香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)
THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against China Carbon Neutral Development Group Limited (Stock Code: 1372) and its Seven Directors

SANCTIONS AND DIRECTIONS

The Stock Exchange of Hong Kong Limited (**Exchange**)

CENSURES:

(1) **China Carbon Neutral Development Group Limited** (**Company**, together with its subsidiaries, **Group**);
(2) **Mr Di Ling**, executive director (**ED**) and chief executive officer of the Company (**Mr Di**);
(3) **Mr Lu Xiangyong**, ED of the Company;
(4) **Mr Zhong Guoxing**, non-executive director and deputy chairman of the Company (**Mr Zhong**);
(5) **Mr Wang Jiasi**, independent non-executive director (**INED**) of the Company;
(6) **Mr Sha Tao**, former ED and chairman of the Company;
(7) **Ms Lan Haiqing**, former INED of the Company; and
(8) **Mr Wang Anyuan**, former INED of the Company.

(The directors identified at (2) to (8) above are collectively referred to as **Relevant Directors**.)

AND FURTHER DIRECTS:

(1) each of Mr Di and Mr Zhong to attend 23 hours of training on regulatory and legal topics and compliance with the Listing Rules (**Training**), including topics on (i) directors' duties; (ii) the Corporate Governance Code; and (iii) Rule 2.13 and Chapters 13 and 14 of the Listing Rules; and

(2) each of the Relevant Directors (other than Mr Di and Mr Zhong as provided for in (1) above) to attend 17 hours of Training, including topics on (i) directors' duties; (ii) the Corporate Governance Code; and (iii) Rule 2.13 of the Listing Rules.

HKEX
香港交易所

SUMMARY OF FACTS

A. Material misstatements in financial statements

1. On 28 February 2024, all the Relevant Directors approved the Company's unaudited financial statements for the 12 months ended 31 December 2023, which were published in its second interim results and second interim report on 28 February and 25 March 2024 respectively (collectively, **2023 Second Interim Results and Report**).

2. The 2023 Second Interim Results and Report stated that:

   2.1 The amount of the Group's carbon-credit assets was HK$69.4 million as at 31 December 2023, representing a purported increase of 680% from HK$8.9 million as at 31 December 2022.

   2.2 According to the Company's accounting policy, carbon-credit assets should only be recognised in its financial statements when the assets became verified by an international approved organisation in the environmental services industry, such as the Verra Registry.

3. During the annual audit for the 18 months ended 30 June 2024, the Company's auditors discovered that the reported value of its carbon-credit assets in the sum of HK$69.4 million as at 31 December 2023 was miscalculated and misstated as follows:

   3.1 The Company misapplied the incorrect data provided by its carbon asset department which did not take into account various issues relating to the underlying projects that developed carbon-credit assets, and thus overstated the estimated quantity to be verified by the Verra Registry. The Relevant Directors did not know the quantity overstatement at the time.

   3.2 Leaving aside the quantity overstatement, the reported value represented the carbon-credit assets estimated to be verified (but not yet verified) by the Verra Registry, which should not be recognised under the Company's accounting policy (see paragraph 2.2 above).

4. As a result of the above miscalculation, the amounts of the Group's (a) fair value gain on carbon-credit assets and (b) loss set out in the 2023 Second Interim Results and Report were incorrect.

5. Applying the correct quantity of carbon-credit assets which had been verified by the Verra Registry, (a) the actual amounts of the Group's carbon-credit assets as at 31 December 2023, its fair value gain on carbon-credit assets and its loss for the 12 months ended 31 December 2023, and (b) the discrepancies between the actual amounts and the incorrect amounts reported by the Company (**Discrepancies**), would be as follows:

	Incorrect amounts reported by the Company (unaudited)	**Actual amounts**	**Discrepancies**
Carbon-credit assets	HK$69.4 million	HK$10.7 million	HK$58.7 million
Fair value gain on carbon-credit assets	HK$60.5 million	HK$1.8 million	HK$58.7 million
Loss	HK$11.3 million	HK$70 million	HK$58.7 million

6. The Discrepancies represented (a) a significant overstatement of the Group's assets and fair value gain and (b) a significant understatement of the Group's loss, rendering the information contained in the 2023 Second Interim Results and Report to be inaccurate in material respects or misleading:

   6.1 The amount of carbon-credit assets was overstated by 84%. The overstatement represented 48% of the Company's equity value stated in the 2023 Second Interim Results and Report.

   6.2 The amount of fair value gain on carbon-credit assets was overstated by 97%.

   6.3 The loss was understated by 519%.

7. The Company subsequently rectified the Discrepancies. In its annual report for the 18 months ended 30 June 2024, the Company corrected the amounts of its carbon-credit assets and fair value gain on carbon-credit assets to be HK$15.6 million and HK$6.5 million as at, and for the period ended, 30 June 2024 respectively.

B. Delay in announcing an advance payment

8. On 18 October 2023, the Group entered into a service agreement with a supplier under which the supplier would conduct surveying and design planning services for the Group's project to construct zero-carbon industrial parks (**Service Agreement**). The total

consideration payable to the supplier was RMB67.6 million. The Group made an advance payment of RMB33.8 million (**Advance Payment**) to the supplier.

9. The Service Agreement and Advance Payment made thereunder were approved by both Mr Di and Mr Zhong.

10. The Advance Payment represented more than 8% of the Group's then assets and should be disclosed in a timely manner under Rules 13.13 and 13.15 of the Listing Rules. However, the Company failed to, nor did Mr Di or Mr Zhong procure the Company to, announce the Advance Payment at the material time. According to Mr Di and Mr Zhong, they mistakenly believed that the Advance Payment triggered no Listing Rule implications because it was made in the ordinary course of the Company's business.

11. On 13 February 2026, as prompted by the Exchange, the Company issued an announcement on the Advance Payment.

C. Delay in announcing a discloseable transaction

12. On 22 October 2023, the Group entered into two initial agreements with two vendors (being the then shareholders of a target company named Henan Zailiang New Energy Limited) to acquire a 60% equity interest in the target (**Acquisition**). Under these agreements, the Group made initial payments to the vendors in the total sum of RMB6 million, but the total consideration for the Acquisition was still undetermined and subject to negotiation at the time.

13. On 23 October 2023, the Company issued an announcement on the initial terms of the Acquisition.

14. On 15 March 2024, Mr Di, on behalf of the Group, executed a joint supplemental agreement with the vendors (**Supplemental Agreement**), under which the total consideration for the Acquisition was confirmed at HK$30 million.

15. The Acquisition and Supplemental Agreement were approved by both Mr Di and Mr Zhong.

16. The Acquisition constituted a discloseable transaction under Chapter 14 of the Listing Rules and its final terms should be disclosed in a timely manner under Rules 14.34 and 14.35. However, the Company failed to, nor did Mr Di or Mr Zhong procure the Company to, announce the Supplemental Agreement and the final terms of the Acquisition at the material time. According to Mr Di and Mr Zhong, at the time, they were focusing on finalising the

terms of the Acquisition and had overlooked the Listing Rule implications arising from the Supplemental Agreement.

17. On 15 November and 9 December 2024 and 26 April 2026, as prompted by the Exchange, the Company issued announcements on the Supplemental Agreement.

SETTLEMENT

18. The Company and Relevant Directors did not contest their respective breaches of the Listing Rules and agreed to accept the sanctions and directions as set out in this Statement of Disciplinary Action.

LISTING COMMITTEE'S FINDINGS

19. The Listing Committee found as follows:

Company

20. The Company had breached the following Listing Rules:

20.1 Rule 2.13 in respect of the 2023 Second Interim Results and Report where the Company materially (a) overstated its carbon-credit assets and fair value gain on carbon-credit assets, and (b) understated its loss, rendering the information contained therein to be inaccurate in material respects or misleading (Note 1).

20.2 Rules 13.13 and 13.15 in respect of the Company's failure to announce in a timely manner the Advance Payment made in October 2023 (Note 2).

20.3 Rules 14.34 and 14.35 in respect of the Company's failure to announce in a timely manner the Supplemental Agreement executed in March 2024 (Note 3).

Relevant Directors (including Mr Di and Mr Zhong)

21. All the Relevant Directors had breached Rules 3.08 and 3.09B in relation to their approval of the 2023 Second Interim Results and Report (Notes 4 & 5).

22. They failed to (a) apply reasonable skill, care and diligence to review the Company's financial statements before approving the 2023 Second Interim Results and Report, and (b) use their

best endeavours to prepare the 2023 Second Interim Results and Report in compliance with Rule 2.13 of the Listing Rules.

23. In particular, the Relevant Directors failed to take sufficient steps to review whether:

    23.1 the value of carbon-credit assets was accurately assessed, particularly given its purported 680% year-on-year increase (see paragraph 2.1 above) which should have led the Relevant Directors to a train of enquiry on the accuracy of the assessed amount; and

    23.2 the carbon-credit assets had been verified by the Verra Registry before recognising the same under the Company's accounting policy, which was expressly set out in its annual and interim results and reports, including the 2023 Second Interim Results and Report (see paragraph 2.2 above).

Mr Di and Mr Zhong

24. In addition, Mr Di and Mr Zhong had also breached Rules 3.08 and 3.09B (Notes 4 & 5) in relation to the Company's delay in announcing the Advance Payment and Supplemental Agreement.

25. They approved (a) the Service Agreement under which the Advance Payment was made, and (b) the Supplemental Agreement on the Acquisition, but they had either mistakenly assessed or overlooked the applicability of the relevant Listing Rules.

26. They failed to (a) apply reasonable skill, care and diligence to properly assess the Listing Rule implications arising from the Advance Payment and Supplemental Agreement respectively; and (b) use their best endeavours to procure the Company's compliance with Rules 13.13, 13.15, 14.34 and 14.35 of the Listing Rules.

CONCLUSION

27. The Listing Committee decided to impose the sanctions and directions set out in this Statement of Disciplinary Action.

28. For the avoidance of doubt, the Exchange confirms that the above sanctions and directions apply only to the Company and Relevant Directors, and not to any other past or present directors of the Company.

Hong Kong, 3 November 2026

Notes:

1. Under Rule 2.13, the information contained in any announcement or corporate communication of an issuer must be accurate and complete in all material respects and not be misleading or deceptive.

2. Under Rules 13.13 and 13.15, where the relevant advance to an entity exceeds 8% under the assets ratio defined in the Listing Rules, the issuer must announce details of the relevant advance to the entity as soon as reasonably practicable, including details of the balances and the nature of events or transactions giving rise to the amounts.

3. Under Rules 14.34 and 14.35, as soon as possible after the terms of a discloseable transaction have been finalised, a listed issuer must publish an announcement containing the information set out in Rules 14.58 and 14.60.

4. Under Rule 3.08, the Exchange expects the directors, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law. These duties include a duty to apply such degree of skill, care and diligence as may reasonably be expected of a person of the director's knowledge and experience and holding his office within the issuer.

5. Under Rule 3.09B, every director of a listed issuer must, in the exercise of his powers and duties as a director, use his best endeavours to procure the issuer to comply with the Listing Rules.