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## **Green Economy Development Limited**

### **綠色經濟發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1315)**

#### **SUPPLEMENTAL ANNOUNCEMENT MAJOR TRANSACTION IN RELATION TO DISPOSAL OF LISTED SECURITIES**

Reference is made to the announcement of the Company dated 8 December 2025 in relation to the disposal of listed securities by the Group during 15 September to 17 September (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide additional information in relation to the Disposal.

#### **Shareholders’ approval in relation to the Disposal**

As the Disposal has been completed in the open market and could not be rescinded, the Company will not seek shareholders’ approval to rectify the Disposal.

#### **Detailed steps and internal process in relation to the disposal of investment**

The Company’s detailed steps and internal process in relation to disposal of investment are set out as follows:

- (1) The risk management committee of the Company (the “**Risk Management Committee**”) would establish a Policy in relation to the investments of the Company;
- (2) With reference to the Policy established by the Risk Management Committee, the investment team of the Group is responsible for determining disposal opportunities for the investment;
- (3) Upon determination of the disposal opportunity for any investment, the head of the Investment Team (i.e. Mr. Zhu Xiaodong) would propose the opportunity to the Board to obtain approval. The Board would share the proposal with the finance department of the Company;
- (4) Upon receiving a proposal from the investment team, the finance department shall calculate (i) the possible financial impact of the proposed disposal; and (ii) the size test the proposed disposal, which would be reported to the Board for their consideration of the proposed disposal;

- (5) After assessing the proposed disposal and in the event the Board approved the proposed disposal,
- (i) in the event the proposed disposal represents a notifiable transaction, the Board would proceed to prepare announcement, circular and arrange for shareholders' approval (if applicable) for the proposed disposal. After ensuring compliance with the Listing Rules and/or other regulatory requirements, the Board would then instruct the investment team to proceed with the Disposal; and
  - (ii) in the event there are no implications of the Listing Rules and/or other regulatory requirements, the Board would instruct the investment team to proceed with the proposed disposal after Board approval.
- (6) Upon obtaining written instruction from the Board, the investment team will proceed with the proposed disposal.

### **Flaws of internal control policies in relation to the Disposal**

The Company considered the Disposal was conducted prior to notification to the Board due to the following flaws:

- (i) The Company did not allocate sufficient manpower for the investment team given the Investor Shares represented the first and only major investment held by the Company. As such, the investment team only consisted of two persons, being one of the Directors, Mr. Zhu Xiaodong and the investment manager. For the sake of convenience, the access to the security trading platform was shared to the investment manager. In addition, the Company only relied on the mobile devices application of the securities trading platform for the Investor Shares, which was not tailored made for business-use, accordingly there was no joint authorisation mechanism available;
- (ii) while the investment team only consisted of two persons, Mr. Zhu Xiaodong was on leave at the material time and there was no other Director or designated to cover his role in the investment team during his leave;
- (iii) despite there being no other Director designated to cover the role of Mr. Zhu Xiaodong in the investment team during his leave, he did not take the initiative to arrange another Director or management to cover his role as he did not expect the investment manager would not consult with him through telephone or other messaging platforms prior to the execution of the Disposal;
- (iv) the investment manager was not familiar with the Listing Rules; and
- (v) the investment manager misinterpreted the Policy represented pre-approval from the Board as the Risk Management Committee consisted of members from the Board.

In view of the above flaws, the Company has implemented the remedial measures to strengthen its internal control process in relation to the acquisition and disposal of investment, details of which are set out in the Announcement and further supplemented below.

## Remedial actions

As disclosed in the Announcement, to prevent similar non-compliance from occurring in the future, the Company has taken a number of measures and actions. The Company would like to further provide updates regarding such remedial actions.

- (i) The Company had engaged Hastings & Co., an external law firm, to conduct a training session on 9 December 2025 for the Directors, company secretary, financial controller, compliance officer and the investment team of the Company regarding the relevant Listing Rules requirements under Chapter 14 of the Listing Rules;
- (ii) An internal training session was conducted on 10 December 2025, and the Company circulated documents covering the corporate governance policy of the Company and training for the relevant Listing Rules regarding notifiable and connected transactions, including but not limited to the following:
  - (1) corporate governance policy of the Company, in particular a list of different types of transactions that are required to be approved by the Board; and
  - (2) the monitoring mechanism of notifiable and connected transactions, where the officer responsible for each of the subsidiaries of the Group shall report to the company secretary of the Company, and the company secretary will (a) communicate with the finance department to calculate the size test and/or aggregation of transactions (if applicable); and (ii) assess the Listing Rules implication with legal advisers of the Company,

The Company had, through the internal training above and circulation of notice, reminded all departments of the Group that, prior to the entering of any agreements or transactions, they should report to the company secretary, management and/or the Board;

- (iii) The Company has been conducting annual review on internal control of the Group on an annual basis. As at the date of this announcement, the Company is finalising the scope of the internal control review with its internal control consultant, Ace Sustainability & Risk Advisors Limited, for the annual internal control review of the Group, which is scheduled to take place in the first half of 2026.

The scope of the upcoming annual internal control review would include, among other things (1) deficiencies to be identified which may lead to the Disposal without proper authorisation in accordance with its classification; (2) identification, authorization and monitoring process of notifiable transactions or connected transactions in accordance with its classification; (3) risk management process; and (4) other processes such as sales, procurement and cash receipts and disbursements.

In view of the upcoming annual review, the Company considered it may not be cost-efficient to engage the internal control consultant for a separate internal control engagement for the incident. Nevertheless, in view of the incident of the Disposal, the Company had discussed with the internal control consultant to prioritise the internal control review of the deficiencies to be identified which may lead to the Disposal without proper authorisation in accordance with its classification, and the Group's identification, authorisation and monitoring of notifiable and connected transactions, and provide feedback to the Board as soon as practicable.

- (iv) In respect of the internal communications with Jiahua, the Company would like to clarify that the management of Jiahua as disclosed in the Announcement represents the investment team of the Group. Accordingly, all internal processes of Jiahua would now be conducted by the same management team of the Company, where the management team of the Company will be reporting directly to the Board, thus strengthening the internal communication with Jiahua by effectively eliminating the need for internal communication between the Company's management team and Jiahua; and
- (v) the Company is in the process of liaising with a securities agent, a licensed corporation under the Securities and Futures Ordinance, to set up a securities account, where it is intended that the securities agent would only execute any acquisition or disposal transaction for the securities account on behalf of the Company upon receiving the joint instruction of any two of the Directors in writing. The Company considers it could prevent similar incident involving unilateral acquisitions or disposals conducted by any individual.

The Company considers the remedial actions as detailed in the Announcement and supplemented above could effectively strengthen the internal controls of the Company and allow the Board to be promptly notified for any proposed transactions to prevent similar incident in the future.

Taking into account of the above, the Board considers that the Company's internal control measures, as amended and to be supplemented by further internal control review, will be adequate and effective to monitor its operations and transactions to ensure compliance with the Listing Rules in the future.

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

Hong Kong, 14 January 2026

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