

TARGET

Intelligence Report

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T U E S D A Y

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Part One of Two

GREEN ECONOMY DEVELOPMENT LTD: HOW GREEN IS THIS COMPANY'S VALLEY?

The relatively newly appointed Auditor of Green Economy Development Ltd (綠色經濟發展有限公司) (Code: 1315, Main Board, The Stock Exchange of Hongkong Ltd), namely RSM Hongkong (羅申美會計師事務所), has issued a '*Disclaimer of Opinion*' in respect of '*the consolidated financial statements of the Group ...*' with regard to the Company's financial position as at March 31, 2022.

RSM Hongkong was appointed as the Independent Auditor of Green Economy Development Ltd – formerly known as '*VISION FAME INTERNATIONAL HOLDING LTD*' (允升國際控股有限公司) – on or about July 20, 2020, following the resignation of the previous auditing firm, namely, Ernst and Young (安永會計師事務所), that had resigned on the same day of RSM Hongkong's appointment due to, it had been claimed, that the Management of Ernst and Young's inability to '*reach a consensus*' with Management of Green Economy Development Ltd in respect of the audit fee for the (Financial) Year, ended March 31, 2020.

At Pages 46 and 47 of the 2022 Annual Report of Green Economy Development Ltd, under the heading, '*REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS*' subheading, '*Disclaimer of Opinion*', the following was, on scanning these two pages of the Company, it was brought to one's attention:

'We were engaged to audit the consolidated financial statements of Green Economy Development Limited (formerly known as Vision Fame International Holding Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 113, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

‘We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

‘Basis for Disclaimer of Opinion

‘We draw attention to note 2 to the consolidated financial statements.

*‘On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the “**Demand Letter**”) from the legal adviser of Mr. Wong Law Fai (黃羅輝) (“**Mr. Wong**”), the managing director of Wan Chung Construction Company Limited (宏宗建築有限公司) (“**Wan Chung**”), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made between Mr. Wong as lender and Wan Chung as borrower (the “**Wan Chung Loan Agreements**”). It is stated in the Demand Letter, among other things, that:*

‘(a) the latest loan maturity date is 30 September 2021;

‘(b) an event of default has occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam (蘇國林), a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

*‘(c) the total amount owed by Wan Chung to Mr. Wong is in the sum of HK\$201,152,177 together with the interest thereon (the “**Wan Chung Outstanding Loan**”);*

‘(d) Mr. Wong is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

‘(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

*‘On 4 October 2021, the Company received a demand letter dated 2 October 2021 (the “**Second Demand Letter**”) from Mr. Wong in relation to the promissory notes dated 2 July 2014 and 24 March 2015 respectively (both as supplemented) in the principal sum of HK\$41,856,697 made*

*between Mr. Wong as lender and Magic Choice Holdings Limited (“**Magic Choice**”), an indirect wholly-owned subsidiary of the Company, as borrower (the “**Magic Choice Promissory Notes**”). It is stated in the Second Demand Letter that, among other things, the failure of Magic Choice to repay all the outstanding principal and the interest accrued thereon under the Magic Choice Promissory Notes in the sum of HK\$42,654,153 on 30 September 2021 constituted an event of default, and that the promissory notes became due and payable.*

‘As ... [CLICK TO ORDER FULL ARTICLE](#)

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