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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)

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

Financial adviser to the Company



THE SUBSCRIPTIONS

The Board announces that on 10 February 2023, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue to the Subscribers, and the Subscribers have conditionally agreed to subscribe for, the Subscription Shares, being a total of 1,499,999,000 new Shares at the Subscription Price of HK\$0.015 each.

The Subscription Shares will be allotted and issued by the Company to the Subscribers under the General Mandate, and hence the Subscription Agreements and the transactions contemplated thereunder are not subject to the approval of the Shareholders.

As at the date of this announcement, the Company has 7,499,999,994 Shares in issue. Assuming that there will be no change to the total issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represent (i) approximately 20.0% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

The gross proceeds from the Subscriptions amount to approximately HK\$22.5 million, while the net proceeds from the Subscriptions, after deducting the related expenses, are estimated to be approximately HK\$22.3 million. The Company intends to apply the net proceeds from the Subscriptions for the repayment of the outstanding indebtedness and accrued interests thereon.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Subscription Shares.

As Completion is conditional upon fulfilment of the Conditions Precedent as set out in the paragraph headed “Conditions Precedent” below, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

THE SUBSCRIPTIONS

On 10 February 2023, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue to the Subscribers, and the Subscribers have conditionally agreed to subscribe for, the Subscription Shares, being a total of 1,499,999,000 new Shares at the Subscription Price of HK\$0.015 each.

The Subscription Agreements

Each of the Subscription Agreements is on the same terms (other than the number of Subscription Shares) and the major terms of the Subscription Agreements are as follows:

Date: 10 February 2023

Parties and number of Subscription Shares

Subscription Agreement	Parties	Number of Subscription Shares	Consideration (HK\$)
A	(1) Company (as issuer) (2) Subscriber A (as subscriber)	350,000,000	5,250,000
B	(1) Company (as issuer) (2) Subscriber B (as subscriber)	350,000,000	5,250,000
C	(1) Company (as issuer) (2) Subscriber C (as subscriber)	250,000,000	3,750,000
D	(1) Company (as issuer) (2) Subscriber D (as subscriber)	250,000,000	3,750,000
E	(1) Company (as issuer) (2) Subscriber E (as subscriber)	150,000,000	2,250,000

Subscription Agreement	Parties	Number of Subscription Shares	Consideration (HK\$)
F	(1) Company (as issuer) (2) Subscriber F (as subscriber)	149,999,000	2,249,985
	Total	<u>1,499,999,000</u>	<u>22,499,985</u>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers and their ultimate beneficial owners are Independent Third Parties and do not hold any Shares as at the date of this announcement.

Subscription Shares

As at the date of this announcement, the Company has a total of 7,499,999,994 Shares in issue. Assuming that there will be no other changes to the total issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represent (i) approximately 20.0% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

The aggregate nominal value of the Subscription Shares will be HK\$2,999,998.

The Subscription Shares, when issued and fully paid up, shall rank *pari passu* in all respects with all other Shares then in issue.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.015 per Subscription Share represents:

- (i) a discount of approximately 6.3% to the closing price of HK\$0.016 per Share as quoted on the Stock Exchange on 9 February 2023, being the last trading day immediately preceding the date of the Subscription Agreements; and
- (ii) a discount of approximately 10.7% to the average closing price of HK\$0.0168 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to, among other matters, the financial condition and performance of the Group, the prevailing market price and the recent trading volume of the Shares.

Conditions Precedent

Completion under each of the Subscription Agreements is not inter-conditional on Completion of any of the other Subscription Agreements, though they are each subject to the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted the listing approval in relation to the listing of, and permission to deal in the Subscription Shares and such listing approval has not subsequently been withdrawn or revoked prior to the Completion Date;
- (ii) the Company having obtained any approval or consent from any third parties (other than the relevant governmental or regulatory authorities referred to in the immediately preceding conditions set out in paragraph (i) above) which is necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated therein;
- (iii) the Subscriber having obtained any approval or consent from any third parties which is necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated therein;
- (iv) the representation and warranties made by the Company under the Subscription Agreement shall be true, accurate and not misleading in all material aspects as at the Completion Date;
- (v) the representation and warranties made by the Subscriber under the Subscription Agreement shall be true, accurate and not misleading in all material aspects as at the Completion Date;
- (vi) the Company having fulfilled all obligations and undertakings under the Subscription Agreement and any requirements as prescribed by the Subscription Agreement in all material respect; and
- (vii) the absence of any material adverse change in the Company from the date of the Subscription Agreement to the Completion Date, except for those as disclosed in public documents.

The Company may in its sole and absolute discretion waive in whole or in part the conditions set out in paragraphs (iii) and (v) above, respectively. The Subscriber(s) may in its sole and absolute discretion waive in whole or in part the conditions set out in paragraphs (ii), (iv), (vi) and (vii) above, respectively. Save as aforementioned, none of the other conditions may be waived.

If any of the above conditions has not been fulfilled or waived by the parties to the Subscription Agreement(s) by the Long Stop Date, the Subscription Agreement(s) shall lapse immediately thereafter and be of no further effect and no party shall have any claim against or liability or obligation to any other party save in respect of claims arising out of any antecedent breach of the Subscription Agreement(s).

Completion

Completion shall take place on the third Business Day immediately following the fulfilment of the Conditions Precedent (or such other date as the Company and the Subscriber(s) may agree in writing).

General Mandate to allot and issue the Subscription Shares

The Subscription Shares will be allotted and issued by the Company to the Subscribers under the General Mandate, pursuant to which the Directors are authorised to allot, issue and deal with additional Shares up to 1,499,999,998 Shares, being 20% of the total number of issued Shares as at the AGM approving, among other matters, the granting of the General Mandate.

Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares and hence the allotment and issue of the Subscription Shares is not subject to the approval by the Shareholders.

Reasons for the Subscription and intended use of proceeds by the Company

The gross proceeds from the Subscriptions amount to approximately HK\$22.5 million, while the net proceeds from the Subscriptions, after deducting the related expenses, are estimated to be approximately HK\$22.3 million, representing a net subscription price of approximately HK\$0.0149 per Subscription Share. The Company intends to apply the net proceeds from the Subscriptions for the repayment of the outstanding indebtedness and accrued interests thereon of the Company which has fallen due as at the date of this announcement or will fall due in the short term.

As disclosed in the annual report of the Company for the year ended 31 March 2022 and the interim report of the Company for the six months ended 30 September 2022, the Group recorded net loss of approximately HK\$15.4 million and HK\$66.8 million for the year ended 31 March 2022 and the six months ended 30 September 2022, respectively. The gearing ratio of the Group has increased from approximately 25.3% as at 31 March 2022 to approximately 29.8% as at 30 September 2022. As at 30 September 2022, the principal amount of indebtedness of the Company which has fallen due or will fall due in the short term (comprising loans and amounts due to related parties, amount due to a director and other loans and payables) amounted to approximately HK\$124.1 million, while the bank and cash balances of the Group amounted to approximately HK\$105.2 million.

The Directors consider that the Subscriptions offer a good opportunity to raise capital in a relatively cost-effective and time efficient manner in order to accommodate the payment obligations of the indebtedness of the Group. The Directors are of the view that the terms of the Subscription Agreements (including but not limited to the Subscription Price) are fair and reasonable and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

Fund raising activities of the Company in the past 12 months

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

Effect on the shareholding structure of the Company

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming there are no other changes in the issued share capital of the Company from the date of this announcement and up to the date of Completion):

	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Zhu Kai (<i>Note 1</i>)	819,884,000	10.93	819,884,000	9.11
Mr. Chau Chit (<i>Note 2</i>)	750,000,000	10.00	750,000,000	8.33
Mr. Tang Hao (<i>Note 3</i>)	475,000,000	6.33	475,000,000	5.28
Public Shareholders				
Subscriber A	—	—	350,000,000	3.89
Subscriber B	—	—	350,000,000	3.89
Subscriber C	—	—	250,000,000	2.78
Subscriber D	—	—	250,000,000	2.78
Subscriber E	—	—	150,000,000	1.67
Subscriber F	—	—	149,999,000	1.67
Other public Shareholders	<u>5,455,115,994</u>	<u>72.74</u>	<u>5,455,115,994</u>	<u>60.60</u>
Total	<u><u>7,499,999,994</u></u>	<u><u>100.00</u></u>	<u><u>8,999,998,994</u></u>	<u><u>100.00</u></u>

Notes:

1. Million Creation Holdings Limited (“**Million Creation**”) is wholly-owned by Double Energy Limited (“**Double Energy**”) and therefore Double Energy, which directly owns 356,000 Shares, is deemed to be interested in all the 819,528,000 Shares held by Million Creation by virtue of the SFO, and Double Energy is wholly-owned by Mr. Zhu Kai and therefore Mr. Zhu Kai is deemed to be interested in all the 819,884,000 Shares held by Double Energy and Million Creation by virtue of the SFO.
2. Mr. Chau Chit, an executive Director, is the ultimate beneficial owner of Mega Start Limited (“**Mega Start**”). By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 750,000,000 Shares held by Mega Start.
3. Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited. By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Limited.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of building construction services, property maintenance services, alterations, renovation, upgrading and fitting-out works services and trading of materials.

WARNINGS

As Completion is conditional upon fulfilment of the Conditions Precedent as set out in the paragraph headed “Conditions Precedent” above, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AGM”	annual general meeting of the Company held on 30 September 2022
“Board”	the board of Directors
“Business Day”	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 Subscriptions in accordance with the Subscription Agreements
“Completion Date”	being the third Business Day immediately following the fulfilment of the Conditions Precedent (or such other date as the Company and the Subscriber(s) may agree in writing)
“Condition(s) Precedent”	condition(s) precedent to Completion as set out in the Subscription Agreements
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and otherwise deal with additional shares of the Company not exceeding 20% of the total number of the issued Shares as at the AGM, pursuant to which a maximum of 1,499,999,998 Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	3 March 2023 (or such other date as the Company and the Subscribers may mutually agree in writing)
“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of par value of HK\$0.002 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	the subscriber under Subscription Agreement A, being an investment holding company
“Subscriber B”	the subscriber under Subscription Agreement B, being an individual
“Subscriber C”	the subscriber under Subscription Agreement C, being an individual
“Subscriber D”	the subscriber under Subscription Agreement D, being an individual
“Subscriber E”	the subscriber under Subscription Agreement E, being an individual
“Subscriber F”	the subscriber under Subscription Agreement F, being an individual
“Subscriber(s)”	collectively, the Subscribers, and “Subscriber” means any one of them
“Subscription(s)”	the subscription(s) of the Subscription Shares by the Subscriber(s) pursuant to the Subscription Agreement(s)
“Subscription Agreement A”	the subscription agreement dated 10 February 2023 and entered into between the Company (as issuer) and Subscriber A
“Subscription Agreement B”	the subscription agreement dated 10 February 2023 and entered into between the Company (as issuer) and Subscriber B
“Subscription Agreement C”	the subscription agreement dated 10 February 2023 and entered into between the Company (as issuer) and Subscriber C
“Subscription Agreement D”	the subscription agreement dated 10 February 2023 and entered into between the Company (as issuer) and Subscriber D
“Subscription Agreement E”	the subscription agreement dated 10 February 2023 and entered into between the Company (as issuer) and Subscriber E
“Subscription Agreement F”	the subscription agreement dated 10 February 2023 and entered into between the Company (as issuer) and Subscriber F

“Subscription Agreement(s)”	collectively, the Subscription Agreement A, the Subscription Agreement B, the Subscription Agreement C, the Subscription Agreement D, the Subscription Agreement E and the Subscription Agreement F, and “Subscription Agreement” means any one of them
“Subscription Price”	HK\$0.015 per Subscription Share
“Subscription Share(s)”	an aggregate of 1,499,999,000 new Shares to be issued by the Company to the Subscribers pursuant to the terms of the Subscription Agreements
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Green Economy Development Limited
Chau Chit
Chairman and Chief Executive Officer

Hong Kong, 10 February 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chau Chit, Mr. Fung Ka Lun and Mr. Zhu Xiaodong; and three independent non-executive Directors, namely Mr. Tam Tak Kei Raymond, Dr. Wong Lee Ping and Mr. Wong Wai Kwan.