construction project tenders has declined in both private and government sector due to intensified market competition and fewer projects available to construction companies as a result of high interest rates and tightened public project expenditures stemming from substantial government deficits; (ii) during the period from 2020 to 2025, four directors and two assistant directors, who had worked in the Target Group for over 20 years, ceased to serve

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in their positions, which undermined customers' confidence in the business of Building Construction and A&A Works of the Target Group; and (iii) in 2023, an incident involving casualties in a project led to Wan Chung Construction Company Limited being suspended from tendering for public construction projects for a period of three months, which had negatively impacted the reputation of construction business of the Target Group, the Target Group has experienced a significant decrease in tender opportunities for large-scale projects in the Hong Kong construction market. As such, the Target Group faces increasing difficulties in securing new large-scale contracts from customers to continue its operation of Building Construction and A&A Works. As the Building Construction and A&A Works business of the Target Group, including building construction, alterations, renovation, upgrading and fitting-out works and property maintenance, requires a significant amount of working capital due to their inherently capital-intensive nature, prolonged project durations and the substantial upfront investments needed for materials and labor costs, it is essential for the Group to allocate significant cash resources for the Target Group to meet the financial requirement in order to retain approved contractors and tender for large-scale projects. Besides, the Target Group needs to maintain significant cash balances across various bank to secure banking facilities. As such, the business of the Target Group has consumed a substantial portion of the Group's cash resources, thereby constraining the Company's ability to pursue growth opportunities in other business segments.

In light of the above, the Company has been exploring other opportunities to reduce its business risks in relation to the Building Construction and A&A Works segment. Considering (i) the Target Group is expected to secure fewer tenders of large-scale projects in the near future; (ii) the Building Construction and A&A Works business of the Target Group occupies substantial cash resources, which would constrain the development of the Group's other business; and (iii) working capital will be redirected from the Target Group to support the growth of the Supply Chain Management Business following the Disposal, the Company is of the view that the Disposal is fair and reasonable and in the interests of the Company.

The development of the Supply Chain Management Business

The Group's Supply Chain Management Business involves the sales and provision of materials (mainly consisting of iron ore products), the relevant transportation of materials and potential ancillary services.

The PRC is the world's largest consumer and importer of iron ore, which serves as a critical raw material for the PRC's steel industry. The iron ore supply chain industry in the PRC serves as a critical component of the nation's steel production ecosystem, which underpins infrastructure, construction, manufacturing, and other key economic sectors. In 2024, the PRC accounted for approximately 70% of global seaborne iron ore trade, importing approximately 1.2 billion metric tonnes, primarily from major suppliers in Australia, Brazil, and South Africa. The PRC's reliance on imported iron ore underscores the strategic importance of the iron ore supply chain industry.

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The iron ore supply chain industry is characterized by high entry barriers due to the capital-intensive nature of operations, comprehensive supply chain requirements and rigorous compliance standards. The Group commenced the Supply Chain Management Business since 2019 and has cultivated strong business relationships with a diverse customer base over the years. The Supply Chain Management Business has achieved economic scale of operation through the provision of series of value-added services to its customers, including but not limited to price monitoring of iron ore products, proactive procurement planning and execution, inventory and supplier management.

Price monitoring and proactive procurement planning and execution

The experienced procurement team of the Group would closely monitor the market price of iron ore products of different gradings and analyze the expected price and exchange rate fluctuation for the upcoming period. Besides, the Group's sales team engages in regular communication with customers to ascertain their projected demand over the next few months and delivers the projected demand to the Group's procurement team, which would develop and implement the procurement plan of the iron ore products. Such procurement strategy entails the purchase of iron ore products in batches of large quantities with competitive price and ensures sufficient inventory of iron ore products is maintained at the ports to meet customer demands in a timely manner.

Inventory and supplier management

The Group has entered into long-term storage arrangements with major ports in the PRC, which are all strategically located in the proximity of the customers and suppliers. These long-term storage arrangements offer free storage periods and favorable transshipment fees to the Group, which significantly lowers the Group's overall storage and logistics costs, enabling the Group to offer more competitive prices to its customers. Coupled with the comprehensive logistic services, the Group is able to ensure prompt delivery of iron ore products to its customers.

In order to fulfill the demand of customers in a timely manner, the Group has entered into long term contracts with its major suppliers to ensure the stable and reliable supply of different gradings of iron ore products. Such robust supply chain network has enabled the Group to maintain adequate level of inventory and ensure the timely delivery of iron ore products to its customers. By leveraging these long-term supplier relationships, the Group is well-positioned to meet market demand consistently and support the growth of its Supply Chain Management Business.

The Group generally pays deposits to its suppliers in advance for iron ore products. Upon arranging the delivery of iron ore products to its customers, the Group offers a credit period of up to one month to its customers while the Group settles the amount payable to its suppliers upon receipt from customers. As such, the customers of the Group may improve their cash flow and liquidity position through the Group's Supply Chain Management Business by reducing their inventory level.

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Competitive edge of the Supply Chain Management Business

With the streamlined operation of the Supply Chain Management Business and the value-added services as illustrated above, the Group has achieved a distinct competitive edge over other industry players due to the following factors:

- (i) credit period offered to customers: The Group generally pays suppliers an advance deposit of up to 15% of the purchase price for iron ore products. Upon delivery to customers, the Group offers a credit period of up to one month. Such arrangement helps improve customers' cash flow and liquidity by reducing their inventory needs. With access to the Group's iron ore price trend information and reliable delivery services, customers can make just-in-time purchases based on their actual demand. The extended credit terms also help the Group strengthen long-term customer relationships and enhance customer loyalty;
- (ii) maintenance of port infrastructure network for prompt delivery to customers: The Group has long-term storage arrangements with various ports in Rizhao, Qingdao, Jingjiang, Taicang, Jiangyin, which are all strategically located near its customers to ensure prompt delivery to its customers. Such proximity ensures reliable and timely supply iron ore products, which strengthens long-term customer relationships and confidence;
- (iii) competitive logistic costs offered to customers: The Group's large-scale operations allow it to benefit from cost-saving advantages at ports, including free storage periods and transshipment fees. These advantages significantly reduce the Group's storage and logistics costs, enabling more competitive pricing for customers. Besides, the comprehensive port network provides the Group with the flexibility to quickly respond to customer needs in different regions. Regardless of the customer's location, the Group can efficiently transport the iron ore products from the nearest port, which improves the delivery efficiency and lowers the logistic costs; and
- (iv) efficient inventory and supplier management: the Group's customers rely on various iron ore products for their production. The Group is aware of and will in advance anticipate the kind of iron ore products and the respective quantity that the customers require through daily communication with the customers. By entering into long-term contracts with major suppliers, the Group is able to secure different gradings of iron ore products in large volume and competitive price. As such, the Group is able to maintain adequate level of inventory and ensure the timely delivery of iron ore products to its customers. Such efficient inventory and supplier management enable the Group to consistently meet customer needs and enhance customer retention and loyalty.

The Group has maintained a large customer base, including the pre-approved suppliers of private or state-owned enterprises and direct suppliers of steel mills in the PRC. The Group has also entered into long-term contracts with its major customers, pursuant to which the

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customers will place purchase orders of iron ore products to the Group. As such, based on (i) the long-term contracts between the Group and the customers and; (ii) the Group's stable procurement of iron ore products, the Group consider the Supply Chain Management Business is well positioned to continue to generate stable cashflow and profit, which is in the interest of the Company and its Shareholders as a whole.

As the companies engaged in iron ore supply chain industry generally rely on a volume-driven strategy to achieve sustainable profitability, it is essential for the Group to allocate sufficient financial resources to the development of its Supply Chain Management Business. Following the Disposal, the Group will be able to redirect its substantial financial resources from the Building Construction and A&A Works segment to the Supply Chain Management Business. The redirected funding will enable the Group to expand its procurement channel to purchase a wider range of iron ore products to meet customers' requirements such as iron ore from Indian mines and Venezuelan mines. To support the rapid expansion of the Supply Chain Management Business, the Group plans to further optimize its logistics and distribution network by establishing long-term business relationship with more reputable logistics service providers, which will facilitate the Group to respond more efficiently to customers' orders and ensure timely delivery of iron ore products.

Save for the above business development plan and the proposed Disposal, the Company does not have any other plan to expand, cease or dispose any of its existing business, or acquire any new businesses.

View of the Directors

In view of the above, the Directors (including the Independent Non-Executive Directors after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Having conducted our work as discussed in this letter, we concur with the Directors' view.

Our view

Having considered the above deteriorating financial performance of the Target Group and the Group's concrete development plan on the Supply Chain Management Business as detailed above, in particular, as the companies engaged in iron ore supply chain industry (i.e. customers of the Supply Chain Management Business) generally rely on a volume-driven strategy to achieve sustainable profitability, Accordingly, we concurred with the Directors that the Disposal will enable the Group to redirect its substantial financial resources from the Building Construction and A&A Works segment to the Supply Chain Management Business which enable the Group to expand its procurement channel to purchase a wider range of iron ore products to meet customers' requirements. Coupled with long-term business relationship

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with more reputable logistics service providers, the Group will respond more efficiently to customers' orders and ensure timely delivery of iron ore products, which will create stable revenue stream and profitability to the Group.

4. The Disposal

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 the Consideration of HK\$1.

4.1 *The Sale and Purchase Agreement*

A summary of the principal terms of the Sale and Purchase Agreement is set out below:

Date:	19 June 2025 (after trading hours)
Parties:	(1) Smart Tactics Group Limited (as the Purchaser); and (2) The Company (as the vendor)
Assets to be disposed:	The Sale Shares, being entire issued share capital of the Target Company.
Consideration:	<p>The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms, with reference to:</p> <ul style="list-style-type: none">(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.

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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 condition 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.

4.2 *Our analysis on the Consideration*

The Consideration for the Disposal of HK\$1 was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms as illustrated in section 4.1 above.

As discussed in section 2.3.1 above, the building and construction expenditure component of GDP in Hong Kong exhibited a year-on-year decline of 0.7% and 6.5% respectively in the second and third quarter of 2024, and business sentiment in construction and real estate sectors appears to remain negative in the first quarter of 2025.

As also discussed in section 2.3 and section 3 above, the Target Group has been loss making for the last three consecutive financial years and recorded net liabilities as at 31 March 2025 (excluding the current accounts with Remaining Group). The lagging property market, high interest rates and aging construction manpower have led to a slowdown in the growth of the Hong Kong construction industry, and there is currently no favorable sign of a definitive market rebound for this sector in near term. In addition, the maturity date of the loans granted by Mr. Wong to the Target Group in 2022 in the total amount of approximately HK\$207 million with the interest rate of 13% per annum was extended to 30 September 2027, and the annual interest expense of the aforesaid loan from Mr. Wong of HK\$27 million will no longer be consolidated to the Group following Completion.

The Deemed Consideration (as defined in section 5.4 below) for the Disposal of HK\$18,156,698, compares favorably to the unaudited consolidated net assets of the Target Group of approximately HK\$7.9 million as at 30 September 2024 and represents an approximately 129.8% premium over it. Given the historical and recent loss making positions of the Target Group and the expected unaudited gain of HK\$18,156,697 arising out of the Settlement, we consider the Consideration of HK\$1 is favorable to the Group after having considered the Disposal and the Settlement as a whole.

We consider comparing the price multiples of the Target Group to comparable companies are not applicable and will likely create abnormal results due to the followings:

- (i) The Target Group is principally engaged in the Building Construction and A&A Works, which is service oriented and is not asset heavy as corroborated by the Company's consolidated statement of financial position in the 2025 Annual Report. Comparing the price-to-book ratio of the Target Group against that of comparable companies might not provide meaningful result.
- (ii) The Target Group has been loss making for the years ended 31 March 2023, 2024 and 2025. In addition, as the Consideration is merely HK\$1 and the Deemed Consideration (as defined in section 5.4 below) of HK\$18,156,698 is an artificially derived figure based on the amount gained from the Settlement, we consider that

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applying either of the aforementioned considerations for calculation of price-to-earning multiple of the Target Company will create unfair and abnormal figure for comparison purpose.

Accordingly, we are of the view that inclusion of an analysis of trading multiple of comparables of the Target Company to be inappropriate for the purpose of this letter.

4.3 Our work performed in relation to the appraised value of the Target Group

The consideration under the Sale and Purchase Agreement of HK\$1 was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms, with reference to, among others, that the preliminary valuation of the Target Group is zero based on a draft valuation report prepared by an independent valuer. As per the Valuation Report, the Target Group's value appraised by BonVision International Appraisals Limited, an independent professional valuer (the "**Independent Valuer**") is nil (the "**Appraised Value**") as at 31 March 2025. To assess the fairness and reasonableness of the valuation, we have reviewed the Valuation Report and discussed with the Independent Valuer in relation to (i) the methodologies, basis and assumptions used in performing the valuation on the Target Group; (ii) their scope of work for conducting the valuation on the Target Group; and (iii) their relevant professional qualifications as an independent professional valuer.

Independence, qualification and scope of work of the Independent Valuer

We have reviewed and enquired into the qualifications and experience of the Independent Valuer in relation to the preparation of the Valuation Report, and noted that the Independent Valuer is a firm specialised in the provision of business, property and financial instrument valuation services for its clients engaging in different industries for various purposes. The Independent Valuer is a provider of appraisals for various assets and businesses, and has extensive experience in providing valuation and advisory services to companies listed in Hong Kong and the United States. Based on the information provided by the Independent Valuer, the responsible person in charge of the Valuation Report, namely Ms. Angela Kwan, a charterholder of Chartered Financial Analyst (CFA) Program with over 15 years of experience in business, intangible assets, financial instruments and other valuations and consultations. We have also obtained relevant qualifications and credentials of the team members involved in this valuation of the Target Group.

Per the discussion with and confirmation made by the Independent Valuer, we understand that (i) the Independent Valuer had no concern on the accuracy and completeness of information the Independent Valuer relied upon throughout the valuation process; and (ii) the Independent Valuer had no concern on the reasonableness of any representation made by the Management or any other party to the Independent Valuer.

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We have also reviewed the Independent Valuer's terms of engagement with the Company in relation to the Valuation Report and in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer in the Valuation Report.

We enquired on the Independent Valuer whether they have any current or prior relationships with the Company, the Purchaser, and core connected persons of either the Company or the Purchaser and noted that save for the current engagement, no other relationship exists.

We discussed with the Independent Valuer on (i) the valuation approach adopted; (ii) the criteria in selecting the comparable companies; and (iii) the sources of comparable companies.

Valuation approach

We understand that the Valuation Report has been prepared in accordance with the International Valuation Standards (the "IVS") established by the International Valuation Standards Council.

According to the Valuation Report, the valuation is carried out on a market value basis, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" according to the IVS.

In the process of valuing the Target Group, the Independent Valuer has taken into account the Target Group's operations, financial information, and the nature of the business.

The Income-Based Approach was not adopted because it would have required numerous subjective and sensitive assumptions, which could have significantly influenced the valuation outcome. The Asset-Based Approach was not chosen, as it would not have captured the future earnings potential of the business and, therefore, could not accurately reflect the market value.

Consequently, the Independent Valuer has decided to adopt the Market-Based Approach to arrive at the market value of the 100% equity interest in the Target Group. Under this approach, the Independent Valuer had to determine the appropriate valuation multiples of comparable companies, considering enterprise value-to-sales (EV/Sales), price-to-earnings (P/E), and price-to-book (P/B) multiples. The P/E multiple was not adopted as the Target Group was loss-making as of the Date of Valuation. The P/B

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multiple was also not selected, as it did not consider the impact of substantial amount of cash on the Target Group's balance sheet. The Independent Valuer considered to adopt the EV/Sales multiple to calculate the market value of the Target Group.

In arriving at the Appraised Value, we noted that the Independent Valuer has adopted the market approach (the "**Market Approach**") as the valuation approach, which involves the selection of several listed companies with similar business nature and operations similar to those of the Target Group as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- (1) The companies and their business operations are primarily located in Hong Kong;
- (2) The companies are primarily engaged in commercial and residential construction, general contractors and operative builders business;
- (3) The fixed asset/total market capitalization ratios of the companies are less than 50%;
- (4) The companies have sufficient listing and operating histories; and
- (5) The financial information of the companies is available to the public.

In order to assess the fairness and representative of the comparable companies, we have reviewed the list of comparable companies against the aforementioned selection criteria set by the Independent Valuer, and confirmed that such three comparable companies are all selected within the Independent Valuer's aforementioned selection criteria. The Independent Valuer also confirmed that the comparable companies represent an exhaustive list of relevant comparables meeting the aforementioned selection criteria.

In arriving the market value of the Target Group (i.e. 100% equity interest in the Target Group), the compound of the Target Group's consolidated revenue for the year ended 31 March 2025 and the median of the EV/Sales multiple of the comparable companies has been adjusted by the Target Group's lease liability, cash, non-operating assets/liabilities, the Deed of the Settlement, the marketability discount and the control premium. We understand that this is a common calculation method of reaching the market value in business valuation.

The Independent Valuer advised that they had not, and considered it is not necessary, to perform secondary valuation method for cross checking, as the other valuation approaches are considered less appropriate and accurate and the availability of three comparable companies are sufficient for adopting Market Approach.

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Based on the above, we are of view that (i) the comparable companies chosen are appropriate and fulfill the Independent Valuer's selection criteria, and (ii) the availability of sufficient comparable companies allows the Independent Valuer to adopt Market Approach which involves the least assumptions and estimations and provides a fair and reasonable basis for the Independent Valuer's opinion.

Our view

With regards to the Valuation Report, we have complied with the requirements under note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct by performing, including but not limited to, the following works: (i) discussed with the Independent Valuer regarding the methodology applied and principal basis and assumptions adopted in the Valuation Report; (ii) assessed the experience and expertise of the person responsible for the Valuation Report, namely Ms. Angela Kwan, and the Independent Valuer's recent valuation assignments; (iii) enquired on any current or prior relationships with the Company and core connected persons of either the Company or the Purchaser and noted that save for the current engagement, no other relationship exists; and (iv) reviewed the terms of engagement in respect of the Valuation Report.

Having considered that (i) the Independent Valuer has the relevant qualification, competence and experience to prepare the Valuation Report; (ii) the Independent Valuer's scope of work is appropriate for performing the valuation on the Target Group; and (iii) the valuation methodologies, basis and assumptions for valuing the Target Group are fair and reasonable, we are of the view that the Appraised Value is an appropriate reference point to assess the fair and reasonableness of the consideration for the Disposal.

5. The 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.

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5.1 *The Deed of Settlement*

Date	19 June 2025 (after trading hours)
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 the Debt of HK\$52,748,111.

Settlement of the Debt	In settlement of the Debt, the Company shall instruct Mr. Wong to pay 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 the Outstanding Debt of HK\$33,156,697 after the payment by Mr. Wong to Wan Chung.
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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.

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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.

5.2 Background of the Outstanding Debt

Amount due from the Target Group

As at the date of the Deed of Settlement, the Target Group was indebted to the Company in the sum of HK\$24,343,303, which consisted of (i) the amount of HK\$24,143,303 paid by the Company in July 2014 on behalf of Magic Choice as the share capital injection of Wan Chung; and (ii) certain legal fee of HK0.2 million paid by the Company on behalf of the Target Group in September 2023.

Amount due to the Target Group

As at the date of the Deed of Settlement, the Company was indebted to the Target Group in the sum of HK\$77,091,414, which mainly consisted of

- (i) HK\$57.5 million borrowed from Wan Chung in December 2013 for the supplement of working capital; and
- (ii) HK\$19,591,414 due to Wan Chung, which represented the settlement of the claim to an insurance company paid by Wan Chung on behalf of the Company, as a result of the Company's guarantee on the performance bonds for Wan Chung Singapore on certain unfinished construction projects in Singapore upon Wan Chung Singapore's liquidation (the "**WC Singapore Guarantee**").

Amount due from Mr. Wong

As at the date of the Deed of Settlement, the Company had an amount due from Mr. Wong of approximately HK\$19,591,414, which represented the back-to-back guarantee provided by Mr. Wong in respect of the Company's WC Singapore Guarantee.

5.3 *Financing of the Settlement Amount*

As at the Latest Practicable Date, excluding the cash held by the Target Group, the bank and cash balances of the Company amounted to more than HK\$30 million, which is sufficient to finance the Settlement Amount of HK\$15 million and the working capital of the Group after the Settlement of the Debt.

5.4 *Our analysis and assessment on the principal terms of the Deed of Settlement*

With a view to assessing the fairness and reasonableness of the terms of the Deed of Settlement, we have carried out the following analysis and considered the factors as set out below:

- (1) Pursuant to the Deed of the Settlement, 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 of HK\$33,156,697. 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. Hypothetically, if only the Settlement is concerned, the Remaining Group is expected to recognize an unaudited gain of HK\$18,156,697 with respect of the Settlement. The deemed consideration for the Disposal of HK\$18,156,698 (being a sum of the Consideration of HK\$1 and the aforementioned gain of HK\$18,156,697 arising out of the Settlement) (the “**Deemed Consideration**”), compares favorably to the unaudited consolidated net assets of the Target Group of approximately HK\$7.9 million and HK\$ 5.5 million as at 30 September 2024 and 31 March 2025, respectively, and represents premiums of approximately 129.8% and 230.1% over the aforementioned net asset values respectively.
- (2) In addition, 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 Deed of Settlement facilitates the Disposal as the Company, which intends to finance the Settlement Amount by utilising its internal resources, will reduce cash outflow by settling part of the Debt by way of offsetting a sum of HK\$19,591,414 owed by Mr. Wong to the Company since February 2023 with the aforementioned expected unaudited gain of HK\$18,156,697 effectively being waived from the Company’s repayment obligation to the Target Group under the Outstanding Debt. Offsetting a sum of HK\$19,591,414 owed by Mr. Wong to the Company against the Debt owed by the Company to the Target Group would facilitate settlement of the Group’s liabilities owed to the Target Group while minimizing cash outlay and improving the Group’s liquidity position.

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- (3) The Settlement requires the Group's immediate cash outlay of HK\$15 million. Hypothetically and assuming that completion of the Disposal and the Settlement took place on 31 March 2025, the Group's cash position would be reduced from approximately HK\$144.1 million to approximately HK\$8.9 million after taking into account the Settlement's cash outlay of HK\$15 million and the deconsolidation of the Target Group's cash of approximately HK\$120.2 million. However, as discussed in section 2.3 above, (i) the net loss of the Target Group amounted to approximately HK\$2.0 million in the year ended 31 March 2025; (ii) in the year ending 31 March 2026, the Management expects that the large-scale projects of property maintenance and A&A work of the Target Group continue to decrease as compared to the years ended 31 March 2024 and 2025; and (iii) it is unlikely for the Target Group to return to profitability in the foreseeable future, such HK\$15 million cash outlay for the Settlement Amount will be eroded by the Target Group's net loss within 7.5 years if the Disposal and the Settlement were not to proceed. Under such circumstances, (i) the Debt of HK\$52,748,111 would still be owed by the Company to the Target Group; (ii) the Target Group's net loss and therefore a financial burden are expected to further deteriorate in the immediate future and would still be borne by the Group; and (iii) the benefits of pivoting the Group's focus from the Target Group's loss making business which may necessitate the Company's financial support to its profit making Supply Chain Management Business as discussed in section 3 of this letter would not be realized.

Having considered the above, we are of the opinion that the entering into of the Deed of Settlement is essential to facilitate the Sale and Purchase Agreement and in the meantime enhances the financial position and liquidity of the Group, which is in the interest of the Company and its Shareholders.

6. Financial effect of the Transactions

Effect on revenue and earnings

As disclosed in the Board Letter, it is estimated that an unaudited gain of approximately HK\$11.7 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 assets of the Target Company of approximately HK\$5.5 million as at 31 March 2025; 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 assets 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.

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Effect on assets and liabilities

Upon Completion, the Company will no longer have (i) any equity interest in the Target Group and the Target Group will cease to be a subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will cease to be consolidated into the consolidated financial statements of the Group. It is estimated that the net assets of the Group will have an increase of approximately HK\$11.7 million, being the aforementioned unaudited gain arising out of the Disposal and the Settlement.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Transactions.

7. Conclusion

Having considered the above principal factors and in particular:

- (1) the undesirable financial performance of the Target Group in the recent years and the industry outlook of the Target Group as discussed in section 2.3 of this letter;
- (2) the reasons for and benefits of the Disposal as set out in section 3 of this letter;
- (3) the Appraised Value is an appropriate reference point to assess the fair and reasonableness of the consideration for the Disposal, as discussed in section 4.3 of this letter;
- (4) the entering into of the Deed of Settlement is essential to facilitate the Sale and Purchase Agreement and in the meantime enhances the financial position and liquidity of the Group, as discussed in section 5.4 of this letter; and
- (5) the financial effect of the Transactions as discussed in section 6 of this letter,

we are of the view that the Transactions are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the Transactions are, although not in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the Transactions at the EGM.

Yours faithfully,

For and on behalf of

Grand Moore Capital Limited

Kevin So

Florence Ng

Managing Director-

Associate Director

Investment Banking

Department

Notes:

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 20 years of experience in the corporate finance industry in Hong Kong.

Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the audited consolidated financial statements of the Group for each of the three years ended 31 March 2023, 2024 and 2025 are disclosed in the following documents; which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.greeneconomy.com.hk/>).

The audited financial information of the Group for the year ended 31 March 2025 is disclosed in the annual report of the Company for the year ended 31 March 2025 published on 30 July 2025, from pages 49 to 119:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0730/2025073000436.pdf>

The audited financial information of the Group for the year ended 31 March 2024 is disclosed in the annual report of the Company for the year ended 31 March 2024 published on 29 July 2024, from pages 48 to 125:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0729/2024072900440.pdf>

The audited financial information of the Group for the year ended 31 March 2023 is disclosed in the annual report of the Company for the year ended 31 March 2023 published on 28 July 2023, from pages 48 to 121:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800633.pdf>

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group had the following indebtedness:

	<i>HK\$'000</i>
Other loans (non-secured)	
— principal	14,500
— interest payable	156
Lease liabilities	<u>2,348</u>
	<u><u>17,004</u></u>

Contingent Liabilities

As at 31 July 2025, the Group did not have any material contingent liabilities.

Operating Lease Commitment

As at 31 July 2025, the Group did not have any material operating lease commitment.

Capital Commitment

As at 31 July 2025, the Group did not have any material capital commitment.

Disclaimers

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 31 July 2025, the Group did not have any material debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantees.

3. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

4. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors, after due and careful consideration, are of the opinion that, after taking into account the Group's internal resources and the available banking facilities, and the effects of entering into the Sale and Purchase Agreement and the Deed of Settlement, the working capital available to the Group is sufficient for the Group's requirements for at least the next 12 months from the date of this circular. The Group has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**Supply Chain Management Business**

The Group currently involves in the supply chain of materials in various markets, the businesses of which involves sales and provision of materials, the relevant transportation of materials and potential accessory services (e.g. the mixing of iron ores). The Supply Chain Management Business mainly offers iron ore products such as lump iron ores, iron powder and iron ore pellets to its customers, which are widely used in blast furnace ironmaking process in steel industry.

In the PRC, the iron ore supply chain industry is a volume-driven market. Market players could make profit in this industry by supplying mass volume of iron ore products to steel mills. The Supply Chain Management Business of the Group has achieved economic scale of operation based on its extensive supply network and robust customer base. With the comprehensive product portfolio of iron ore products of different gradings, efficient logistic services and credit period offered to the customers, the Group has become the reliable suppliers of iron ore products for its customers for years.

With the Group's proven track record and large customer base, the Company considers that the Group could strengthen its position of the Supply Chain Management Business in the PRC market by establishing new business relationships with more upstream and downstream enterprises to explore the direct sales to other leading PRC steel mills in the future. By expanding its network of sales agents, the Group aims to further expand its sales channel and broaden its customer base. In addition, the Group plans to expand its procurement channel to purchase more different gradings of iron ore products, such as iron ore from Indian mines and Venezuelan mines, which will allow the Group to offer a more comprehensive portfolio of iron ore products to its customers.

To keep pace with the fast growth of Supply Chain Management Business, the Group intends to further implement a more streamlined logistics and distribution network, and cultivate long-term partnerships with more reputable logistics companies to ensure the timely and precise delivery of iron ore products to customers, which would allow the Group to respond to customers' orders in a more timely manner and thereby enhancing customer satisfaction.

In FY2026, the Group has sold approximately 991,900 tonnes of iron ore products to customers and recognized revenue of approximately RMB730 million from the Supply Chain Management Business up to 31 August 2025. The Company will continue to focus on securing long-term contracts with major customers, which will ensure predictable and consistent transaction volumes.

Looking ahead, the Group remains committed to enhancing its financial performance through several strategic initiatives. The Group aims to further diversify its customer base and iron ore product offerings while strengthening relationships with key suppliers to secure stable and cost-effective inventory sources. In addition, the Group will continue to optimize its logistics and storage solutions to improve operational efficiency and mitigate supply chain risks. The Group will continue to assess the dynamics of the iron ore market and provide value-added services to its customers to enhance customer retention and increase profitability. Furthermore, the strategic emphasis on long-term customer agreements is expected to provide a sustainable revenue base and reduce exposure to short-term price volatility.

With the implementation of the above plans, the Group is optimistic that the Supply Chain Management Business will be able to capture additional market shares in the iron ore supply chain industry and generate stable cashflow and profit for the Company in FY2026 and beyond.

Construction related businesses

The Hong Kong construction industry continues to face significant challenges, driven by a subdued property market, elevated interest rates, and an aging workforce. These factors have collectively contributed to a pronounced slowdown in industry growth. The decline in demand from the private sector, coupled with constrained public sector expenditure on infrastructure projects, has intensified market competition. Persistent monetary tightening has placed considerable financial pressure on building contractors, while aggressive price competition has further eroded profit margins, rendering the operating environment in the Hong Kong construction industry increasingly challenging. Shortage of skilled labour and escalating costs associated with maintaining high standards of quality and safety in construction projects also pose significant challenge to the ongoing operations and financial performance of construction companies in Hong Kong.

In response to these market dynamics, the Company is committed to strengthening operational cost management to preserve liquidity and maintain competitiveness. Concurrently, leveraging its extensive industry experience, the Company intends to strategically redirect financial resources previously allocated to the construction business towards more resilient and profitable business segments, such as the Supply Chain Management Business. In the case the Disposal materializes, the Group will no longer engage in the segment of Building Construction and A&A Works. Instead, the Group will focus on the development of the Supply Chain Management Business. Looking ahead, the Company will endeavor to capitalize on emerging opportunities, reduce exposure to sector-specific volatilities, and foster sustainable long-term growth in alignment with the Group's strategic objectives.



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22 September 2025

Green Economy Development Limited

Room 1001, 10/F,
China Huarong Tower,
60 Gloucester Road,
Wan Chai, Hong Kong

Dear Sir/Madam,

Re: Business Valuation in relation to 100% Equity Interest in the Prosper Ace Investments Limited and its Subsidiaries

In accordance with the instructions from Green Economy Development Limited (hereinafter referred to as the “**Company**”) to us to conduct a business valuation in relation to 100% equity interest in the Prosper Ace Investments Limited (hereinafter referred to as the “**Business Enterprise**”) and its subsidiaries (hereinafter together referred to as the “**Target Group**”) held by the Company. We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our valuation as at 31 March 2025 (hereinafter referred to as the “**Date of Valuation**”).

This report states the purpose of valuation, scope of work, economic overview, industry overview, an overview of the Target Group, basis of valuation, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and presents our opinion of value.

1. PURPOSE OF VALUATION

This valuation report has been prepared exclusively for the use of the directors and management of the Company. Additionally, BonVision International Appraisals Limited (hereinafter referred to as “**BVIA**”) acknowledges that this report may be made available to the Company for public documentation purpose.

BVIA does not assume any responsibility beyond the Company for the contents of this report. If any other parties choose to rely on the information and findings presented in this report, they do so entirely at their own risk and BVIA bears no liability for such third-party usage.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Target Group and/or their representative(s) (together referred to as the “**Management**”).

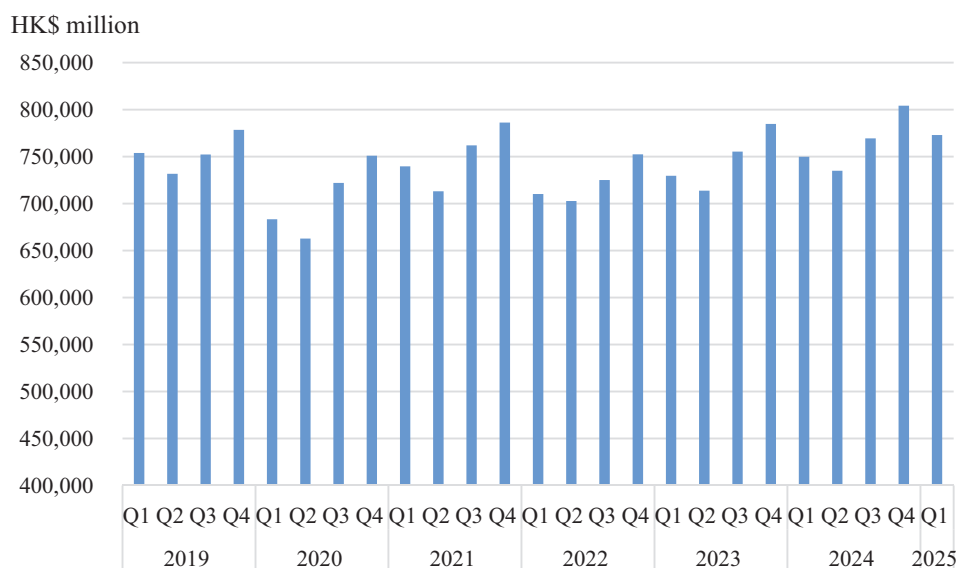
In preparing this report, we have undertaken the necessary steps to facilitate the valuation for the Target Group. We have engaged in detailed discussions with the Management. We have coordinated with the Company’s representatives to obtain all the required information and supporting documents pertaining to the Target Group. We have conducted market research on comparable companies and performed data analysis on the market trends.

Based on the research and information, we have selected an appropriate valuation method to conduct the valuation of the Target Group and compiled this report.

3. ECONOMIC OVERVIEW

The economy of Hong Kong is a highly developed free-market economy. It is characterized by low taxation, almost free port trade and a well-established international financial market. The Hong Kong economy expanded solidly in the first quarter 2025, mainly driven by the strong performance of external sector, with real GDP increasing by 3.1% year-on-year. Hong Kong Government forecasts that real GDP growth will be between 2% to 3% for the whole year of 2025. Figure 1 and Figure 2 illustrate the trend of Hong Kong’s nominal GDP over the past few years.

Figure 1 — Hong Kong’s Quarterly Nominal Gross Domestic Product from the First Quarter of 2019 to the First Quarter of 2025



Source: Hong Kong Census and Statistic Department

Figure 2 — Year Over Year Percentage Change of Hong Kong’s Quarterly Nominal Gross Domestic Product from the First Quarter of 2019 to the First Quarter of 2025

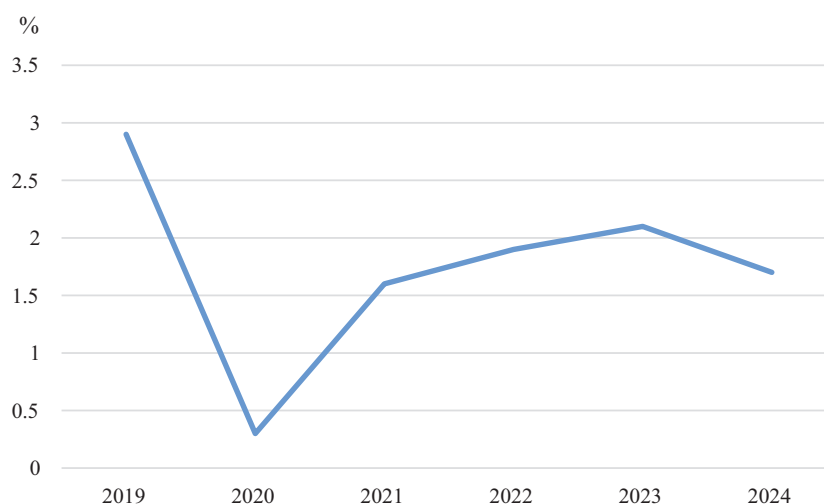


Source: Hong Kong Census and Statistic Department

3.1 Inflation in Hong Kong

The inflation rate in Hong Kong was volatile in the past years. According to the International Monetary Fund (“IMF”). The inflation rate dropped from 2.9% in 2019 to 0.3% in 2020 due to the impact of COVID-19 and recovered to 1.7% in 2024. The IMF forecasted that the inflation rate in Hong Kong would be 1.9% in 2025, and then gradually increase to 2.5% in 2030. Figure 3 shows the historical trend of Hong Kong’s inflation rate from 2019 to 2024.

Figure 3 — Hong Kong’s Inflation Rate from 2019 to 2024



Source: IMF

4. INDUSTRY OVERVIEW

Hong Kong's construction industry is characterized by a small number of large local contractors, a large number of overseas contractors, and a high level of sub-contracting, with a substantial proportion of companies being both developers and contractors.

According to HKTDC Research, most of Hong Kong's construction companies are small in size, with an average of 11.5 persons per establishment. The majority of the small companies act as subcontractors for the large ones, which tend to be main contractors.

According to GlobalData, the growth in Hong Kong's construction industry is expected to slow from an estimated rate of 4% in 2024 to 0.7% in 2025, owing to headwinds such as high interest rate, geo-political tensions, slump in the property sector, and rising budget deficit.

In December 2024, Hong Kong's finance chief doubled the budget deficit forecast to HKD100 billion (USD12.8 billion) in Financial Year 2024–25 — up from a previous forecast of HKD48 billion (USD6.1 billion) made in February 2024. The worsening of the budget deficit forecast is a result of the soft property market, which has impacted government's revenue generated from land sales, stamp duty and corporate taxes.

5. OVERVIEW OF THE TARGET GROUP

The Target Group is an investment holding company incorporated in the British Virgin Islands. Its core operations are carried out through a portfolio of subsidiaries, including Wan Chung Construction Company Limited, Ki Ngai Construction Engineering Limited, Wan Chung Engineering Company Limited, Magic Choice Holdings Limited, Wonder Success International Limited, Samba Sky Investments Limited, and Vigor Yield Limited. The primary revenue stream of the Target Group is derived from construction maintenance services provided in Hong Kong.

5.1 Details of the Transaction

With reference to the deed of settlement (hereinafter referred to as the “**Deed of Settlement**”) and the sale and purchase agreement (hereinafter referred to as the “**Sale and Purchase Agreement**”), the Company and the Business Enterprise acknowledge and agree that, as at the date hereof, the Target Group is indebted to the Company in the amount of HKD24,143,303 and the Company is indebted to the Target Group in the amount of HKD76,891,414, such sums being set off to yield a net indebtedness of HKD52,748,111 in favor of the Target Group.

In partial settlement of that net indebtedness, the Company shall instruct Mr. Wong Law Fai (hereinafter referred to as the “**Purchaser**”) to pay HKD19,591,414 to Wan Chung Construction Co., Ltd (a member of the Target Group), thereby reducing the outstanding balance to HKD33,157,111.

Prior to completion of the disposal, the Company shall remit the settlement amount of HKD15,000,000 to the Business Enterprise as full and final satisfaction of the outstanding indebtedness. Upon receipt of the settlement amount, all remaining debts, obligations and any related security interests between the Company and the Target Group shall be deemed fully and irrevocably discharged and released, irrespective of whether the Purchaser affects the payment to construction Company Limited.

6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2024, **market value** is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

7. VALUATION METHODOLOGY

There are three well-established approaches that can be used to determine the market value of the Target Group: the Market-Based Approach, the Income-Based Approach, and the Asset-Based Approach. The appropriateness of each approach depends on the specific circumstances and the nature of the business entity being valued.

Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm’s length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm’s length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (“**equity and long term debt**”). Under the Asset-Based Approach, the market value of equity of a business entity refers to the market values of various assets and liabilities on the statement of financial position of the business entity as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

Selection of Valuation Approach

In the process of valuing the Target Group, we have taken into account the Target Group’s operations, financial information, and the nature of the business.

The Income-Based Approach was not adopted because it would have required numerous subjective and sensitive assumptions, which could have significantly influenced the valuation outcome. The Asset-Based Approach was not chosen, as it would not have captured the future earnings potential of the business and, therefore, could not accurately reflect the market value.

Consequently, we have decided to adopt the Market-Based Approach to arrive at the market value of the 100% equity interest in the Target Group. Under this approach, we had to determine the appropriate valuation multiples of comparable companies, considering enterprise value-to-sales (EV/Sales), price-to-earnings (P/E), and price-to-book (P/B) multiples.

The P/E multiple was not adopted as the Target Group was loss-making as of the Date of Valuation. The P/B multiple was also not selected, as it did not consider the impact of substantial amount of cash on the Target Group’s balance sheet.

We considered to adopt the EV/Sales multiple to calculate the market value of the Target Group.

Comparable Companies

We adopted several listed companies with similar business nature and operations similar to those of the Target Group as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- The companies and their business operations are primarily located in Hong Kong;
- The companies are primarily engaged in commercial and residential construction, general contractors and operative builders business;
- The fixed asset/total market capitalization ratios of the companies are less than 50%;
- The companies have sufficient listing and operating histories; and
- The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description	Market Capitalization (HKD million)
CR Construction Group Holdings Limited	SEHK:1582	SEHK	CR Construction Group Holdings Limited operates as a building contractor in Hong Kong, Mainland and Malaysia.	215.00
SFK Construction Holdings Limited	SEHK:1447	SEHK	SFK Construction Holdings Limited engages in the construction and maintenance business in Hong Kong.	236.00
SOCAM Development Limited	SEHK:983	SEHK	SOCAM Development Limited engages in the construction businesses in Hong Kong, Macau, and Mainland China.	143.74

Source: S&P Capital IQ.

The major business segment and geographical segment of the comparable companies:

Company Name	Major Business Segment	Major Geographical Segment
CR Construction Group Holdings Limited	Construction Operations — 97.70%	Hong Kong — 84.06%
SFK Construction Holdings Limited	General Building — 78.84%	Hong Kong — 100%
SOCAM Development Limited	Construction and maintenance — 95.74%	Hong Kong — 92.2%

Source: S&P Capital IQ.

Company Name	Stock Code	EV/Sales Multiple
CR Construction Group Holdings Limited	SEHK:1582	0.09x
SFK Construction Holdings Limited	SEHK:1447	0.08x
SOCAM Development Limited	SEHK:983	0.31x
	Median	0.09x

The EV/Sales multiple adopted was the median of the EV/Sales multiples of the above comparable companies as at the Date of Valuation as extracted from S&P Capital IQ.

7.1 Business Valuation Details

We obtained the estimated market value of the Target Group as at 31 March 2025 by applying the median EV/Sales multiple to the revenue of HKD381,012,469 of the Target Group for the year ended 31 March 2025. The market value of the Target Group was then arrived by adjusting with the lease liabilities, cash and debt, net non-operating liabilities, transaction adjustment, marketability discount and control premium.

Marketability Discount

Compared to ownership interests in public companies, shares in closely-held companies are not readily marketable. As a result, the value of a share of stock in a privately-held company is typically less than a comparable share in a publicly-traded company.

Referencing the findings from the “Stout Restricted Stock Study 2024” published by Stout Risius Ross, LLC, we adopted a discount for lack of marketability of 20.40% in determining the market value of the Target Group. The restricted stock study provided

empirical data on the discounts applied to the fair market value of shares in privately-held companies to account for their lack of marketability compared to publicly-traded shares.

Control Premium

As we are considering the market value of the Target Group from the perspective of controlling interest, the median control premium for invested capital from twelve months domestic and international transactions median of 30.60% has been adopted in calculating the equity value of the Target Group to reflect the higher marketability of a controlling interest compared to a minority interest with reference to the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC., an independent information provider for merger and acquisition transaction data.

Calculation of the Market Value of 100% equity interest in the Target Group

The calculation details of the market value of 100% equity interest in the Target Group were illustrated as follows:

Revenue of the Target Group (HKD)	381,012,469
Enterprise Value to Sales Multiple	0.09x
Market Value before Adjustment	35,745,171
Less: Lease Liability (HKD)	1,444,757
Add: Cash (HKD)	120,249,240
Add: Non-operating assets/liability (HKD) ^{Note 1}	(158,311,567)
Add: Adjustment from Transaction ^{Note 2}	(37,748,111)
Market Value before Marketability Discount	(41,510,024)
x Marketability Discount	1–20.40%
x Control Premium	1+30.60%
Market Value of 100% Equity Interest in the Target Group (HKD)	<u>(43,152,824)</u>

Market Value of 100% Equity Interest in the Target Group (HKD) (Rounded)

Nil

Notes:

1. The Valuer has discussed with the Company in the process of identifying assets and liabilities that are not related to the major business operation of the Target Company as Non-operating assets/liability.

Non-operating assets include Amount due from Holding Company, Deposit for performance bond, Prepayment and other deposit and Amount due from intermediate holding company. Non-operating liabilities include Other payables and accruals and Amount due to directors.

The amount of non-operating assets/liabilities were listed as below:

Non-Operating Assets	72,372,062
Non-Operating Liabilities	(230,683,628)
Net Non-Operating Assets/(Liabilities)	(158,311,567)

2. Adjustment from Transaction was the difference between the net indebtedness of HKD52,748,111 in favor of the Target Group and the settlement of HKD15,000,000 to the Target Group, being the amount reduced for the receivables of the Target Group due to the Deed of Settlement. The unaudited financial statement of the Target Group as at 31 March 2025 has not reflected such reduction and hence we have further considered such adjustment in the valuation.

8. KEY ASSUMPTIONS

In arriving at our opinion of value, we have adopted certain specific assumptions in our valuation and the major ones are as follows:

- As advised by the Management, the consolidated unaudited financial statements of the Target Group as at 31 March 2025 can reasonably represent the Target Group's financial positions as at the Date of valuation, since the audited financial statements as at the Date of valuation were not available;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be sufficient supply of technical staff in the industries in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; and
- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

9. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Target Group. The factors considered included, but were not necessarily limited to, the following:

- The consolidated unaudited financial statement of the Target Group as at 31 March 2025;
- Historical financial information of the Target Group;
- The Sale and Purchase Agreement signed between the Company and the Purchaser;
- The Deed of Settlement signed between the Company and the Business Enterprise;
- International Valuation Standards 2024 issued by International Valuation Standards Council;
- Group chart of the Target Group;
- Economic outlook in China and Hong Kong; and
- Industry outlook in Hong Kong's construction sector.

We have discussed the details with the Management regarding the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background, business nature and business projection of the Target Group provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the

information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Target Group was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Target Group.

We have not investigated the title to or any legal liabilities of the Target Group Unit and have assumed no responsibility for the title to the Target Group appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except BVIA. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of BVIA through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of BVIA.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

11. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise, the Target Group, and their associate companies, subsidiaries or the values reported herein.

12. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 100% equity interest in the Target Group as at the Date of Valuation, in our opinion, was **Nil**.

Yours faithfully,

For and on behalf of

BonVision International Appraisals Limited

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interest of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares or underlying shares or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571)), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature	Number of ordinary Shares held	Percentage of shareholding in the Company
Mr. Zhu Feng (Note 1)	Beneficial owner and Interest of Controlled Corporation	174,797,650	28.11%
Mr. Su Junjie	Beneficial owner	19,700,000	3.17%
Mr. Fung Ka Lun (Note 2)	Beneficial owner	3,332,278	0.54%
Mr. Wong Wai Kwan	Beneficial owner	468,750	0.08%

Note:

1. Mr. Zhu Feng, the executive Director, is directly interested in 78,520,950 Shares and is the ultimate beneficial owner of Ensure Prestige Limited. By virtue of the SFO, Mr. Zhu Feng is deemed to be interested in the 96,276,700 Shares held by Ensure Prestige Limited. Therefore, Mr. Zhu Feng is deemed to be interested in 174,797,650 Shares.
2. The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 19 December 2011 (the "**2011 Scheme**"). Upon exercise of the share options, at the exercise price of HK\$0.6752 (as adjusted on 16 April 2024) for each option granted, in accordance with the 2011 Scheme, ordinary shares in the share capital of the Company are issuable. The share options are personal to the Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the persons or companies (other than the Directors and the chief executive of the Company) who/which had an interest or short position in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO, are set out below:

Name of shareholder	Nature	Number of ordinary Shares held	Percentage of shareholding in the Company
Ensure Prestige Limited (Note 1)	Beneficial owner	96,276,700	15.48%
Mega Start Limited (Note 2)	Beneficial owner	46,912,500	7.54%

Notes:

1. Mr. Zhu Feng owns the entire issued share capital of Ensure Prestige Limited. By virtue of the SFO, Mr. Zhu Feng is deemed to be interested in the 96,276,700 Shares held by Ensure Prestige Limited.

2. Insofar as the beneficial interests in the shareholding of Mega Start Limited (as being a substantial shareholder of the Company) are concerned, the Company has received notifications from different parties claiming the beneficial interests in the shareholding of Mega Start Limited. The Company takes no stance as to their competing claims for the beneficial interests in the shareholding of Mega Start Limited, pending the resolution of their claims.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, no person had, or were deemed to have, an interest or short position in the Shares or underlying Shares of the Company (i) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or was a substantial shareholder of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2025 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which was significant to the business of the Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding and including the Latest Practicable Date and were or might be material:

- (i) a sale and purchase agreement dated 11 September 2024 entered into between Start Shinning Pte. Ltd. as the purchaser, an indirect wholly-owned subsidiary of the Company, and Right Harmony Limited as the vendor in relation to the acquisition of the only issued share of Runroc Holdings Limited at the consideration of HK\$87,000, details of which were disclosed in the Company's announcement dated 11 September 2024;
- (ii) the sale and purchase agreement dated 26 January 2024 entered into between Hong Kong Dakyun International Trade Company Limited as the purchaser, an indirect wholly-owned subsidiary of the Company, and Kim Hongseok as the seller in relation to the

acquisition of 115,000 shares of R-TECHO Co., Ltd. at the consideration of KRW609,500,000 (equivalent to approximately HK\$3,657,000) and the sale and purchase agreement dated 26 January 2024 entered into between Hong Kong Dakyun International Trade Company Limited as the purchaser and Kim Inho, as the seller in relation to the acquisition of 22,000 shares of R-TECHO Co., Ltd. at the consideration of KRW132,000,000 (equivalent to approximately HK\$792,000), details of which were disclosed in the Company's announcement dated 26 January 2024; and

(iii) the Sale and Purchase Agreement.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Grand Moore	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
BonVision International Appraisals Limited	Independent professional valuer

BonVision International Appraisals Limited, specializes in providing dedicated valuation and advisory services to both private and listed companies across a wide range of industries including but not limited to technology, medical and healthcare, resources and new energy, real estate etc. With a deep understanding of the latest industry trends and regulatory requirements, BonVision International Appraisals Limited offers a comprehensive suite of services which include business valuations, financial modelling and strategic planning.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since 31 March 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice and opinion and references to its name in the forms and contexts in which it appeared. The letter from each of the above experts is given as of the date of this circular for incorporation in this circular.

10. GENERAL

- (a) The registered office of the Company is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The secretary of the Company is Mr. Cheung Yiu Kuen, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The head office and principal place of business of the Company in Hong Kong is situated at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong.
- (d) The Company's principal share registrar and transfer office in Cayman Islands is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the Company (www.greenecomony.com.hk/); and (ii) on the website of the Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

- (a) the Sale and Purchase Agreement;
- (b) the Deed of Settlement;
- (c) the letter from Grand Moore, the text of which is set out on pages 21 to 46 of this circular;
- (d) the valuation report of the Target Group, the text of which is set out on pages II-1 to II-13 of this circular;
- (e) the written consent of each of the experts as referred to in the section headed “9. Qualifications and consents of experts” in this appendix;
- (f) the material contracts referred to under the paragraph headed “5. Material Contracts” in this appendix; and
- (g) this circular.

NOTICE OF THE EGM

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Green Economy Development Limited (the “**Company**”) will be held at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong on Friday, 10 October 2025 at 11:00 a.m., for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the sale and purchase agreement dated June 19, 2025 (the “**Sale and Purchase Agreement**”), details of which are disclosed in the circular of the Company dated 22 September, 2025 (the “**Circular**”), entered into between the Company, as the vendor, and Smart Tactics Group Limited, as the purchaser, in relation to the Disposal (as defined in the Circular) and the transaction contemplated thereunder, be and is hereby approved, ratified and confirmed;
- (b) the deed of settlement dated 19 June 2025 (the “**Deed of Settlement**”), details of which are disclosed in the Circular, entered into between the Company, Prosper Ace Investments Limited and Mr. Wong Law Fai, in relation to the Settlement (as defined in the Circular) and the transaction contemplated thereunder, be and is hereby approved, ratified and confirmed; and
- (c) any one of the directors be and is hereby authorised to do all such acts and things and sign, execute and deliver all documents (including affixing the common seal of the Company if appropriate) which he or she considers necessary, desirable or expedient to implement and give effect to the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interests of the Company and its shareholders.”

Yours faithfully,

On behalf of the Board

Green Economy Development Limited

Zhu Feng

Chairman

Hong Kong, 22 September 2025

NOTICE OF THE EGM

Executive Directors

Mr. Zhu Feng (*Chairman*)
Mr. Tang Hongyang
Mr. Zhu Xiaodong
Mr. Chau Ting Sen
Mr. Su Junjie
Mr. Fung Ka Lun

Independent non-executive Directors

Mr. Wong Wai Kwan
Mr. Zhang Shengman
Ms. Li Xiaoting

Notes:

1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any), under which it is signed or a certified copy of such power or authority shall be delivered to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument proposes to vote.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the EGM or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.
5. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM if the member so wish and, in such event, the instrument appointing a proxy should be deemed to be revoked.
6. Where there are joint holders of any share, any one of such joint holder may vote either in person or by proxy in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The register of members of the Company will be closed from Wednesday, 8 October 2025 to Friday, 10 October 2025 (both days inclusive) during which period no transfer of shares will be registered. The record date for determining the entitlements of the Shareholders to attend and vote at the EGM is Friday, 10 October 2025. In order to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 6 October 2025.

NOTICE OF THE EGM

8. A form of proxy for use at the EGM is enclosed.
9. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Hong Kong Government is/are in effect any time after 7:00 a.m. on the date of the extraordinary general meeting, the meeting will be postponed. The Company will post an announcement on the web-sites of the Company at www.greeneconomy.com.hk and the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.