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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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2026

The Board (the “**Board**”) of directors (the “**Directors**”) of China Carbon Neutral Development Group Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) is pleased to announce that the Group’s auditor, CLA Prism Hong Kong Limited (“**CLA Prism**”) (formerly named “Prism Hong Kong Limited”), has completed its audit of the consolidated financial statements of the Group for the year ended 30 June 2026 (the “**Current Year**”) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The audited annual results for the Current Year were approved by the Board on 30 September 2026, together with comparative figures for the year ended 30 June 2025 (the “**Corresponding Year**”).

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Revenue		
– Digital technology and global carbon neutral business	78,038	10,357
– Renewable energy business	67,259	12,209
– Ecological governance and ecological civil engineering business	492,126	556,834
	637,423	579,400
Gross Profit	44,802	39,499
Operating profit/(loss)	16,203	(405)
Loss attributable to owners of the Company	(185,387)	(7,450)
Profit/(loss) for the year, excluding one-off non-operating item*	5,012	(9,541)

* In order to facilitate the investors’ and management’s understanding of the financial information of the Company, an adjusted net loss is presented in this annual result announcement. The profit/(loss) for the Current Year, excluding one-off non-operating item, is derived from loss on debt restructuring (Corresponding Year: loss on impairment of goodwill) from profit for the Current Year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

		Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
	Notes		
REVENUE	4	637,423	579,400
Cost of sales		<u>(592,621)</u>	<u>(539,901)</u>
Gross profit		44,802	39,499
Other income and gains	5	5,166	9,223
Fair value change on carbon-credit assets	6	67,837	55,836
Research and development costs		(649)	–
Administrative and selling expenses		(83,380)	(75,130)
Equity-settled share option expenses		(3,800)	(1,028)
Finance costs	7	(13,729)	(29,235)
Impairment loss (recognised on)/reversal of account receivables, other receivables and contract assets, net		<u>(44)</u>	<u>430</u>
Operating profit/(loss)		16,203	(405)
Impairment of goodwill		–	(741)
Loss on debt restructuring		<u>(192,277)</u>	<u>–</u>
Loss before tax	8	(176,074)	(1,146)
Income tax expenses	9	<u>(11,191)</u>	<u>(9,136)</u>
Loss for the year		<u>(187,265)</u>	<u>(10,282)</u>
Profit/(loss) for the year, excluding loss on debt restructuring and loss on impairment of goodwill ("one-off non-operating item")		<u>5,012</u>	<u>(9,541)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the year ended 30 June 2026

	Year ended 30 June 2026 <i>Note</i> <i>HK\$'000</i>	Year ended 30 June 2025 <i>HK\$'000</i>
Loss for the year attributable to:		
Owners of the Company	(185,387)	(7,450)
Non-controlling interests	<u>(1,878)</u>	<u>(2,832)</u>
	<u>(187,265)</u>	<u>(10,282)</u>
Loss for the year	(187,265)	(10,282)
Other comprehensive (expense)/income		
Item that will not be reclassified to profit or loss in subsequent years:		
Fair value change on a financial asset at fair value through other comprehensive income ("FVTOCI")	(3,850)	2,350
Item that may be reclassified to profit or loss in subsequent years:		
Exchange differences arising on translation of financial statements of foreign operations	<u>(808)</u>	<u>923</u>
Total other comprehensive (expense)/income for the year	<u>(4,658)</u>	<u>3,273</u>
Total comprehensive expense for the year	<u>(191,923)</u>	<u>(7,009)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(189,440)	(3,916)
Non-controlling interests	<u>(2,483)</u>	<u>(3,093)</u>
	<u>(191,923)</u>	<u>(7,009)</u>
LOSS PER SHARE	10	
Basic and diluted (HK cents)	<u>(26.89)</u>	<u>(1.32)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		At 30 June 2026 HK\$'000	At 30 June 2025 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		11,801	4,207
Right-of-use assets		12,311	7,661
Intangible assets		1,420	1,800
Goodwill		44,343	42,234
Deposits and other receivables		–	56
Investment in an associate		1,155	1,097
Financial asset at FVTOCI		1,150	5,000
Total non-current assets		72,180	62,055
CURRENT ASSETS			
Carbon-credit assets	6	168,000	100,163
Inventories		6,512	2,717
Contract assets		80,258	70,228
Account receivables	12	22,646	38,889
Prepayments, deposits and other receivables		70,400	64,938
Restricted bank deposits		31,160	18,546
Cash and cash equivalents		145,291	102,108
Total current assets		524,267	397,589
CURRENT LIABILITIES			
Account payables	13	40,132	55,767
Tax payable		25	–
Other payables and accruals		133,539	147,448
Contract liabilities		9,890	–
Interest-bearing bank and other borrowings		57,415	76,270
Lease liabilities		5,958	6,223
Convertible bonds		93,000	93,000
Total current liabilities		339,959	378,708
NET CURRENT ASSETS		184,308	18,881
TOTAL ASSETS LESS CURRENT LIABILITIES		256,488	80,936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 30 June 2026*

	At 30 June 2026 <i>HK\$'000</i>	At 30 June 2025 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Other payables and accruals	653	447
Interest-bearing bank and other borrowings	–	31,823
Lease liabilities	6,890	2,840
Promissory note	16,099	16,099
Deferred tax liabilities	22,328	11,135
Total non-current liabilities	45,970	62,344
NET ASSETS	210,518	18,592
EQUITY		
Share capital	9,805	6,430
Reserves	204,186	16,033
Equity attributable to owners of the Company	213,991	22,463
Non-controlling interests	(3,473)	(3,871)
EQUITY	210,518	18,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. In the opinion of the directors of the Company, the immediate holding company is Quick Tycoon Limited and the ultimate holding company is China Eco Investment Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively. The registered office address of the Company was located at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The principal place of business of the Company is at Unit 1201, 12/F, Landmark South, 39 Yip Kan Street, Wong Chuk Hang, Hong Kong.

During the year ended 30 June 2026, the Group was principally engaged in the following activities:

- Digital technology and global carbon neutral business, building a trusted data network for green finance through the “Green Trust Chain,” thereby establishing the trust infrastructure for digital finance. It continues to enhance the “Climate Store,” providing one-stop services for the development, trading, and management of carbon assets. At the same time, it is upgrading the “Dual Carbon” digital platform to precisely align with the methodological standards of the National Development and Reform Commission (“NDRC”) of the People’s Republic of China, and utilizes blockchain technology through the “Carbon Exchange” to issue real-world asset (“RWA”) tokens, thereby promoting the tokenization and global circulation of carbon assets, as well as carbon consulting and carbon planning (“**Digital Technology and Global Carbon Neutral Business**”);
- Renewable energy business, dedicated to building a compliant, efficient, and nationwide recycling network system, with a strategic focus on recycling and regeneration, battery swapping services, and energy storage applications. The business encompasses the traceability, sorting, disposal, recycling, and secondary utilization of end-of-life power batteries, as well as smart urban energy storage microgrids, photovoltaic charging and energy storage, high-frequency battery swapping, energy management solutions, and related new energy businesses. It continuously enhances the development of blockchain and artificial intelligence technologies to empower “Xunli Network” (“**Xunli Network**”) – a data-driven, integrated online-offline platform for new energy battery utilization – embracing the development of digital technology in the digital age (“**Renewable Energy Business**”); and
- Ecological governance and ecological civil engineering business, which includes ecological governance, civil engineering, building construction, and maintenance projects. The Company is committed to integrating sustainable construction practices, resource efficiency, and environmental management into project operations (“**Ecological Governance and Ecological Civil Engineering Business**”).

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for financial asset at FVTOCI that are measured at fair value and carbon-credit assets that are measured at fair value less cost to sell at the end of each reporting period. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

2.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to a HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS Accounting Standards ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and service and has three reportable operating segments (2025: four) as follows:

- Digital Technology and Global Carbon Neutral Business – building a trusted data network for green finance through the “Green Trust Chain,” thereby establishing the trust infrastructure for digital finance. It continues to enhance the “Climate Store,” providing one-stop services for the development, trading, and management of carbon assets. At the same time, it is upgrading the “Dual Carbon” digital platform to precisely align with the methodological standards of the National Development and Reform Commission of the People’s Republic of China, and utilizes blockchain technology through the “Carbon Exchange” to issue RWA tokens, thereby promoting the tokenization and global circulation of carbon assets, as well as carbon consulting and carbon planning;
- Renewable Energy Business – dedicated to building a compliant, efficient, and nationwide recycling network system, with a strategic focus on recycling and regeneration, battery swapping services, and energy storage applications. The business encompasses the traceability, sorting, disposal, recycling, and secondary utilization of end-of-life power batteries, as well as smart urban energy storage microgrids, photovoltaic charging and energy storage, high-frequency battery swapping, energy management solutions, and related new energy businesses. It continuously enhances the development of blockchain and artificial intelligence technologies to empower Xunli Network – a data-driven, integrated online-offline platform for new energy battery utilization – embracing the development of digital technology in the digital age; and
- Ecological Governance and Ecological Civil Engineering Business – includes ecological governance, civil engineering, building construction, and maintenance projects. The company is committed to integrating sustainable construction practices, resource efficiency, and environmental management into project operations.

During the year ended 30 June 2026, the Group has combined “Global Carbon Neutral Business” and “Green Credit Digital Technology Business” as one segment namely “Digital Technology and Global Carbon Neutral Business”, and revised the name of business segment from “Battery Cascading Utilization Business” and “Ecological Governance and Civil Engineering Business” to “Renewable Energy Business” and “Ecological Governance and Ecological Civil Engineering Business” respectively. The comparative data of operating segments have been restated for the purpose of information comparison.

The directors believe that its three segments are more appropriate to be consolidated as follows:

- (i) The integration of the “Global Carbon Neutral Business” and the “Green Credit Digital Technology Business” better reflects the nature of the Company’s operations. The “Digital Technology and Global Carbon Neutral Business” relies on digital technology as the foundation and core driver of its blockchain operations during the year ended 30 June 2026;
- (ii) The “Battery Cascading Utilization Business” has been renamed as the “Renewable Energy Business” to better reflect the nature of the business. The scope of this business has expanded to include renewable energy during the year ended 30 June 2026; and
- (iii) The “Ecological Governance and Civil Engineering Business” has been renamed as the “Ecological Governance and Ecological Civil Engineering Business” to better reflect the nature of the business. The scope of this business has expanded to include civil engineering projects related to ecological restoration and the development of low-carbon, environmentally friendly ecosystems during the year ended 30 June 2026.

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 (other than interest on lease liabilities), gains on deregistration of subsidiaries, equity-settled share option expenses, loss on debt restructuring and impairment of goodwill as well as corporate and unallocated 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:

	Digital Technology and Global Carbon Neutral Business		Renewable Energy Business		Ecological Governance and Ecological Civil Engineering Business		Total	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	30 June 2026	30 June 2025 (Restated)	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>78,038</u>	<u>10,357</u>	<u>67,259</u>	<u>12,209</u>	<u>492,126</u>	<u>556,834</u>	<u>637,423</u>	<u>579,400</u>
Segment results	<u>21,772</u>	<u>26,537</u>	<u>(5,215)</u>	<u>(6,902)</u>	<u>18,760</u>	<u>10,818</u>	<u>35,317</u>	<u>30,453</u>
Impairment of goodwill							-	(741)
Equity-settled share option expenses							(3,800)	(1,028)
Loss on debt restructuring							(192,277)	-
Gains on deregistration of subsidiaries							129	3,660
Corporate and unallocated expenses							(2,439)	(5,027)
Finance costs (other than interest on lease liabilities)							<u>(13,004)</u>	<u>(28,463)</u>
Loss before tax							<u>(176,074)</u>	<u>(1,146)</u>

Segment assets and liabilities

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

	Digital Technology and Global Carbon Neutral Business		Renewable Energy Business		Ecological Governance and Ecological Civil Engineering Business		Total	
	At	At	At	At	At	At	At	At
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>279,881</u>	<u>151,953</u>	<u>88,865</u>	<u>67,470</u>	<u>225,084</u>	<u>233,794</u>	<u>593,830</u>	<u>453,217</u>
Corporate and other unallocated assets							<u>2,617</u>	<u>6,427</u>
Total assets							<u>596,447</u>	<u>459,644</u>
Segment liabilities	<u>154,218</u>	<u>195,983</u>	<u>23,687</u>	<u>14,566</u>	<u>60,814</u>	<u>90,772</u>	<u>238,719</u>	<u>301,321</u>
Corporate and other unallocated liabilities							<u>147,210</u>	<u>139,731</u>
Total liabilities							<u>385,929</u>	<u>441,052</u>

4. REVENUE

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Carbon neutral advisory and carbon planning services	2,944	4,654
Digital technology services	75,094	5,703
Construction services	273,638	308,008
Civil engineering services	218,488	248,826
Trading of waste batteries	<u>67,259</u>	<u>12,209</u>
	<u>637,423</u>	<u>579,400</u>
Timing of revenue recognition		
At a point in time	67,259	12,209
Over time	<u>570,164</u>	<u>567,191</u>
Total revenue from contracts with customers	<u>637,423</u>	<u>579,400</u>

5. OTHER INCOME AND GAINS

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Interest income	2,410	3,048
Consultancy fee income	100	360
Management fee income	1,632	1,367
Sundry income	764	216
Gains on deregistration of subsidiaries	129	3,660
Gains on modification of lease	–	572
Gain on disposal of property, plant and equipment	131	–
	<u>5,166</u>	<u>9,223</u>

6. 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 and the Verified Carbon Standard.

Carbon-credit assets are measured at fair value less cost to sell and the changes in fair value are recognised as fair value change on carbon-credit assets in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Interest on lease liabilities	725	772
Interest on bank and other borrowings	10,776	10,826
Interest on promissory notes	805	2,332
Imputed interest on convertible bonds	1,423	15,305
	<u>13,729</u>	<u>29,235</u>

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Cost of sales		
Cost of inventories sold	63,067	11,992
Cost of service income	79,466	5,247
Contract costs	450,088	522,662
	<u>592,621</u>	<u>539,901</u>
Employee benefit expense (excluding directors' and chief executives' remuneration) [#]		
Wages and salaries	82,314	81,180
Equity-settled share option expenses	3,116	1,028
Pension scheme contributions	2,459	2,337
	<u>87,889</u>	<u>84,545</u>
Impairment loss recognised on account receivables*	91	438
Impairment loss recognised on other receivables*	32	556
Impairment loss reversal of contract assets*	(79)	(1,424)
Impairment of intangible assets	380	2,814
Impairment of goodwill	–	741
Loss on debt restructuring	192,277	–
Depreciation of property, plant and equipment	1,614	1,240
Depreciation of right-of-use assets	6,981	8,062
Auditor's remuneration	1,200	1,200
Short-term leases expenses	6,194	2,237
	<u>6,194</u>	<u>2,237</u>

* These items are included in "impairment loss (recognised on)/reversal of account receivables, other receivables and contract assets, net" in the consolidated statement of profit or loss and other comprehensive income.

[#] The employee benefit expense of HK\$42,768,000 (2025: HK\$38,602,000) for the year included in "cost of sales" provided above and HK\$532,000 (2025: HK\$Nil) for the year included in "research and development costs" in the consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX EXPENSES

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 year (2025: 16.5%).

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the relevant law and regulations in the PRC, PRC subsidiaries qualified as Hi-Tech Enterprise or eligible to enjoy the western Region Preferential Income Tax policies are entitled to 15% PRC enterprise income tax. 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%.

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Current tax expenses	7	11
Over provision in prior years	(9)	(88)
Deferred tax expenses	<u>11,193</u>	<u>9,213</u>
	<u>11,191</u>	<u>9,136</u>

10. LOSS PER SHARE

The calculations of the basic loss per share, for the year ended 30 June 2026 are based on the loss for the year attributable to owners of the Company of HK\$185,387,000 (2025: HK\$7,450,000), and the weighted average number of 689,353,289 (2025: 565,053,589) ordinary shares in issue during the year.

For the year ended 30 June 2026, the calculation of the diluted loss per share is based on the loss for the year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss 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 for the year.

For the year ended 30 June 2026, the computation of diluted loss per share, 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 loss per share.

The calculations of basic and diluted loss per share are based on:

	Year ended 30 June 2026 HK\$'000	Year ended 30 June 2025 HK\$'000
Loss		
Loss attributable to owners of the Company, used in basic and diluted loss per share calculation	<u>(185,387)</u>	<u>(7,450)</u>
	At 30 June 2026	At 30 June 2025
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>689,353,289</u>	<u>565,053,589</u>

11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 30 June 2026 and 2025, nor has any dividend been proposed since the end of the reporting period.

12. ACCOUNT RECEIVABLES

	At 30 June 2026 HK\$'000	At 30 June 2025 HK\$'000
Account receivables	24,476	40,763
Less: allowance for impairment loss	<u>(1,830)</u>	<u>(1,874)</u>
	<u>22,646</u>	<u>38,889</u>

The aging analysis of the account receivables as at the end of the reporting year, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2026 HK\$'000	At 30 June 2025 HK\$'000
Within 3 months	11,057	33,662
4 to 6 months	10,230	4,114
Over 6 months	<u>1,359</u>	<u>1,113</u>
	<u>22,646</u>	<u>38,889</u>

13. ACCOUNT PAYABLES

An aging analysis of the account payables as at the end of each reporting year, based on the invoice date, is as follows:

	At 30 June 2026 HK\$'000	At 30 June 2025 HK\$'000
Within 3 months	11,026	53,050
4 to 6 months	623	348
Over 6 months	28,483	2,369
	<u>40,132</u>	<u>55,767</u>

14. CONTINGENT LIABILITIES

As of 30 June 2026 and 2025, the Group had the following contingent liabilities:

- (a) At 30 June 2026, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$26,595,000 (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 subcontractors 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.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the Independent Auditor’s Report on the consolidated financial statements of the Group for the year ended 30 June 2026.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the “Basis for qualified opinion” section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year ended 30 June 2026 in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in Note 20 to the consolidated financial statements, the Group’s carbon-credit assets comprise the carbon credits held to back the Security Tokens (“**Carbon Coins**”) issued under the security token issuance programme (the “**Programme**”), listed on the DigiFT Tech (Singapore) Pte. Ltd. digital asset trading platform (the “**Exchange Platform**”), and carbon credits not so applied. These assets, with a carrying amount of HK\$168,000,000 as at 30 June 2026, are stated at fair value less costs to sell, with the fair value measurement classified as Level 3 under the fair value hierarchy, which relies on significant unobservable inputs. The Group has engaged an external valuer to estimate the fair value of the Group’s carbon-credit assets using a market approach with reference to the prices of three Carbon Coins sale contracts entered into on or before 30 June 2026, including two contracts for the sale of Carbon Coins that had not been settled on the Exchange Platform as at 30 June 2026, and the valuation includes a discount for lack of marketability of 5%.

We were unable to obtain sufficient appropriate audit evidence to evaluate the appropriateness of the significant unobservable inputs used in this valuation, in particular, (i) the transaction prices derived from the Carbon Coins sale contracts and (ii) the discount for lack of marketability of 5%, due to lack of observable market data for carbon credits-backed security token. With respect to the transaction prices, the evidence available to us to corroborate the transaction prices used in the valuation as at 30 June 2026 consisted of three separately negotiated Carbon Coins sale contracts. However, in the absence of comparable quoted prices or other observable market participant data, we could not assess whether these transaction prices were sufficiently representative of the price that would be received in an orderly transaction for the Group’s holdings as a whole. Furthermore, two contracts had not been settled on the Exchange Platform as at 30 June 2026, which further limits our ability to corroborate whether the contract prices remain sufficiently representative for the fair value measurement at that date. With respect to the discount for lack of marketability, we were also unable to corroborate the basis and quantum of the 5% discount for lack of marketability by reference to any observable market data.

We were unable to obtain sufficient appropriate audit evidence through alternative procedures, as no other market quotations or comparable transactions for carbon credits-backed security token of this type were available. Consequently, we were unable to determine whether any adjustments were necessary to the carrying amount of the carbon-credit assets as at 30 June 2026, the fair value gain of HK\$67,837,000 recognised for the year then ended, and the related disclosures.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

The Group is principally engaged in three business segments: (i) the Digital Technology and Global Carbon Neutral Business focuses on the development, operation and management of carbon credit assets, as well as the provision of carbon accounting, carbon management, carbon consulting and carbon planning services. It also develops digital platforms and infrastructure supporting the registration, entitlement confirmation, lifecycle management and circulation of carbon assets. This business includes the Green Trust Chain, the Dual Carbon Digital Management and Control Platform, Climate Store (“**Climate Store**”) (climatestore.cn), and related Real World Assets (“**RWA**”) digital carbon asset and green finance services; and (ii) the Renewable Energy Business is committed to establishing a compliant, efficient and nationwide Recycling Network System, with a focus on recycling and reuse, battery swapping services and energy storage applications. Its operations cover the traceability, classification, treatment, recycling and cascading utilisation of used power batteries, as well as urban smart energy storage microgrids, photovoltaic charging and energy-storage solutions, high-frequency battery swapping, energy-management solutions and related new energy businesses continuously enhance the application of blockchain and artificial intelligence technologies in developing the Xunli Network (“**Xunli Network**”), a data-driven, integrated online-to-offline platform that empowers the utilisation of new-energy batteries, while embracing the digital era and advancing digital technology development; and (iii) the Ecological Governance and Ecological Civil Engineering Business comprises ecological governance, civil engineering, building construction and maintenance works. The Group seeks to integrate sustainable construction practices, resource-use efficiency and environmental management into its project operations.

In the future, the Group decides to form an integrated business of photovoltaic, charging, storage, operation and management to innovate and actively engage in the graded utilization and related business of waste batteries through Henan Zailiang New Energy Renewable Company Limited (“**Henan Zailiang**”), which has been selected into the Ministry of Industry and Information Technology’s white list for comprehensive utilization of waste batteries, and developing an online and offline integrated platform for new energy battery utilization empowered by blockchain and artificial intelligence technology through Xunli Network’s data technology, embracing the digital era and advanced digital technology.

For the Current Year, the Group recorded a consolidated revenue of approximately HK\$637.4 million (Corresponding Year: approximately HK\$579.4 million), representing an increase of approximately 10.0%, or HK\$58.0 million, mainly due to (i) the increase in revenue of Digital Technology and Global Carbon Neutral Business approximately HK\$67.6 million; (ii) the increase in revenue of Renewable Energy Business approximately HK\$55.1 million; and (iii) offset the decrease in revenue of Ecological Governance and Ecological Civil Engineering Business approximately HK\$64.7 million. For the Current Year, as a result of the increase in the revenue, the gross profit of the Group amounted to approximately HK\$44.8 million (Corresponding Year: approximately HK\$39.5 million), representing an increase of approximately HK\$5.3 million or 13.4% as compared to Corresponding Year.

The administrative and selling expenses of the Group for the Current Year was approximately HK\$83.4 million (Corresponding Year: approximately HK\$75.1 million), representing an increase of approximately HK\$8.3 million or 11.1% as compared to Corresponding Year, mainly due to the increase in the short-term lease expenses of approximately HK\$4.0 million, and advertising and business operating expenses of approximately HK\$5.0 million.

The finance costs of the Group for the Current Year was approximately HK\$13.7 million (Corresponding Year: approximately HK\$29.2 million), representing a decrease of approximately HK\$15.5 million or 53.1% as compared to Corresponding Year mainly due to the decrease in interest on promissory notes and imputed interest on convertible bonds during the Current Year.

The Group recorded a loss for the Current Year of approximately HK\$187.3 million (Corresponding Year: approximately HK\$10.3 million), representing an increase by approximately HK\$177.0 million, or 1,718.4% as compared to Corresponding Year. This was mainly attributable to: (i) the increase in loss on debt restructuring of approximately HK\$192.3 million; (ii) the increase in administrative and selling expenses of approximately HK\$8.3 million; (iii) the increase in fair value change on carbon-credit assets of approximately HK\$12.0 million for the Current Year; and (iv) the decrease in finance costs of approximately HK\$15.5 million.

During the Current Year, the Group was mainly engaged in the following activities:

(i) Digital Technology and Global Carbon Neutral Business

During the Current Year, the Group elevated and consolidated its “Global Carbon Neutral Business” and “Green Credit Digital Technology Business” into one business segment, designated as the “Digital Technology and Global Carbon Neutral Business”. This classification reflects that the end-to-end operation of the carbon-neutral business is highly dependent on digital technology as its underlying infrastructure and a core driver.

The Group’s digital technology and global carbon neutral business covers carbon asset development, carbon emissions accounting and carbon footprint management, carbon verification, emissions-reduction pathway planning and carbon-neutral planning, carbon asset management, and carbon trading and circulation-related services. These activities rely on digital platforms, data collection and processing, intelligent analytics, blockchain technology and information management capabilities to enhance the accuracy, traceability, transparency and operational efficiency of relevant data and services.

Following the consolidation, the Digital Technology and Global Carbon Neutral Business is building a comprehensive carbon-neutral ecosystem service system through technology-driven green transformation. It reflects the Group’s strategic positioning of digital technology as a core competitive capability, with green and low-carbon transformation and carbon-neutral services as key areas of development.

Under this business segment, technology-driven green transformation is building a carbon-neutral and fully ecological service system. The Group has developed and further improved the following projects: 1) The Green Trust Chain has been upgraded to a dual-chain architecture in which the Green Trust Consortium Chain and a public chain operate in coordination (“**Green Trust Chain + public chain**”), enabling the registration, entitlement confirmation and circulation management of carbon credits; 2) Dual-carbon digital platform, precisely aligned with the methodological standards of the National Development and Reform Commission (“**NDRC**”); 3) Climate Store offers full-chain services for carbon asset development, trading, and management; 4) Carbon trading leverages blockchain technology to tokenize and issue carbon assets and enable their global circulation, creating a low-carbon value hub between the real and the digital economy; 5) Backed by the licensed digital asset trading platform DigiFT in Singapore, Carbon Coin (“**Carbon Coin**” or “**CC**”) has been successfully and compliantly issued in an initial tranche of 500 million, becoming the world’s first compliant carbon coin based on an internationally recognized carbon standards.

During the Current Year, the Group successfully developed: (1) the first manure intensive treatment project in China registered on the Verified Carbon Standard (“**VCS**”) platform in Huoqiu County, approximately reducing 76,000 tCO₂e annually, with a total reduction of approximately 760,000 tCO₂e over a ten-year period; (2) the waste incineration power generation project in Yingkou approximately achieves an annual reduction of 245,000 tCO₂e; (3) the Jiyuan Weiheng Cow Breeding Farm Biogas Recovery and Utilization Project in Henan will approximately reduce 37,500 tCO₂e annually, with a reduction of approximately 265,000 tCO₂e over the first seven-year period.

As for carbon negative business, the Group’s industry carbon negative business segment focuses on the development and application of negative carbon technology, including carbon capture, utilization and storage (“**CCUS**”) technology. The natural carbon negative business segment redefines forestry and agriculture, conducting carbon sink consulting and trading through investment in afforestation and cooperative development of forest carbon sinks to achieve long-term sustainable green investment. The Group’s mission is to reduce China’s 2% carbon dioxide emissions, aiming to achieve negative carbon emissions of 100 million tonnes through nature-based solutions and technology-based solutions. The forest generated by afforestation investment will absorb 100 million tonnes of carbon dioxide. Meanwhile, the development of the CCUS project will reduce 100 million tonnes of carbon dioxide emissions. Through these efforts, the Group can sustainably fulfil its corporate social responsibility.

During the Current Year, the Group upgraded the Green Trust Chain to a dual-chain architecture comprising the Green Trust Consortium Chain and a public chain operating in coordination. The architecture supports the registration, entitlement confirmation and circulation management of carbon credits, and provides underlying technical infrastructure for the lifecycle management of carbon assets.

Leveraging the Green Trust Chain, the Group has developed the Dual Carbon Digital Management and Control Platform, which supports the collection, calculation, management and on-chain proof-of-record of carbon emission data. The platform is designed to facilitate carbon accounting, carbon management, carbon verification, emissions-reduction pathway planning and carbon-neutral planning, while reducing information barriers between industries and between industries and the financial system. It supports cross-industry cooperation, inter-organisational collaboration and the more efficient allocation of related resources.

The Group also continues to enhance Climate Store, Green Gold Enterprise Benefits and the Dual Carbon Digital Management and Control Platform. Climate Store provides integrated services for carbon asset development, management and trading, including carbon asset purchase, transfer and offset solutions. The Group also explores the use of blockchain technology to support the tokenization, issuance and circulation of carbon assets, subject to applicable laws, regulations and commercial considerations.

(ii) Renewable Energy Business

During the Current Year, the Group updated the former “Battery Cascading Utilization Business” to “Renewable Energy Business”. The change aims to more accurately reflect the segment’s business development and positioning during the year. As the segment’s scope expanded during the year to include battery recycling and regeneration, battery-swapping services, energy-storage applications and other renewable-energy-related activities, the previous name no longer adequately represented the breadth of its operations. Accordingly, the Group updated the segment name to more clearly reflect its business scope.

The Renewable Energy Business is focused on the development of a compliant, efficient and nationwide recycling network system, covering three principal areas: recycling and regeneration, battery swapping services and energy storage applications.

In the recycling and integrated utilization of end-of-life power batteries, Henan Zailiang, which is included on the whitelist (the “**Whitelist**”) of enterprises under the “Comprehensive Utilization of Waste Power Batteries from New Energy Vehicles” industry regulation of the Ministry of Industry and Information Technology of the People’s Republic of China (“**MIIT**”), leverages its professional capabilities and strong market position to trace, sort, scientifically treat and utilize recovered used lithium batteries in a high-quality and efficient manner in accordance with the relevant administrative measures. This helps reduce carbon emissions and resource waste and demonstrates the Company’s corporate responsibility in promoting orderly industry operations and standardized management.

Xunli Technology (Shenzhen) Co., Ltd. (“**Xunli Technology**”), a subsidiary of the Group, continues to develop Xunli Network as an integrated online and offline platform for the recycling and reuse of new energy batteries. Leveraging blockchain, big data, artificial intelligence and other digital technologies, the platform provides services including industry information, transaction matching, financial services and data management to participants across the new energy battery value chain. Xunli Network has established ten warehouses across China with storage, sorting and preliminary processing capabilities, providing a foundation for the development of its cloud warehouse system and supporting the efficiency and traceability of battery recycling and reuse activities.

The Group has entered into strategic cooperation agreements with China Tower Corporation Limited (“**China Tower**”) and China Renewable Resources Development Group Co., Ltd. (“**China Renewable Resources**”) to explore the design and operation of a system for the retirement and replacement of base-station lithium batteries. In addition, Xunli Technology has obtained professional authorisation from EVE Energy Co., Ltd. (“**Eve Energy**”) in relation to the construction and operation of a used lithium battery recycling network, supporting the development of a circular economy platform integrating production, consumption and recycling.

The Group also develops urban smart energy storage microgrids, photovoltaic charging and energy-storage solutions, and high-frequency battery swapping applications. Leveraging its battery assembly and packaging capabilities, the Group provides energy-storage products and related services for microgrids, residential photovoltaic-plus-storage applications and battery swapping scenarios.

As market demand evolves, energy storage products are playing an increasingly prominent role in the energy industry, with applications on the grid side, commercial and industrial side, and residential side growing explosively. The Group’s subsidiary, East Easy Electricity Technology (Shenzhen) Company Limited (“**East Easy Electricity Technology**”), closely follows industry developments and continues to advance its “Urban Smart Energy Storage Microgrid” projects. It collaborates with upstream cell manufacturers such as EVE Energy and Farasis Energy (Gan Zhou) Co., Ltd. (“**Farasis Energy**”), leveraging its battery assembly and packaging (“**PACK**”) capabilities to provide energy storage products for microgrids, residential photovoltaic-plus-storage, and high-frequency battery swapping application scenarios, thereby enabling smarter and more efficient use of green electricity.

In parallel with project operations, East Easy Electricity Technology actively responds to government initiatives by supporting fire safety publicity campaigns themed “Safe Use of Electricity, Eliminate Hidden Dangers” and helping to address key livelihood concerns and ease residents’ anxieties. At the same time, it invests in building caring service stations to provide rest and refreshment facilities for delivery, courier and takeaway riders, thereby creating a “bridge of care and station of warmth” between the government and workers.

According to industry statistics, more than one million motor vehicles have been scrapped during the year, while retired wind and photovoltaic components reached 100,000 and 150,000 tonnes respectively. As the annual volume of retired “New Three” products continues to increase year by year, the Ministry of Commerce, together with six other ministries and commissions, has issued key policy documents to formulate relevant standards and industry norms and to encourage enterprises to participate in this emerging sector.

China Carbon Recycling Energy (Shenzhen) Co., Ltd.* (“**China Carbon Recycling**”) integrates the professional capabilities of Zailiang New Energy (Whitelist) and Xunli Technology (platform) to provide local governments and investment platforms with professional services for the disposal of idle assets, the development of “zero-carbon parks” and the implementation of circular economy industrial parks, including policy guidance, project planning, “green certificate/green electricity” solutions and supporting financial services.

East Easy Electricity New Energy Group (“**East Easy Electricity Group**”) actively responds to the national green development strategy by innovatively launching the “Urban Smart Energy Storage and Swap Microgrid” service model. It has established a closed-loop system spanning lithium battery supply, swapping, and recycling for reuse. East Easy Electricity Group pioneered the integration of the DeepSeek large language model (LLM) with microgrid and virtual power plant platforms, enhancing energy management, forecasting, and optimization capabilities. This initiative not only addresses safety hazards associated with electric bicycles, charging security, and the recycling of retired lithium batteries, but also enhances the convenience and safety of urban mobility and charging. It sets a benchmark for green urban transportation, strengthens the resilience of city energy systems, drives urban energy transformation, and contributes to achieving carbon neutrality goals. Currently, East Easy Electricity Group operates over 20,000 battery swap cabinets across 90 cities nationwide, managing more than 650,000 batteries and facilitating over 50 million battery swaps.

(iii) Ecological Governance and Ecological Civil Engineering Business

During the Current Year, the Group updated the former “Ecological Governance and Civil Engineering Business” to “Ecological Governance and Ecological Civil Engineering Business”. The change aims to more accurately reflect the segment’s business development and positioning during the year. Since the segment’s scope has been expanded during the year to include civil engineering projects related to ecological restoration and the development of low-carbon, environmentally friendly ecosystems, the Group has accordingly updated the segment name to more clearly and comprehensively reflect its business scope.

* *For identification purposes*

The Ecological Governance and Ecological Civil Engineering Business comprises ecological governance, civil engineering, building construction and maintenance works. During the Current Year, the Ecological Governance and Ecological Civil Engineering Business managed to record a stable performance despite the sluggish pace of Hong Kong's economic recovery and the challenges and uncertainties it has created.

The Group remains committed to advancing ecological civilisation and continues to promote environmental remediation and hillside revegetation, optimise wastewater treatment and air-pollution control, and foster harmonious coexistence between people and nature.

The Group provides ecological governance solutions globally across a broad range of areas, including environmental remediation, afforestation and greening, air-pollution control, wastewater treatment, soil and water conservation, hillside rehabilitation, roadworks and drainage works.

In addition, 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 contributing to social development. Besides, the Group focused on the principle of sustainable construction and had a good track record in the implementation of green building projects. The Group's environmental management system had been certified under ISO 14001. Under its strict framework, we took a systematic approach to manage its resource utilization efficiency and emission control to advance continuous upgrading. Particularly, the Group attached great importance to the assessment of its 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 Ecological 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 of the Civil Engineering and Construction Business' contracts undertaken for both civil and building construction business were for customers which are independent third parties including certain departments of the Government of the Hong Kong and public utilities companies and private organizations in Hong Kong.

For the Current Year, revenue generated from the Ecological Governance and Ecological Civil Engineering Business amounted to approximately HK\$492.1 million (Corresponding Year: approximately HK\$556.8 million). For the Current Year, included in the turnover was: (i) revenue from civil engineering works of approximately HK\$218.5 million (Corresponding Year: approximately HK\$248.8 million); and (ii)

revenue from building construction and maintenance works of approximately HK\$273.6 million (Corresponding Year: approximately HK\$308.0 million). For the Current Year, the gross profit of the Ecological Governance and Ecological Civil Engineering Business amounted to approximately HK\$42.0 million (Corresponding Year: approximately HK\$34.2 million), representing a gross profit margin of approximately 8.5% (Corresponding Year: approximately 6.1%).

As of 30 June 2026, the Group had 13 significant projects in progress, of which 2 were building construction and maintenance projects while the remaining were civil engineering construction projects.

As of 30 June 2026, the total contract sum and the total outstanding values of the Group's substantial projects in progress amounted to approximately HK\$1,514.0 million and approximately HK\$936.0 million respectively (30 June 2025: approximately HK\$300.0 million and approximately HK\$115.0 million respectively).

Despite the tough operating environment in Hong Kong, the Ecological Governance and Civil Engineering Business maintained its competitive advantages, which include providing 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 for the Current Year.

The Group has been awarded 4 new substantial contracts for the Current Year, namely:

- Advance Civil Engineering Works for Public Housing Development Projects Batch 15 (2024–2026)
- Civil Works for 132-kV Cable Circuit Improvement from Lyndhurst Terrace to Zetland Street Substation
- Provision of Civil Works Term Contract
- Provision of Works for Integrated Blockwiring Infrastructure (IBI) Contract (2026–2028)

PROSPECTS

As at 30 June 2026, the Group has three reportable segments as follows:

(1) Digital Technology and Global Carbon Neutral Business

The Digital Technology and Global Carbon Neutral Business is supported by the following factors:

(i) Policy Background

- *International Context*

More than 130 countries worldwide have set net-zero emissions targets. Carbon neutrality is therefore moving from policy commitments towards concrete implementation. Carbon-pricing mechanisms are becoming increasingly widespread, the EU CBAM has taken effect, and green trade rules are gradually taking shape.

From 2026, the EU CBAM will enter its definitive phase, under which carbon costs will be imposed on imports of iron and steel, cement, aluminium, fertilisers, electricity, hydrogen and certain chemical products. Importers will be required to purchase CBAM certificates, the prices of which will be linked to carbon prices under the EU Emissions Trading System (“EU ETS”).

The International Renewable Energy Agency (“IRENA”) is promoting the global goal of tripling installed renewable-energy capacity by 2030. The costs of solar photovoltaic and onshore wind power continue to decline. The Asia-Pacific region has become a core region for global clean-energy investment, while China is a key supplier across the PV, energy-storage and electric-vehicle supply chains. In 2025, global investment in renewable energy exceeded investment in fossil fuels by more than two times.

- *Mainland China Context*

China’s “dual-carbon” strategy has entered the critical implementation phase of the 15th Five-Year Plan period. In July 2026, the State Council officially issued the “Action Plan for Carbon Peaking during the 15th Five-Year Plan Period” (Guofa [2026] No. 22). The Action Plan sets out targets for 2030, including reducing China’s carbon dioxide emissions per unit of gross domestic product by 17% from the 2025 level and increasing the share of non-fossil energy consumption to 25%, with a view to achieving the carbon-peaking target on schedule.

The Action Plan sets out five key areas of work: accelerating the adjustment and optimisation of the energy mix; promoting the green and low-carbon transformation of industries; deepening green and low-carbon transition in key areas; strengthening supporting and safeguard measures; and mobilising coordinated efforts from all parties.

At the same time, development of the national carbon market is accelerating. The market currently covers a total of 3,761 key emitting entities across four sectors, representing an increase of 59% from the previous year. Carbon dioxide emissions covered by the market have increased from approximately 5 billion tonnes to 8 billion tonnes, accounting for more than 60% of China's total carbon emissions.

In August 2025, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the “Opinions on Promoting Green and Low-Carbon Transition and Strengthening the Development of the National Carbon Market”, the first central-level top-level policy document in China's carbon-market field. The Opinions set out a medium- to long-term timetable and roadmap for the development of the national carbon market. The Ministry of Ecology and Environment has commenced preparatory work for expanding the carbon emissions trading market to the chemicals, petrochemicals, civil aviation and papermaking sectors, with the aim of achieving basic coverage of the major emitting industries in the industrial sector by 2027.

In April 2026, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued China's first “Measures for the Comprehensive Evaluation and Assessment of Carbon Peaking and Carbon Neutrality”. For the first time, the requirements for dual control of carbon emissions were incorporated into the institutional framework through intra-Party regulations. The Measures were issued on 12 April 2026 and require action plans to be formulated and implemented during the 15th Five-Year Plan period to achieve China's target of carbon peaking before 2030. Provincial-level governments, autonomous regions and municipalities are also required to formulate provincial carbon-peaking action plans and corresponding five-year and annual targets.

In addition, the revised national standard, “General Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions from Industrial Enterprises” (GB/T 32150–2025), came into effect on 1 July 2026. It provides a unified technical framework for greenhouse-gas emissions accounting, data-quality management and reporting by industrial enterprises, replacing the 2015 version of the standard.

The intensive introduction of these policy measures signifies that China’s dual-carbon agenda has entered a new phase characterised by institutionalisation, standardisation and long-term implementation. It also creates unprecedented policy support and market opportunities for Green Trust Technology in the “blockchain + dual carbon” sector.

(ii) *Business Prospects*

The Group will fully seize the opportunities arising from the advancement of carbon neutrality initiatives internationally and in Mainland China. Focusing on its three core business segments of (1) digital technology and global carbon neutral; (2) renewable energy; and (3) ecological governance and ecological civil engineering, the Group will leverage digital technology to spearhead the development of carbon-neutrality technologies and drive business growth through advanced technologies. The Group’s core Digital Technology and Global Carbon Neutral Business is centred on the development and operation of the “Green Trust Chain”.

The core business of Green Trust Technology, a subsidiary of the Group, centres on the Green Trust Chain, a financial-grade trusted collaborative network platform based on blockchain technology. The Green Trust Chain enables trustworthy record-keeping and verification throughout the entire process, while blockchain technology helps ensure that data is tamper-proof and that ownership rights are clearly defined.

Alignment with Policy Developments

China is accelerating the establishment of a unified national carbon-emissions statistical accounting system. The revised “General Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions from Industrial Enterprises” (GB/T 32150-2025) requires enterprises to establish a full-process management system covering “boundary setting, accounting implementation, quality assurance and report preparation”.

The core product portfolio of Digital Technology and Global Carbon Neutral Business is closely aligned with the relevant policy and technical requirements. The standard came into effect on 1 July 2026 and provides a unified technical framework for greenhouse-gas management by industrial enterprises.

The principal products and services of Digital Technology and Global Carbon Neutral Business include:

1. Green Trust Chain – a one-stop trusted-data service network for green finance

Built on a unified digital identity framework and supported by blockchain technology, Green Trust Chain incorporates green and low-carbon standards to facilitate connections between dual-carbon-related enterprises and financial institutions. It supports granular, “cell-level” risk management and control.

The platform has achieved scaled deployment across four key application scenarios: energy storage and battery swapping, lithium-battery recycling and circular utilisation, carbon-neutrality management, and carbon-asset trading.

Against the backdrop of the ongoing expansion of China’s national carbon market, Green Trust Chain provides critical digital infrastructure for trusted evidence preservation of corporate carbon-emissions data and cross-organisational collaboration. It enhances the traceability, reliability and asset-management capability of carbon data.

2. Climate Store – an integrated platform for carbon-asset development, management and trading

Climate Store is an integrated professional platform for carbon-asset development, management and trading, dedicated to helping clients reduce carbon emissions, achieve energy-saving and environmental-protection objectives, and actively facilitate the global transition towards a net-zero future. It provides enterprises and individuals with carbon-asset purchase, transfer, gifting and offsetting services. To date, the platform has provided online carbon-trading services to more than 200,000 individual users, enterprises and schools globally, with tradeable spot carbon assets exceeding 3 million tonnes. The Group will continue to strengthen the promotion and adoption of the application, while providing users with comprehensive services.

3. Digital dual-carbon management and control platform

The platform is fully compatible with the greenhouse gas (“GHG”) emissions accounting methodologies issued by the National Development and Reform Commission for 24 industries. It integrates the entire carbon-management value chain, encompassing carbon-emissions accounting, statistical analysis, forecasting and carbon-asset information management. The platform is capable of providing local governments, industrial parks and enterprises with comprehensive management services for carbon-emissions planning, energy-mix planning, industrial-structure planning and economic-growth planning, with a view to ensuring such planning is complete, accurate and comprehensive. The platform has been designated by the China Forestry Ecological Development Promotion Association as an official product for supporting the achievement of China’s dual-carbon goals.

4. Carbon Coins

Carbon Coins are carbon-credit tokens stated to be the first globally compliant issuance of their kind. Each CC represents one kilogram of certified carbon-credit assets and is supported by a 1:1 reserve of the relevant carbon-credit assets. The product adopts an innovative carbon-asset solution combining a consortium blockchain with a public blockchain, this aims to address challenges including high transaction costs, lengthy settlement cycles, limited divisibility, difficulties in achieving interoperability among cross-border registries, and the limited ability of small and medium-sized enterprises and individuals to participate. The Group will continue to explore the overseas development of carbon assets from green projects along the Belt and Road. It will facilitate the generation of international carbon-credit tokens from photovoltaic and forestry carbon-sink projects in emerging economies, and provide trading services to institutions worldwide.

5. Green Exchange – a digital trading platform for green assets

Based on the Green Trust Chain infrastructure, Green Exchange converts green assets. It involves converting carbon-neutrality-related physical projects, environmental rights and interests, and rights to carbon-credit proceeds into on-chain digital certificates after compliant verification and legal ring-fencing. The platform also provides end-to-end financial services covering rights confirmation, financing, trading, risk management and asset management, with a view to addressing key challenges associated with traditional carbon and green assets, including insufficient liquidity, difficulties in verification, greenwashing risks and high costs of cross-border transfers, including clean-energy assets, carbon-sink resources and environmental-protection facilities – into transferable digital tokens. It supports life-cycle management from the on-chain registration of real-world assets, through the issuance of real-world asset (“**RWA**”) tokens, to the trading of financeable commodities.

6. Strong carbon assets development capabilities

The Group also has a leading carbon-asset development and management team in China. Leveraging its previous experience in successfully registering carbon-reduction projects relating to livestock and poultry manure treatment, waste-to-energy generation and biogas recovery and utilisation on the VCS platform, the Group will continue to develop customer resources in Mainland China and overseas, promote carbon-reduction project development, and support sustainable development.

7. Digital technology empowering global carbon neutral and renewable energy businesses

The Group has developed Xunli Network as a digital platform for lithium-battery recycling, and East Easy Electricity Group as a smart-energy operation service platform, as part of its digital initiatives in the renewable-energy sector. These initiatives are intended to support the sustainable development of the renewable-energy and resource-circularity industries.

The 15th Five-Year Plan proposes accelerating the upgrading of dismantling and processing capacity for key recyclable resources, including end-of-life electromechanical equipment, vehicles, and electrical and electronic products. It also targets an output value of RMB8 trillion for China’s resource-circularity industry by 2030. These policy directions are expected to create broad market opportunities for businesses such as Xunli Network.

(2) Renewable Energy Business

The Renewable Energy Business is supported by the following factors:

(i) Policy Background

With the introduction of policies and regulations including the “Interim Measures for the Administration of the Recycling and Comprehensive Utilisation of Retired New Energy Vehicle Batteries” (effective from 1 April 2026), the “15th Five-Year Plan for the Development of the Circular Economy”, the “15th Five-Year Plan for Green and Low-Carbon Industrial Development”, and the “15th Five-Year Plan for the Prevention and Control of Solid Waste Pollution”, the overall policy direction for the industry and relevant enterprises has been clearly defined.

Henan Zailiang is encouraged by these developments. To capture the rapid development of the circular economy, contribute to the development of an ecological civilisation characterised by “lucid waters and lush mountains”, and participate in the development of “urban mines”, Henan Zailiang has formulated its strategic plan accordingly.

(ii) Business Prospects

The Group will continue to develop its Renewable Energy Business, focusing on battery recycling and cascading utilisation, energy storage, battery swapping, photovoltaic projects, energy-management solutions and related new energy businesses.

Through continuous investment and the accumulation of experience, the Group has established a solid foundation for further strengthening and expanding this business segment:

1. Integrated lithium battery recycling business

The Group focuses on upgrading its production lines for the integrated recycling and reuse of end-of-life lithium batteries, and has gradually established an industry-chain presence spanning from upstream collection to downstream recycling and reuse. As the number of retired and discarded lithium batteries continues to increase rapidly, and improper disposal may adversely affect the environment, Henan Zailiang fully leverages its advantages as a “white-list” enterprise. It strictly traces the sources of collected lithium batteries, continuously improves production efficiency, and carries out scientific classification and effective resource utilisation throughout each stage of collection, dismantling, cascade utilisation, crushing and recycling.

2. Lithium battery PACK module business

The Group has formed a research and development team with EVE Energy, Farasis Energy and Chaowei Yuan to jointly develop products tailored to specific application scenarios. By strengthening coordination and cooperation across the upstream and downstream value chain, the Group seeks to broaden its range of product applications while reducing resource consumption and environmental impact.

3. Stable recycling and partnership network

The Group has gradually established a comprehensive system covering collection, dismantling, recycling and reuse, storage, transportation and environmental management. It has also formed cooperative relationships with China Tower, China Resources Recycling, EVE Energy, BYD, Farasis Energy, Hubei Liming Lithium Industry and Shaanxi Ligu*, among other enterprises.

The Group will fully leverage the operational capabilities of Henan Zailiang and East Easy Electricity Group to strengthen and expand development opportunities in the recycling, reuse and cascading utilisation of retired lithium batteries, battery swapping and energy storage services. The Group will also continue to develop Xunli Network, an integrated online and offline platform supporting the recycling and reuse of new energy batteries through digital technologies, including blockchain and artificial intelligence. The following development objectives will be progressively established and enhanced:

The Group recognises that the transition towards a low-carbon economy may support demand for battery recycling, battery swapping, energy storage, photovoltaic and energy transformation solutions. In evaluating relevant business opportunities, the Group will take into account market demand, government policies, regulatory requirements, technology development, operational capacity, project viability and commercial considerations.

(3) Ecological Governance and Ecological Civil Engineering Business

For the Ecological Governance and Ecological Civil Engineering Business, although the operating environment in Hong Kong is expected to remain tough in the coming years such as continuously rising wages and cost of construction materials and shortage of skilled laborers, the Company is confident that the Group would be capable of securing promising business opportunities given its vast experience in handling a wide variety of construction works.

In Mainland China and international markets, The Group will continue to deepen its presence in the Ecological Governance and Ecological Civil Engineering Business Segment, including wastewater treatment, river restoration, revegetation of exposed hillsides, and saline-alkali land remediation. By fully leveraging its market-development strengths, the Group aims to make meaningful contributions to ecological and environmental development.

The Board believes that the above businesses will bring sustainable business growth and financial returns to the Group.

In the future, the Group will devote more resources to the two business segments below.

(1) Digital Technology and Global Carbon Neutral Business

(i) *Service upgrade of the Green Trust Chain*

Building upon a blockchain technology foundation, we establish a one-stop trusted data service network for green finance. Evolving beyond merely refining industrial data into digital assets to achieve a closed-loop digital finance connection, we now focus on providing industries with trusted infrastructure for real-asset and data-asset rights confirmation, on-chain evidence storage, and cross-border circulation. By constructing an end-to-end service system encompassing “Data Assetization → Rights Confirmation Standardization → Global Circulation,” we empower dual-carbon enterprises to efficiently connect with financial institutions. This enables secure rights confirmation, cross-border flow of green assets, and the achievement of sustainable development goals.

(ii) *Service upgrade of the Climate Store*

As a comprehensive platform for carbon asset development, management, and trading, is committed to helping clients reduce carbon emissions, achieve energy conservation and environmental protection goals, and actively drive 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 upgraded platform now offers carbon consulting services such as dual-carbon planning, carbon emissions accounting, carbon verification, carbon footprint assessment, and the European Union (the “EU”) carbon border adjustment mechanism (“CBAM”) compliance. These services empower businesses to effectively manage and optimize their carbon assets, contributing to the realization of green economic and sustainable development goals.

(iii) Business expansion of the dual carbon digital management platform project

The Dual Carbon Digital Management Platform addresses core challenges faced by local governments, industrial parks, and enterprises in achieving dual carbon goals – including policy coordination difficulties, fragmented data management, and weak resource collaboration. Comprehensively compatible with the 24 methodologies of China’s National Development and Reform Commission, the Group’s proprietary platform integrates government-park-enterprise ecosystem resources through an intelligent analytics engine. This enables seamless monitoring of carbon emissions, planning of reduction strategies, and allocation of resources across the entire value chain, establishing a data-driven carbon asset management system. We empower clients to achieve low-carbon transformation, enhance operational efficiency, and advance sustainable development goals.

(iv) Continue to advance and expand the Carbon Coins

The Group will continue to develop Carbon Coin, providing exchanges with a stable and reliable digital asset, reducing the complexity, risks and costs associated with accepting fiat currency deposits and withdrawals in traditional financial systems. As a globally recognized consensus asset, carbon credits may serve as an alternative to Tether USD (“USDT”) and USD Coin (“USDC”), offering a global, low-cost payment solution. They may also serve as an ideal payment medium for carbon offset products and help enterprises to address compliance requirements under mechanisms such as the CBAM of the EU.

(v) Continue to expand the Green Exchange as the world’s leading RWA trading platform

Continue to expand Green Exchange as the world’s leading digital trading platform for RWA. It generates on-chain certificates for green assets – such as clean energy, carbon credits, and environmental facilities – from physical industries, converting them into tradable digital tokens. Through three core capabilities – value stability assurance, legal title verification, and off-chain data verifiability – it achieves full lifecycle management from “real assets on-chain → RWA issuance → tradable financing commodities,” unleashing new momentum for green finance.

(2) Renewable Energy Business

- 1. Compliance system:** Complete integration with the national traceability platform and enable end-to-end traceability through battery digital passports. Establish standardised systems for the storage and transportation of hazardous waste, fire safety and environmental management, in compliance with the pollution-control requirements under the National Ecological and Environmental Standards (“**HJ Series**”).

2. **Capacity deployment:** Establish regional collection and sorting centres and large-scale integrated utilisation facilities in locations close to sources of retired power batteries. Align capacity deployment with the retirement cycle of power batteries in each region, avoid low-value duplicative construction, and develop two processing lines for lithium iron phosphate and ternary battery materials.
3. **Technical targets:** Achieve an overall lithium recovery rate of not less than 90%, and nickel and cobalt recovery rates of not less than 99%. Ensure that recycled materials meet battery-grade standards and support closed-loop, quality-preserving recycling. Recycled cathode materials and precursors should be capable of direct supply to battery-cell manufacturers.
4. **Business structure:** Focus on the integrated utilisation of retired power batteries, while expanding into the coordinated treatment of solid waste from the “new three” sectors, including photovoltaic modules and wind-turbine blades. Prudently develop compliant second-life battery energy-storage integration businesses, subject to mandatory standards applicable to battery products.
5. **Green and low-carbon development:** Establish a full-lifecycle carbon-footprint accounting mechanism; develop projects relating to China Certified Emission Reductions (“CCERs”) and Green Electricity Certificates; construct zero-carbon demonstration production lines; and continuously strengthen the ESG management system.

CAPITAL STRUCTURE, FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2026, the net current assets and net assets of the Group amounted to approximately HK\$184.3 million and HK\$210.5 million, respectively (as at 30 June 2025: approximately HK\$18.9 million and HK\$18.6 million, respectively), representing an increase by approximately HK\$165.4 million and HK\$191.9 million respectively as compared to 30 June 2025.

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 30 June 2026, the gearing ratio was approximately 10.1% (30 June 2025: 619.0%).

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the Current Year (Corresponding Year: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in HKD and RMB, which are the functional currencies of the Group. Any fluctuation in the exchange rate of HKD 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 30 June 2026, the Group had 305 employees (as at 30 June 2025: 249) in Hong Kong and Mainland China. During the Current Year, the total employee benefit of the Group were approximately HK\$87.9 million (Corresponding Year: approximately HK\$84.5 million). 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 programs and courses to its employees according to business needs, to ensure that its employees are kept abreast of relevant laws and regulations, such as the Listing Rules, accounting standards, risk management knowledge, labour regulations and the employee's code of conduct.

TREASURY MANAGEMENT

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. In the Current Period, the Group did not have any material interest rate risk as the Group did not have any bank borrowings. In the period under review, the Group did not have any significant foreign exchange exposure. We will continue to monitor our currency exposure but we have no intention to enter into any high-risk exchange derivatives.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. The details were as follows:

The appointment of Mr. Cheung Hiu Tung as an Executive Director (“**ED**”), on 27 November 2025.

The re-designation of Mr. Zhong Guoxing as the Deputy Chairman and Non-executive Director (“**NED**”) on 27 November 2025.

The re-designation of Mr. Chen Yonglan as the Chairman on 27 November 2025.

The resignation of Mr. Wang Guangzu as an alternate Director of Mr. Geng Zhiyuan on 27 November 2025 and the appointment of Mr. Chen Lei as alternate Director of Mr. Geng Zhiyuan on 27 November 2025.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined under the Listing Rules) for the Current Year.

As at 30 June 2026, there were no treasury shares (as defined under the Listing Rules) held by the Company.

AUDIT COMMITTEE

The Audit Committee currently comprises three members, including Mr. Wang Jiasi, Mr. Cao Ming and Ms. Qiao Yanlin, all being independent non-executive Directors. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group, discussed risk management, internal controls and financial reporting matters and the consolidated results of the Group for the Current Year.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant event after the Current Year and up to the date of this announcement.

SCOPE OF WORK OF CLA PRISM

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2026 as set out in this annual results announcement have been agreed by the Company's auditor, CLA Prism Hong Kong Limited ("**CLA Prism**"), Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by CLA Prism in this respect did not constitute an audit, review or assurance engagement in accordance with Hong Kong Standards of Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by CLA Prism on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT

This annual results announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.carbonneutral.com.hk). The annual report for the Current Year containing all the information as required by the Listing Rules will be dispatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 September 2026

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