

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國碳中和發展集團有限公司

China Carbon Neutral Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1372)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2025**

INTERIM FINANCIAL STATEMENTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Carbon Neutral Development Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		For the six months ended	
		31 December	31 December
		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	5	352,085	307,757
Costs of sales and services		<u>(323,852)</u>	<u>(282,552)</u>
Gross profit		28,233	25,205
Other income and gains	6	1,359	2,774
Fair value change on carbon-credit assets	7	49,349	(1,709)
Research and development costs		(2,131)	(9,035)
Administrative and selling expenses		(44,306)	(29,633)
Finance costs	8	(553)	(14,852)
Reversal of impairment loss/(impairment loss) on account receivables, other receivables and contract assets, net		<u>597</u>	<u>(18)</u>
Profit/(loss) before tax	9	32,548	(27,268)
Income tax expenses	10	<u>(8,149)</u>	<u>–</u>
Profit/(loss) for the period		<u>24,399</u>	<u>(27,268)</u>
Other comprehensive expense:			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value change on a financial asset at fair value through other comprehensive income ("FVTOCI")		(2,720)	(990)
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of financial statements of foreign operations		<u>1,383</u>	<u>(1,031)</u>
Total other comprehensive expense for the period		(1,337)	(2,021)
Total comprehensive income/(expense) for the period		<u>23,062</u>	<u>(29,289)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** *(Continued)*

	Unaudited	
	For the six months ended	
	31 December	31 December
	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:		
Owners of the Company	25,667	(26,256)
Non-controlling interests	(1,268)	(1,012)
	<u>24,399</u>	<u>(27,268)</u>
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	23,974	(28,330)
Non-controlling interests	(912)	(959)
	<u>23,062</u>	<u>(29,289)</u>
Earnings/(loss) per share	<i>12</i>	
Basic (HK cents)	<u>4.0</u>	<u>(4.9)</u>
Diluted (HK cents)	<u>4.0</u>	<u>(4.9)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Plant and equipment		3,828	4,207
Right-of-use assets		9,636	7,661
Intangible assets		1,800	1,800
Goodwill		43,002	42,234
Deposits and other receivables		56	56
Investment in an associate		1,114	1,097
Financial asset at FVTOCI		2,280	5,000
		61,716	62,055
Total non-current assets			
CURRENT ASSETS			
Carbon-credit assets	7	149,512	100,163
Inventories		7,656	2,717
Contract assets	13	76,118	70,228
Accounts receivable	14	24,342	38,889
Prepayments, deposits and other receivables		83,548	64,938
Restricted bank deposits		36,310	18,546
Cash and cash equivalents		99,329	102,108
		476,815	397,589
Total current assets			
CURRENT LIABILITIES			
Accounts payable	15	65,532	55,767
Other payables and accruals		193,233	147,448
Interest-bearing bank and other borrowings		90,174	76,270
Lease liabilities		7,575	6,223
Convertible bonds	16	93,000	93,000
		449,514	378,708
Total current liabilities			
NET CURRENT ASSETS		27,301	18,881
TOTAL ASSETS LESS CURRENT LIABILITIES		89,017	80,936

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)

		Unaudited	Audited
		as at	as at
		31 December	30 June
		2025	2025
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Other payables and accruals		1,312	447
Interest-bearing bank and other borrowings		7,500	31,823
Lease liabilities		3,175	2,840
Promissory note	17	16,099	16,099
Deferred tax liabilities		19,277	11,135
		<hr/>	<hr/>
Total non-current liabilities		47,363	62,344
		<hr/>	<hr/>
NET ASSETS		41,654	18,592
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital		6,430	6,430
Reserves		40,007	16,033
		<hr/>	<hr/>
Equity attributable to:			
Owners of the Company		46,437	22,463
Non-controlling interests		(4,783)	(3,871)
		<hr/>	<hr/>
EQUITY		41,654	18,592
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

During the six months ended 31 December 2025, the Group was principally engaged in the following principal activities:

- Trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and the carbon negative business including industrial carbon negative with a core of development of carbon capture, utilization and storage (“CCUS”) and natural carbon negative focusing on forest and crop optimization (the “**Global Carbon Neutrality Business**”); and
- Through developing the “Green Credit Chain” to build a trusted data network for green finance, serving as a foundational trust infrastructure for digital finance. It is also continuously enhancing the ClimateStore, which provides one-stop services for carbon asset development, trading and management. At the same time, the company is upgrading its “Dual Carbon” digital platform to align precisely with the methodologies and standards of the National Development and Reform Commission (“NDRC”), and leveraging blockchain technology through the “Carbon Exchange” to promote the tokenization and global circulation of carbon assets (the “**Digital Technology Business**”); and
- Recycling waste materials from batteries, while developing the cascading utilisation of retired batteries from new energy public buses (the “**Battery Cascading Utilization Business**”); and
- Civil engineering works, ecological governance, building construction and maintenance works (the “**Ecological Governance and Civil Engineering Business**”).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 31 December 2025 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The accounting policies and the basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2025, except for the adoption of new and revised standard with effect from 1 July 2025.

The adoption of the new and revised standards are not expected to have any significant impact on the Group’s condensed consolidated interim financial information.

The Group has not early adopted any new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that have been issued by the HKICPA but not yet effective.

3. ESTIMATES

The preparation of this unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group as at and for the year ended 30 June 2025.

4. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

- Global Carbon Neutrality Business Segment: (i) trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and (ii) carbon negative business including industrial carbon negative with a core of development of CCUS and natural carbon negative focusing on forest and crop optimization; and
- Digital Technology Business Segment: through developing the “Green Credit Chain” to build a trusted data network for green finance, serving as a foundational trust infrastructure for digital finance. It is also continuously enhancing the “ClimateStore”, which provides one-stop services for carbon asset development, trading, and management. At the same time, the company is upgrading its “Dual Carbon” digital platform to align precisely with the methodologies and standards of the National Development and Reform Commission, and leveraging blockchain technology through the “Carbon Exchange” to enable the tokenization and global circulation of carbon assets; and
- Battery Cascading Utilization Business Segment: recycle of waste materials from batteries, while developing the cascading utilisation of retired batteries from new energy public buses; and
- Ecological Governance and Civil Engineering Business Segment: civil engineering works, ecological governance, building construction and maintenance works.

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resources allocations and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs (excluding interest on lease liabilities) as well as head office and corporate income and expenses are excluded from such measurement.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 31 December 2025 (Unaudited)

	Global Carbon Neutrality <i>HK\$'000</i>	Digital Technology <i>HK\$'000</i>	Battery Cascading Utilization <i>HK\$'000</i>	Ecological Governance and Civil Engineering <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>5,221</u>	<u>72,993</u>	<u>5,748</u>	<u>268,123</u>	<u>352,085</u>
Segment results	<u>31,983</u>	<u>(1,812)</u>	<u>(796)</u>	<u>5,976</u>	<u>35,351</u>
Corporate and unallocated income					-
Corporate and unallocated expenses					(2,494)
Finance costs (other than interest on lease liabilities)					<u>(309)</u>
Profit before tax					<u><u>32,548</u></u>

For the six months ended 31 December 2024 (Unaudited)

	Global Carbon Neutrality <i>HK\$'000</i>	Digital Technology <i>HK\$'000</i>	Battery Cascading Utilization <i>HK\$'000</i>	Ecological Governance and Civil Engineering <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>2,739</u>	<u>5,341</u>	<u>12,211</u>	<u>287,466</u>	<u>307,757</u>
Segment results	<u>(15,340)</u>	<u>(1,232)</u>	<u>(784)</u>	<u>6,064</u>	<u>(11,292)</u>
Corporate and unallocated income					-
Corporate and unallocated expenses					(1,629)
Finance costs (other than interest on lease liabilities)					<u>(14,347)</u>
Loss before tax					<u><u>(27,268)</u></u>

5. REVENUE

	Unaudited	
	For the six months ended	
	31 December	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods or services		
Sales of carbon-credit assets	–	1,226
Provision of carbon neutral advisory and carbon planning services	5,221	1,513
Trading waste batteries	5,748	12,211
Digital technology services	72,993	5,341
Construction and civil engineering service	268,123	287,466
	<u>352,085</u>	<u>307,757</u>
Total revenue from contracts with customers	<u>352,085</u>	<u>307,757</u>
Timing of revenue recognition		
At the point in time	5,748	13,437
Overtime	346,337	294,320
	<u>352,085</u>	<u>307,757</u>
Total revenue from contracts with customers	<u>352,085</u>	<u>307,757</u>

6. OTHER INCOME AND GAINS

	Unaudited	
	For the six months ended	
	31 December	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	465	1,595
Consultancy fee income	90	180
Government subsidies	–	179
Management fee income	789	798
Sundry income	15	22
	<u>1,359</u>	<u>2,774</u>
	<u>1,359</u>	<u>2,774</u>

7. CARBON-CREDIT ASSETS

Carbon-credit assets were formed through the exploration and development of relevant business units of the Group and originated from the verified and issued International Certified Emission Reductions which is generated from various emissions reductions projects such as biomass power generation, solar photovoltaic power generation, landfill gas recovery power generation, and coal mine methane power generation. These International Certified Emission Reductions are tradable carbon-credit assets that comply with the Gold Standard (GS) and the Verified Carbon Standard (VCS).

Carbon-credit assets are measured at fair value and the changes in fair value are recognized as fair value gain or loss on carbon-credit assets in the condensed consolidated statement of profit or loss.

8. FINANCIAL COSTS

	Unaudited	
	For the six months ended	
	31 December	31 December
	2025	2024
	HK\$'000	HK\$'000
Interest on lease liabilities	244	334
Interest on bank and other borrowings	309	171
Interest on promissory notes	–	1,676
Imputed interest on convertible bonds	–	12,671
	<hr/>	<hr/>
	553	14,852
	<hr/> <hr/>	<hr/> <hr/>

9. PROFIT/(LOSS) BEFORE TAX

	Unaudited	
	For the six months ended	
	31 December	31 December
	2025	2024
	HK\$'000	HK\$'000
The Group's profit/(loss) before tax is arrived at after charging/(crediting):		
Cost of sales		
Cost of inventories sold	5,647	12,211
Cost of service income	318,205	270,341
	<u>323,852</u>	<u>282,552</u>
Employee benefit expense (excluding directors' and chief executives' remuneration)	17,130	14,424
Director remuneration	465	1,086
(Reversal of)/recognised on impairment loss of accounts receivable, net	(647)	18
Impairment loss of contract assets	50	–
Depreciation of plant and equipment	456	631
Depreciation of right-of-use assets	3,257	3,862

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period.

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. On 19 December 2022, the Company was accredited as a “National New and High-tech Enterprise”. The Company is entitled to a reduced PRC corporate income tax rate of 15% since the year 2022. The tax rate of the other PRC subsidiaries is 25%. Pursuant to the PRC Enterprise Income Tax Law and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to the PRC withholding tax at the applicable tax rates of 5%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI.

Tax expense arising from taxable profits in other jurisdictions has been calculated at current rates based on the existing laws, interpretations, and practices of the countries in which the Group operates.

11. DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculations of the basic earnings/(loss) per share for the six months ended 31 December 2025 are based on the condensed consolidated profit/(loss) for the period attributable to owners of the Company of approximately HK\$25,667,000 (31 December 2024: loss of approximately HK\$26,256,000) and the weighted average number of 642,960,000 (31 December 2024: 535,800,000) ordinary shares in issue during the period.

The calculations of the diluted earnings per share for the six months ended 31 December 2025 are based on the profit for the period attributable to the owners of the Company adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation are the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The computation of diluted earnings per share for the six months ended 31 December 2025 did not assume the conversion of the convertible bonds and the exercise of the share options since the assumed conversion and exercise would be anti-dilutive which result in a decrease in earnings per share.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Unaudited	
	For the six months ended	
	31 December	31 December
	2025	2024
	HK\$'000	HK\$'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company, used in basic and diluted earnings/(loss) per share calculations	25,667	(26,256)
	642,960,000	535,800,000
	642,960,000	535,800,000

13. CONTRACT ASSETS

	Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
Contract assets arising from:		
– Construction services	10,795	7,442
– Civil engineering services	56,152	53,001
	<u>66,947</u>	<u>60,443</u>
Less: Allowance for impairment loss	(254)	(202)
Sub-total	<u>66,693</u>	<u>60,241</u>
Retention receivables of:		
– Construction services	2,169	5,475
– Civil engineering services	7,274	4,532
	<u>9,443</u>	<u>10,007</u>
Less: Allowance for impairment loss	(18)	(20)
Sub-total	<u>9,425</u>	<u>9,987</u>
Total contract assets	<u><u>76,118</u></u>	<u><u>70,228</u></u>

The expected timing of recovery or settlement for contract assets is as follows:

	Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
Within one year	70,405	60,252
After one year	5,713	9,976
Total contract assets	<u><u>76,118</u></u>	<u><u>70,228</u></u>

14. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract work. The payment terms of contract work receivables are stipulated in the relevant contracts and the credit period is generally 30 days. The carrying amounts of accounts receivable approximate to their fair values. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances which are non-interest bearing.

	Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
Accounts receivable	25,569	40,763
Less: Allowance for impairment loss	<u>(1,227)</u>	<u>(1,874)</u>
	<u>24,342</u>	<u>38,889</u>

The ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, as follows:

	Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
Within 3 months	20,923	33,662
4 to 6 months	2,223	4,114
Over 6 months	<u>1,196</u>	<u>1,113</u>
	<u>24,342</u>	<u>38,889</u>

The movements in the loss allowance for impairment of accounts receivable are as follows:

	Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
At the beginning of period	1,874	1,436
(Reversal of)/recognised on impairment losses	<u>(647)</u>	<u>438</u>
At the end of period	<u>1,227</u>	<u>1,874</u>

15. ACCOUNTS PAYABLE

An ageing analysis of accounts payable at the end of each reporting period, based on the invoice date, is as follows:

	Unaudited as at 31 December 2025 HK\$'000	Audited as at 30 June 2025 HK\$'000
Within 3 months	34,621	53,050
4 to 6 months	597	348
Over 6 months	30,314	2,369
	<u>65,532</u>	<u>55,767</u>

As at 31 December 2025, retentions payable included in accounts payable amounted to HK\$4,130,000 (30 June 2025: HK\$5,169,000), which are normally settled on terms ranging from two to three years. The carrying amounts of accounts payable approximate to their fair values.

The remaining accounts payable are non-interest bearing and are normally settled on terms ranging from 7 to 120 days. The payment terms are stipulated in the relevant contracts.

16. CONVERTIBLE BONDS

The convertible bonds recognized in the condensed consolidated statement of financial position are bifurcated into two components for accounting purpose, namely the liability component and the equity component, and the movements of these components during the reporting period are as follows:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2025 (Audited)	93,000	91,578	184,578
Interest expense	—	—	—
At 31 December 2025 (Unaudited)	<u>93,000</u>	<u>91,578</u>	<u>184,578</u>

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK\$390,000,000 to Power Expert Global Limited (“**Power Expert**”) as part of the consideration for the acquisition of the Automotive Engines Business. The maturity date of the convertible bonds is on the second anniversary of the date of issuance (i.e. 4 February 2018). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The convertible bonds can be converted into 195,000,000 ordinary shares in the Company at the initial conversion price of HK\$2.00 per conversion share (subject to adjustment pursuant to the terms of the convertible bonds). The Company may at any time before the maturity date by written notice redeem the convertible bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled.

On 13 March 2018, the Company has executed the extension of the maturity date of the convertible bonds for 2 years from 4 February 2018 to 4 February 2020. On 8 November 2019, the Company and the then holder of the convertible bonds, Power Expert, entered into an amendment agreement, pursuant to which the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025. This proposed amendment took effect on 14 January 2020 (“**CB Extension**”). As a result of CB Extension, the liability and equity component was extinguished by HK\$302,173,000 and (HK\$8,461,000) respectively based on revaluation upon the date of execution, i.e. 14 January 2020. The revaluation was carried out by Moore Transaction Services Limited. On the other hand, the carrying amount has been charged with imputed interest.

On 3 February 2020, the Company received a duly-executed transfer notice from Power Expert notifying the Company that Power Expert has agreed to transfer the convertible bonds to LE Group Holdings Pte. Ltd. (“**LEGH**”). The Company has given its consent on the transfer and issued new certificates of the convertible bonds to LEGH.

On 7 October 2020, the Company received a transfer notice from LEGH notifying the Company that LEGH has agreed to transfer the entire convertible bonds back to Power Expert. The Company has given its consent on the transfer and issued new certificates of the convertible bonds to Power Expert.

On 23 September 2021, the Company received a transfer notice from Power Expert notifying the Company that Power Expert has agreed to transfer the entire convertible bonds to Quick Tycoon Limited (“**Quick Tycoon**”). The Company has given its consent on the transfer and issued new certificates of the convertible bonds to Quick Tycoon.

On 18 October 2021, the Company received an assignment notice from Quick Tycoon notifying the Company that Quick Tycoon has agreed to transfer the convertible bonds in the principal amount of HK\$2 million and HK\$3 million to two different independent party respectively. The Company has given its consent on the transfer and issued new certificates of the convertible bonds accordingly.

As at 31 December 2025 and 30 June 2025, the convertible bonds had a carrying amount of HK\$184,578,000, in which HK\$91,578,000 was recognized as equity and HK\$93,000,000 was recognized as current liabilities.

During the period ended 31 December 2025, no imputed interest on convertible bonds was incurred (during the period ended 31 December 2024: HK\$12,671,000, in which HK\$12,126,000 was related to the convertible bonds held by Quick Tycoon).

During the period ended 31 December 2025, no convertible bonds was converted and the outstanding principal amount of the convertible bonds was HK\$93,000,000.

17. PROMISSORY NOTE

	Unaudited as at 31 December 2025 HK\$'000	Audited as at 30 June 2025 HK\$'000
First Note	<u>16,099</u>	<u>16,099</u>

On 4 February 2016, the Company issued two promissory notes with face values of HK\$174,250,000 (the “**First Note**”) and HK\$235,750,000 (the “**Second Note**”) in favour of Power Expert as part of the consideration for the acquisition of Automotive Engines Business. Both the First Note and Second Note carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note, i.e. 4 February 2018.

On 31 December 2017, the Company has extended the maturity date of the First Note and Second Note for 2 years from 4 February 2018 to 4 February 2020 and the interest rate was adjusted downwards from 10% to 8% per annum, all accrued and outstanding interest shall be repaid on the extended maturity date of 4 February 2020.

On 8 November 2019, the Company and Power Expert entered into an amendment agreement, pursuant to which the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025 (“**PN Extension**”). Further details are set out in the Company’s announcement dated 8 November 2019 and the Company’s circular dated 19 December 2019. This proposed amendment took effect on 14 January 2020. As a result of PN Extension, the gain on modification of promissory notes amounted to HK\$294,577,000 was recognized based on revaluation upon the date of execution, i.e. 14 January 2020. The revaluation was carried out by Moore.

On 3 February 2020, the Company received an assignment notice from Power Expert notifying the Company that Power Expert has agreed to assign the promissory notes to LE Group Holdings Pte. Ltd. (“**LEGH**”). The Company has given its consent on the transfer and issued new certificates of the promissory notes to LEGH.

On 12 October 2020, the Company received an assignment notice from LEGH notifying the Company that LEGH has agreed to assign the promissory notes back to Power Expert. The Company has given its consent on the transfer and issued new certificates of the promissory notes to Power Expert.

During the year ended 31 December 2021, the Second Note has been repaid.

During the year ended 31 December 2022, the Company had partial early redeemed the principal amount of the First Note of HK\$129,462,000 and a further principal amount of HK\$6,473,000 was waived by Quick Tycoon. As a result of the redemption, a loss of approximately HK\$74,562,000 was recognized in the consolidated statement of profit or loss and other comprehensive income.

During the 18 months ended 30 June 2024, the Company had partial early redeemed the principal amount of the First Note of HK\$22,216,000.

As at 31 December 2025 and 31 December 2024, the First Note had a carrying amount of HK\$16,099,000 which was recognized as non-current liabilities.

The carrying amounts of the First Note at the period end was computed based on the outstanding face value.

18. CONTINGENT LIABILITIES

As of 31 December 2025, the Group had the following contingent liabilities:

- (a) The guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$36,310,000 (30 June 2025: HK\$15,249,000).
- (b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The Directors of the Company are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

The Group is principally engaged in:

- (i) Global Carbon Neutrality Business Segment, focusing on carbon credit asset trading, carbon credit and carbon asset development, management, and investment in carbon neutrality-related fields, as well as carbon consulting, carbon planning, and negative carbon operations. This includes industrial negative carbon centered on the development of CCUS, VCS and GS, and natural negative carbon focused on forest and crop optimization;
- (ii) Digital Technology Business Segment, through developing “Green Credit Chain” (綠信鏈) to build a trusted data network for green finance, establishing digital financial trust infrastructure; continuously enhances “ClimateStore’s” full-chain services for carbon asset development, trading, and management; upgrades the dual-carbon digital platform to precisely align with methodology standards of the National Development and Reform Commission (NDRC); and leverages blockchain technology through “Carbon Exchange” to enable tokenized issuance and global circulation of carbon assets; and
- (iii) Battery Cascading Utilization Business Segment, deeply focusing on the lithium battery industry chain, the Group possesses compliant, efficient comprehensive utilization capabilities centered on three core business segments – “Recycling, Battery Swapping, and Energy Storage”. Utilizing blockchain and artificial intelligence technologies, it develops the “Xunli Lithium Network” lithium battery integrated trading platform, providing upstream and downstream industry resources, lithium battery exchange facilitation, shared recycling points and cloud warehouses, and innovative supply chain financial solutions; and
- (iv) Ecological Governance and Civil Engineering Business Segment, providing integrated services from construction to ecological management, including civil engineering projects, saline-alkali land remediation, environmental restoration, afforestation, air pollution control, wastewater treatment, soil and water conservation, mountain restoration, and road/drainage systems.

Looking ahead, we will leverage our full industry chain layout to build partnerships with leading players in the sector. We will establish an overseas recycling and regeneration business network and promote the international expansion of green technologies and cooperation models.

For the six months ended 31 December 2025 (the “**Period**”), the Group recorded a consolidated revenue of approximately HK\$352.1 million (31 December 2024: approximately HK\$307.8 million). The gross profit of the Group for the Period was approximately HK\$28.2 million (31 December 2024: approximately HK\$25.2 million).

The Group recorded a profit attributable to owners of the Company for the six months ended 31 December 2025 of approximately HK\$25.7 million (31 December 2024: loss of approximately HK\$26.3 million). The attribution to owners of the Company from loss to profit was mainly attributable to the fair value gain on carbon-credit assets of approximately HK\$49.3 million and the decrease in the imputed interest on convertible bonds of approximately HK\$12.7 million, partially offset by the increase in employee benefit expense of approximately HK\$2.7 million during the six months ended 31 December 2025.

Basic and diluted earnings per share for the six months ended 31 December 2025 were approximately HK\$4.0 cents (31 December 2024: basic and diluted loss per share approximately HK\$4.9 cents).

As at 31 December 2025, the Group recorded approximately HK\$149.5 million (30 June 2025: approximately HK\$100.2 million) of carbon-credit assets on the condensed consolidated statement of financial position. During the Period, the Group has recorded the fair value gain on carbon-credit assets of approximately HK\$49.3 million (31 December 2024: approximately HK\$1.7 million of the fair value loss).

During the Period, the Group was mainly engaged in the following activities:

Global Carbon Neutrality Business

The Group launched the Global Carbon Neutral Business Segment at the beginning of 2021. It established a unique market position for the carbon neutral related operations, primarily focusing on carbon credit asset development, operation and management, investment, carbon consulting and carbon neutral planning. Through actively deploying negative carbon emissions as basic industry, the Group achieved a unique carbon-neutral collaborative development approach that combines new asset development and management with industry, creating a sustainable and high-return business model.

Global Carbon Neutrality Business – Negative Carbon Business

In the negative carbon business, the Group’s industry-specific negative carbon segment focuses on developing and applying negative carbon technologies, including CCUS. The natural negative carbon business segment redefines forestry and agriculture by providing carbon sink consulting and trading through afforestation and collaborative development of forest carbon sinks, achieving long-term sustainable green development and goals. With a mission to reduce China’s carbon dioxide emissions by 2%, the Group aims to achieve 100 million metric tons of negative carbon emissions through nature-based and technology-based solutions. Through these efforts, the Group can sustainably fulfill its corporate social responsibility.

Digital Technology Business

The Group empowers industries to achieve carbon neutrality efficiently and economically through its one-stop green finance trusted data service network “Green Credit Chain”, continuously upgrading and refining the full-chain services for carbon asset development, trading, and management via the “ClimateStore”. Its dual-carbon digital platform precisely aligns with the methodology standards of the NDRC, assisting government agencies, industrial parks, and enterprises in effective carbon emissions management. The Carbon Exchange leverages blockchain technology to tokenize carbon assets for issuance and global circulation, establishing a low-carbon value hub connecting the real and digital economies.

Battery Cascading Utilization Business

The Group’s Green Renewable Energy Group possesses compliant, efficient integrated service capabilities. It will comprehensively build a nationwide “985 Recycling Network System” centered around three core business segments: “Battery Cascading Utilization – Battery Swap Services – Energy Storage Applications”. Leveraging its full industrial chain layout, the Group has established partnerships with industry leaders including China Tower* (中國鐵塔) and China Recycling* (中國再生). Aligned with the “Belt and Road” Initiative, it will establish overseas recycling and regeneration operations to promote green technologies and cooperative models internationally. During the reporting period:

1. The Group upgraded its digital technology-enabled lithium battery recycling, trading, and financial services platform – Xunli Network, utilizing blockchain and artificial intelligence. This initiative establishes a nationwide network of shared service points and cloud warehouses, providing convenient transaction channels, reducing industry logistics and supply chain management costs, and offering innovative financial services;
2. The Group leverages its “white list” licence qualifications and production advantages in lithium batteries to build an integrated closed loop industry chain. Upstream, it cooperates with China Tower and China Recycling companies to recycle and process retired lithium batteries, while downstream it partners with leading listed battery manufacturers to supply raw materials for lithium battery production that meet the requirements for their products to enter the European market.
3. The Group’s subsidiary, East Easy Electricity New Energy Group* (“**East Easy Electricity**”), actively responds to the national green development strategy by innovatively launching the “Urban Smart Energy Storage and Swapping Microgrid” service model. This establishes a closed-loop system spanning lithium battery supply, swapping, and recycling. East Easy Electricity pioneered the integration of the DeepSeek large model with microgrid and virtual power plant platforms, enhancing energy management, forecasting, and optimization capabilities.

This not only addresses safety concerns in electric bicycles, charging security, and end-of-life lithium battery recycling but also improves the convenience and safety of urban mobility and charging. It sets a benchmark for green urban transportation and strengthens the resilience of urban energy systems resilience, propelling urban energy transformation and advancing carbon neutrality goals. Currently, East Easy Electricity's self- and partner-operated networks deploy over 20,000 battery swap cabinets across 90 cities nationwide, managing more than 650,000 batteries with over 50 million times of cumulative battery swaps.

Ecological Governance and Civil Engineering Business

During the Period, the Ecological Governance and Civil Engineering Business managed to record a stable performance despite the grave challenges from the COVID-19 outbreak and the economic downslope in Hong Kong since early 2020.

In the course of project contracting, the Group also attached great importance to the protection of famous and ancient trees and biodiversity and was committed to protecting the environment and promoting sustainable development while building social development. Besides, we focused on the principle of sustainable construction and had a good record in the implementation of green building projects. Our environmental management system had obtained ISO 14001 certification. Under its strict framework, we took a systematic approach to manage our resource utilization efficiency and emission control to advance continuous upgrading. Particularly, we attached great importance to the assessment of our environmental data (such as energy and material utilisation, carbon emissions, water consumption and waste generation), and took various effective measures to reduce carbon emissions continuously.

As a main contractor of the contracts awarded to the Group, the Ecological Governance and Civil Engineering Business offers high value-added services that encompass works from the procurement of materials and equipment, selection of sub-contractors to on-site supervision, work progress monitoring and overall coordination of the day- to-day work of projects. All contracts undertaken for both civil and building construction business were for customers which are independent third parties including certain departments of the Hong Kong SAR Government, public utilities companies and private organizations in Hong Kong.

During the Period, revenue generated from the Ecological Governance and Civil Engineering Business amounted to approximately HK\$268.1 million (31 December 2024: approximately HK\$287.5 million). Its turnover included: (i) revenue from civil engineering works of approximately HK\$145.1 million (31 December 2024: approximately HK\$166.9 million); and (ii) revenue from building construction and maintenance works of HK\$123.0 million (31 December 2024: approximately HK\$120.6 million). During the Period, the gross profit of the Ecological Governance and Civil Engineering Business amounted to approximately HK\$26.9 million (31 December 2024: approximately HK\$21.2 million), representing a gross profit margin of approximately 10.0% (31 December 2024: approximately 7.0%).

As at 31 December 2025, the Group had 10 significant projects in progress, of which 5 were building construction and maintenance projects while the remaining were civil engineering construction projects.

As at 31 December 2025, the total contract sum and the total outstanding values of the Group's substantial projects in progress amounted to approximately HK\$274.0 million and approximately HK\$205.0 million respectively (31 December 2024: approximately HK\$398.0 million and approximately HK\$126.0 million respectively).

Despite the tough operating environment in Hong Kong, the Ecological Governance and Civil Engineering Business maintained its competitive advantages, which are to provide high-quality services of a wide scope and to maintain a cordial client relationship, and the progress in obtaining new contracts managed to record a stable performance during the Period.

The Group has been awarded 4 new substantial Civil Engineering contracts for the Period, including:

- Provision of Civil Works Term Contract E35 2025; and
- Provision of Integrated Field Works for Field Services; and
- Provision of Eternal Construction Works and Outside Plant Maintenance Services and Civil; and
- Works for 132-KV Cable Circuit Improvement from Lyndhurst Terrance to Zetland Street Substation.

PROSPECTS

As at 31 December 2025, the Group had the following four reportable segments:

(1) Global Carbon Neutrality Business

The dual carbon management and control platform developed by the Group leverages an intelligent analytics engine to connect the entire chain from carbon emissions monitoring and reduction planning to resource allocation. By integrating three-tier resources across governments, industrial parks and enterprises, the platform builds a data driven carbon asset management system that enables customers to achieve low carbon transformation, efficiency enhancement and sustainable development goals. During the year, the Group participated in the Jiyuan Dual Carbon Digital Management and Control Platform project and the preparation of the Jiyuan City Carbon Peaking Implementation Plan. Following a tender process conducted by the relevant authorities in Jiyuan, the Group was awarded these projects. Both projects have strong replication potential, with the first step being roll out to other prefecture level cities in Henan province and then promotion across the country. As these two businesses mainly incur professional technical and manpower resources, they are expected to generate considerable returns for the Group. The Group will strengthen marketing and promotion efforts to drive leap frog growth of this business segment going forward.

- (i) The Group has one of the strongest carbon asset development and management teams in the country. Building on its successful track record of registering projects such as manure treatment, waste to energy and biogas utilisation under the VCS, the Group will continue to expand its customer base and carbon asset sources through collaboration with, among others, China Everbright Group (中國光大集團), Sinochem Group (中國中化集團) and relevant local governments.
- (ii) To advance the globalization and accessibility of carbon asset trading while ensuring the security, reliability, authenticity, and trustworthiness of carbon assets, this initiative achieves the digital tokenization of carbon assets as Real-World Assets (RWA). Leveraging blockchain technology, it expands the carbon asset sales and global circulation system.

Leveraging blockchain's distributed ledger, immutability, and end-to-end traceability features, this initiative enables full lifecycle on-chain management of carbon assets – from development, verification, and registration to trading and cancellation. This effectively resolves challenges in traditional carbon markets, such as difficult rights confirmation, traceability issues, and cross-border circulation bottlenecks, significantly enhancing transaction efficiency and reducing integration costs.

Simultaneously, it strengthens security and risk control for carbon assets, ensuring carbon assets' verifiable origins, traceable destinations, and authentic, reliable data. The Group will leverage technological innovation to open global carbon trading channels, align with international standards and market resources, and build an efficient, transparent, and compliant digital carbon asset trading ecosystem to advance global carbon neutrality goals.

(2) Digital Technology Business

- (i) Enhance the functionality of the dual-carbon digital platform and continuously expand marketing efforts.
- (ii) Leverage the upgraded “Green Credit Chain” and “ClimateStore” to establish an exchange in Singapore, providing technical support for digital carbon asset trading.

(3) Battery Cascading Utilization Business

East Easy Electricity has innovated the “Urban Smart Energy Storage Battery Swapping Microgrid” service model. This establishes a closed-loop system encompassing lithium battery supply, battery swapping, and recycling and reuse. Currently, East Easy Electricity's self-operation and its operators managed over 20,000 battery swapping cabinets across 90 cities nationwide, handling more than 650,000 batteries with over 50 million times of battery swaps.

Additionally, it accelerates the adoption of new energy transportation through vehicle replacement programs, and advances new energy battery recycling and secondary utilization projects. This establishes an intelligent power battery recycling system, promoting green transformation across the industrial chain.

(4) Ecological Governance and Civil Engineering Business

Regarding Ecological Governance and Civil Engineering Business, while the business environment in Hong Kong is expected to remain challenging in the coming years (such as rising labour and construction material costs, and a shortage of skilled labour), the Company remains confident in the Group's ability to identify favorable business opportunities, given its extensive experience in handling various construction projects.

The Board believes these businesses will deliver sustainable growth and financial returns for the Group. Moving forward, the Group will allocate more resources to the following two segments:

(1) Battery Cascading Utilization Business

In 2025, China’s retired power battery volume reached 30.6 billion watt-hours (approximately 240,000 metric tons), surging to 14.8 billion watt-hours (approximately 1.05 million metric tons) by 2030. This indicates that retired battery volume will grow over 20-fold within the next five years. Henan Zailiang New Energy Renewable Company Limited* (再亮新能源) has overcome recycling technology bottlenecks, established a recovery network, and achieved a closed-loop commercial model for the circular economy. Its future development prospects are exceptionally broad.

(2) Digital Technology Business

(i) Service Upgrade of “Green Credit Chain”

Building on a blockchain-based foundation, the Company has established a one-stop trusted data service network for green finance. It evolves from transforming industrial data into digital assets to form a closed-loop digital finance ecosystem, now focusing on providing industries with trusted infrastructure for the authentication, on-chain verification, and cross-border circulation of both physical and data assets. By developing a comprehensive service system that enables “data assetization → standardized rights confirmation → global circulation,” the platform helps dual-carbon enterprises efficiently connect with financial institutions, thereby achieving secure rights confirmation, cross-border mobility, and sustainable development of green assets.

(ii) Service Enhancement of “ClimateStore”

The “ClimateStore” evolves from a comprehensive platform for carbon asset development, management, and trading to actively assist clients in reducing carbon emissions, achieving energy conservation and environmental protection goals, and driving the global transition toward a zero-carbon future. We provide carbon asset services – including purchasing, transferring and offsetting – for corporate and individual users, facilitating global carbon asset circulation. The platform upgrade will provide services including dual carbon planning, carbon emissions accounting, carbon verification, carbon footprint analysis, and EU carbon tariff-related consulting services. These services empower enterprises to effectively manage and optimize carbon assets, contributing to green economic growth and sustainable development goals.

(iii) Business Expansion in Digital Carbon Credit Solutions

We are exploring the issuance of ERC-20 tokens backed by real carbon credit assets, with the aim of tokenizing carbon credits to enable transparent on-chain trading and retirement of carbon offsets. By building a transparent and trusted carbon credit market, we aspire to become a global leader in carbon asset trading. Through the integration of global carbon exchanges, we are developing an efficient and transparent trading platform to facilitate the worldwide circulation of carbon assets.

(iv) Dual Carbon Digital Management Platform Project

Our dual-carbon digital management platform is designed for local governments, industrial parks and enterprises to address key challenges in achieving dual-carbon targets, including weak policy alignment, fragmented data management and limited resource coordination. Independently developed by our team, the platform is fully aligned with the 24 methodologies issued by the NDRC, and uses an intelligent analytics engine to connect the entire chain from carbon emissions monitoring and reduction planning to resource allocation. By integrating resources across government, parks and enterprises, the platform builds a data driven carbon asset management system that helps clients achieve low carbon transformation, operational efficiency gains and long-term sustainable development.

(v) Launch of a Green RWA Tokenization Exchange and RWA Projects

“Green Exchange” is a leading global digital trading platform for RWA. Built on the underlying “Green Credit Chain”’s blockchain infrastructure, it converts green assets from the real economy – including clean energy, carbon sink resources and environmental protection facilities – into on-chain registration certificates, which are then tokenized into tradable digital assets. Through three core capabilities – value stability assurance, legal rights attribution transparency, and off-chain data verifiability – it achieves full lifecycle management: Real Asset On-Chain → RWA Issuance → Financeable Commodity Trading. This unlocks new momentum for green finance.

CAPITAL STRUCTURE, FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2025, the net current assets and net assets of the Group amounted to approximately HK\$27.3 million and HK\$41.7 million respectively (as at 30 June 2025: net current assets and net assets of approximately HK\$18.9 million and HK\$18.6 million respectively).

Gearing ratio is calculated as total borrowings (interest-bearing borrowings, liability component of convertible bonds and promissory notes) less cash and bank balances divided by total equity. As at 31 December 2025, the gearing ratio is approximately 258% (as at 30 June 2025: approximately 619%).

CONVERTIBLE BONDS

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK\$390 million (“**Convertible Bonds**”) as part of the consideration for the acquisition of 100% equity interest in Well Surplus Enterprises Limited (“**Well Surplus**”) and its subsidiaries. The maturity date of the Convertible Bonds was on the second anniversary of the date of issuance (i.e. 4 February 2018). The Convertible Bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the Convertible Bonds. The Convertible Bonds can be converted into 195,000,000 ordinary Shares at the initial conversion price of HK\$2.00 per conversion share (subject to adjustment pursuant to the terms of the Convertible Bonds). The Company may redeem the Convertible Bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled.

On 13 March 2018, the Company has executed the extension of the maturity date of the convertible bonds for 2 years from 4 February 2018 to 4 February 2020.

On 14 January 2020, the maturity date of the Convertible Bonds further extended for 5 years to 4 February 2025.

As at 31 December 2025, the outstanding principal amount of the Convertible Bonds was HK\$93,000,000. The maximum number of Shares that will be issued and allotted upon exercise in full of the conversion rights attaching to the outstanding Convertible Bonds is 46,500,000 Shares.

PROMISSORY NOTES

On 4 February 2016, the Company issued two promissory notes (the “**Promissory Notes**”) with face values of HK\$174,250,000 (the “**First Note**”) and HK\$235,750,000 (the “**Second Note**”) as part of the consideration for the acquisition of 100% equity interest in Well Surplus and its subsidiaries. The Promissory Notes carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note (i.e. 4 February 2018).

On 31 December 2017, the Company executed and completed the extension of the maturity date of the Promissory Notes for 2 years from 4 February 2018 to 4 February 2020 and the interest rate of the Promissory Notes shall be adjusted downward from 10% to 8% per annum for the extension period from 5 February 2018 to 4 February 2020 and all accrued and outstanding interest under the Promissory Notes shall be repaid on the extended maturity date of February 2020.

On 14 January 2020, the term of the Promissory Notes changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025.

As at 31 December 2025, the Company has fully repaid the Second Note and partially early redeemed the First Note. As at 31 December 2025, the Promissory Notes had a carrying amount of HK\$16.1 million (30 June 2025: approximately HK\$16.1 million) which was recognised as non-current liabilities.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have any significant investment or capital assets.

PLEDGE OF ASSETS

As at 31 December 2025, the Group did not have any pledge of assets (as at 30 June 2025: nil).

CONTINGENT LIABILITIES

Detail of the Group's contingent liabilities are set out in note 18 in Notes to the Condensed Consolidated Interim Financial information.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in HK\$ and RMB, which are the functional currencies of the Group. Any fluctuation in the exchange rate of HK\$ against RMB may have an impact on the Group's results. The Group has not entered into any instruments to reduce the impact of the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had approximately 288 employees (as at 31 December 2024: approximately 301) in Hong Kong and Mainland China. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, mandatory provident fund scheme (for Hong Kong employees), state-sponsored retirement plans (for the employees in Mainland China). Share options would be granted to respective employees with outstanding performance and contributions to the Group.

The Group provides or subsidises various training programmes and courses to its employees according to business needs, to ensure that its employees are kept updated with relevant laws and regulations, such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), accounting standards, risk management knowledge, labour regulations and the employee's code of conduct.

SHARE OPTION SCHEME

2016 SHARE OPTION SCHEME

At the extraordinary general meeting of the Group held on 24 March 2016, the Shareholders approved the adoption of the share option scheme of the Group (the "**Scheme**"). The relevant listing approval was granted by the Stock Exchange on 29 March 2016. There were no options available for grant under the Scheme mandate as at 1 July 2025 to 31 December 2025. There is no service provider sublimit under the Scheme as at 1 July 2025 to 31 December 2025. The Directors shall be entitled at any time within 10 years commencing on 29 March 2016 to offer the grant of an option to any eligible participant. The Scheme will expire on 28 March 2026.

2026 SHARE OPTION SCHEME

At the extraordinary general meeting of the Group held on 29 December 2025, the Shareholders approved the adoption of the share option scheme of the Group (the "**2026 Scheme**"). The relevant listing approval was granted by the Stock Exchange on 6 January 2026. There were no options grant under the 2026 Scheme mandate as at 1 July 2025 to 31 December 2025. There is no service provider sublimit under the 2026 Scheme as at 1 July 2025 to 31 December 2025. The Directors shall be entitled at any time within 10 years commencing on 6 January 2026 to offer the grant of an option to any eligible participant. The 2026 Scheme will expire on 5 January 2036.

EVENTS AFTER THE REPORTING PERIOD

Jointly Initiate the Establishment of a Private Equity Funds

According to the announcement on 26 August, 2025, the Group jointly established Global Carbon Asset Investment Management, Ltd. (“**Global Carbon Assets**”) with BRICS Capital Management Ltd. (“**BRICS Capital**”) without requiring capital contributions from either party. The two parties agreed on the following:

1. The Group and BRICS Capital, as cooperative companies, are planning to jointly initiate the establishment of a private equity fund (the “**Fund**”). Through fundraising, management, and investment, more enterprises/individuals engaged in ecological protection (contributing to carbon reduction) can participate in the carbon neutrality cause. Moreover, more carbon reducing technology enterprises can obtain capital/market support, enabling the promotion of technologies and contributing to carbon emissions reduction. The sources of Funds are raised from external investors, including but not limited to investment institutions or individuals from China, Hong Kong, and regions outside Hong Kong. Global Carbon Assets is investment management company. The partnership will jointly pursue carbon-neutral business development, with responsibilities and obligations shared according to equity ratios. The specific corporate governance structure is still being finalized. As initiators, the Group and BRICS Capital are jointly identifying Fund investors while simultaneously seeking professionals to form the company’s management team. The Fund’s subsequent management and operations will be handled by a professional team in accordance with relevant fund management regulations. The fund management team is currently being assembled. The management team will charge an annual fund management fee of 2% to cover the daily operational expenses.
2. The investment direction is to support ecological protection, research, development, application, and promotion of new technologies for reducing carbon emissions. The investment in the industrial direction of this Fund is very clear, focusing on ecological protection technologies, carbon asset development technologies, and new technologies for reducing carbon emissions. There is no restriction on the location of the technologies, and for the time being, investment in listed companies is not considered. BRICS Capital and its ultimate beneficiaries are independent third parties and have no relationship with the Group and its related parties.
3. This agreement constitutes a non-binding letter of intent between the parties regarding the establishment of the Fund and without requiring capital contributions from either party. Our group shall not provide any guarantee or warranty regarding the fund’s returns. The Group and BRICS Capital have agreed that the equity ratio of the investment management company will be 60% and 40% respectively, with the carbon neutrality business as the development direction. The specific corporate management structure is still being determined.

4. A professional fund management team will be established to oversee operations and administration. The Fund will operate in accordance with professional fund management regulations, with clearly defined exit and profitability criteria. A fundamental rule stipulates that no single project investment may exceed 20% of the Fund's total capital. The Group and BRICS Capital will form a professional management team for the investment management company depending on the fundraising situation. The management team will participate in the later stage management and operation of the fund as a General Partner (the "GP"). We still do not yet have a GP. The Group will publish announcements if there are any updates.

Subscription of New Shares

On 8 January 2026, the Company entered into a subscription agreement with Mr. Wang Tianlong (the "**Subscriber**"), in respect of the Subscription of 32,000,000 Subscription Shares at the Subscription Price of HK\$1.50 per Share pursuant to the terms and conditions of the subscription agreement (the "**Subscription**").

On 26 January 2026, all conditions precedent to the Subscription as set forth in the subscription agreements had been fulfilled. Accordingly, the completion of the Subscription took place on 26 January 2026. The Company issued and allotted 32,000,000 Shares under the Subscription. The closing price per Share was HK\$1.18 as quoted on the Stock Exchange on the date of the Subscription.

The gross proceeds of the Subscription was HK\$48,000,000. The net proceeds from the Subscription (after deducting all applicable costs and expenses of the Subscription) was approximately HK\$48,000,000 (the "**Net Proceeds**") and the net price per Share was HK\$1.50.

Details of the Subscription of new shares are set out in the announcements of the Company dated 8 January 2026, 21 January 2026 and 26 January 2026.

2026 Convertible Bonds

On 16 January 2026, the Company issued the 2026 Convertible Bonds with the aggregate principal amount of HK\$57,659,479.52 ("**2026 Convertible Bonds**") due on the date falling on the second anniversary of the issuance date. The 2026 Convertible Bonds are unsecured, carry interest at 5% per annum payable annually or with respect to the last payment on the maturity date. Subject to the terms and conditions of the 2026 Convertible Bonds, holder(s) of the 2026 Convertible Bonds has a right to convert the 2026 Convertible Bonds into the Shares at the current conversion price of HK\$0.28 per conversion Share. The Convertible Bonds can be converted into 205,926,712 ordinary Shares at the initial conversion price of HK\$0.28 per conversion share (subject to adjustment pursuant to the terms of the Convertible Bonds). The Company may redeem the Convertible Bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled.

Details of the 2026 Convertible Bonds are set out in the announcements of the Company dated 30 May 2025 and 31 October 2025, and circular dated 5 December 2025.

2026 SHARE OPTION SCHEME

At the extraordinary general meeting of the Group held on 29 December 2025, the Shareholders approved the adoption of the share option scheme of the Group (the “**2026 Scheme**”). The relevant listing approval was granted by the Stock Exchange on 6 January 2026. There was no options grant under the scheme mandate as at 1 July 2025 to 31 December 2025. There is no service provider sublimit under the 2026 Scheme as at 1 July 2025 to 31 December 2025. The Directors shall be entitled at any time within 10 years commencing on 6 January 2026 to offer the grant of an option to any eligible participant. The Scheme will expire on 5 January 2036.

Details of the 2026 Share Option Scheme are set out in the announcement of the Company dated 10 July 2025, 7 August 2025 and 8 December 2025, and circular dated 5 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have any future plans for other material investments or capital assets.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability.

The Company has complied all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the six months ended 31 December 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the six months ended 31 December 2025.

CHANGE OF DIRECTORS AND COMPOSITION BOARD COMMITTEES

Mr. Chen Yonglan redesignated from Co-Chairman to Chairman with effect from 27 November 2025; and

Mr. Zhong Guoxing redesignated from Co-Chairman to Deputy Chairman and from Executive Director to Non-executive Director with effect from 27 November 2025; and

Mr. Cheung Hiu Tung has been appointed as an Executive Director and Vice President with effect from 27 November 2025; and

Mr. Wang Guangzu tendered his resignation from an alternate Director to Mr. Geng Zhiyuan (“**Mr. Geng**”), the Non-executive Director, the Honourable Chairman and the Chairman of nomination committee of the Company with effect from 27 November 2025; and

Mr. Chen Lei has been appointed as an alternative Director to Mr. Geng with effect from 27 November 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 31 December 2025.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. Cao Ming (chairman) and Mr. Wang Jiasi and Ms. Qiao Yanlin, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed with management the principal accounting policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's unaudited condensed consolidated interim financial information for the six months ended 31 December 2025.

On behalf of the Board
China Carbon Neutral Development Group Limited
Chen Yonglan
Chairman and Non-executive Director

Hong Kong, 27 February 2026

** for identification only*

As of the date of this announcement, the Board comprises Mr. Di Ling, Mr. Cheung Hiu Tung, and Mr. Lu Xiangyong as Executive Directors; Mr. Chen Yonglan, Mr. Geng Zhiyuan (Mr. Chen Lei as his alternate), and Mr. Zhong Guoxing as Non-Executive Directors; and Mr. Cao Ming, Mr. Wang Jiasi, and Ms. Qiao Yanlin as Independent Non-Executive Directors.