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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)

VOLUNTARY ANNOUNCEMENT

CLARIFICATION ON MEDIA REPORTS AND MATTERS IN RELATION TO THE DISCIPLINARY ACTION ANNOUNCEMENT OF THE STOCK EXCHANGE

This announcement is made voluntarily by the board (the "**Board**") of directors (the "**Directors**") of China Carbon Neutral Development Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") to provide the shareholders and potential investors of the Company with supplementary factual background and clarification regarding the two core matters referred to in the disciplinary action announcement (the "**Announcement**") published by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 November 2026.

The Board wishes to draw attention to the fact that this announcement does not dispute the findings of fact made by the Listing Committee of the Stock Exchange, but rather provides further explanation on the underlying reasons for the relevant accounting judgments and the timing of disclosure, so as to facilitate investors' understanding of the full context of the matters.

I. REGARDING THE "OVERSTATEMENT" OF CARBON CREDIT ASSETS — ATTRIBUTABLE TO TIMING DIFFERENCES IN VCU ISSUANCE RATHER THAN INTENTIONAL OVERSTATEMENT

The Announcement stated that the Company's second interim results and second interim report for the twelve months ended 31 December 2023 overstated the carbon credit assets by approximately HK$58.7 million. The Board wishes to clarify that such discrepancy did not arise from an artificial inflation of asset value, but rather from a mismatch between the timing of issuance of Verified Carbon Units ("**VCUs**") of the relevant carbon credit assets in the Verra Registry and the timing of recognition for financial reporting purposes.

The Group's carbon credit assets primarily comprise projects under the Verified Carbon Standard ("**VCS**"). The relevant projects had been developed in accordance with the requirements of the Verra mechanism, and the relevant submissions had been formally made to Verra.

However, during 2023, Verra initiated additional review and suspension procedures for certain methodologies and project types, resulting in a significant slowdown in project reviews and the issuance of VCUs across the entire Verra platform. Consequently, the VCUs of the Group's relevant projects could not be issued and credited to the Group's Verra Registry account prior to the end of the 2023 financial reporting period.

In preparing the second interim financial information for 2023, based on the judgment that the projects had been submitted to Verra for filing and that issuance was expected to be completed in the short term under normal circumstances, the management recognized the relevant carbon credit assets based on the expected quantity and fair value of the VCUs to be obtained. Such judgment was premised on the development progress and commercial substance of the projects under the Verra mechanism, rather than any intention to artificially inflate assets. However, as Verra's review and approval cycle ultimately exceeded expectations, the relevant VCUs were not credited to the account prior to the end of the financial reporting period, resulting in a discrepancy between the recognized asset amount and the carbon credit assets actually held as at the end of the reporting period. The Listing Committee of the Stock Exchange subsequently determined such discrepancy to be an overstatement based on a strict application of the financial reporting standards.

The Board acknowledges that recognizing the relevant assets in the accounts before the recognition criteria were fully satisfied indicates that there is room for improvement in compliance with financial reporting requirements. The Board has taken steps to ensure that, in subsequent financial reports, management determines the timing of asset recognition strictly by reference to the actual issuance of VCUs and their crediting to the Group's Registry account, so as to prevent similar timing differences from affecting the accuracy of financial disclosures again.

II. REGARDING THE FAILURE TO MAKE A TIMELY ANNOUNCEMENT OF THE ACQUISITION OF A MAINLAND COMPANY — ACQUISITION COMPLETED; OVERSIGHT IN THE TIMING OF DISCLOSURE

The announcement of the Stock Exchange also stated that the Company acquired a company in Mainland China for HK$30 million in March 2024 but failed to make timely disclosure in accordance with the requirements under Chapters 13 and 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board confirms that the acquisition has been completed and provides the following explanation regarding the oversight in the timing of disclosure.

The intention to proceed with the acquisition had been formed through the Company's internal decision-making process, and the management had initiated the corresponding internal assessment and authorization processes at the material time. However, following the completion of the acquisition, due to an insufficient understanding of when disclosure obligations arise and the applicable announcement deadlines for notifiable transactions under the Listing Rules, the team responsible for handling disclosure matters failed to report the completion of the acquisition to the Board and publish an announcement in a timely manner. The omission was inadvertent and unintentional and was not intended to conceal transaction information. Upon becoming aware of the relevant circumstances, the Board immediately took remedial actions, including procuring the Company to publish the relevant announcement as required by the Stock Exchange to bring the Company back into compliance with the relevant disclosure requirements.

The Board expresses its deep regret over the aforesaid delay in disclosure and has instructed the internal control and compliance department to establish a more robust checking mechanism for the identification, size tests, and announcement timeframes for notifiable transactions.

III. REMEDIAL MEASURES

To prevent the recurrence of similar matters, the Board has resolved to implement, and is currently implementing, the following remedial measures:

(1) Strengthening the financial verification mechanism for carbon asset recognition: In respect of the accounting recognition of carbon credit assets, a recognition policy has been established with actual crediting to the Verra Registry as a precondition. At the end of each reporting period, the finance department is required to obtain the records of the actual holdings in the Registry account, and the external auditors will conduct a specific review of the timing of recognition to ensure consistency between financial disclosures and the actual status of assets.

(2) Enhancing internal controls for notifiable transactions: Revising the Group's Notifiable Transaction Management Policy to specify that, at the stage of signing any document recording an intention to make an investment or acquisition, the compliance department must conduct size tests and assess the applicable disclosure deadlines. The compliance department is authorized to suspend completion of the transaction pending publication of the relevant announcement.

(3) Mandatory compliance training and prior consultation with external advisers: All Directors and senior management personnel involved in matters covered by Chapters 13, 14 and 14A of the Listing Rules are required to complete compliance training courses recognized by the Stock Exchange; henceforth, for any project involving a notifiable transaction, a written opinion from external legal advisers regarding disclosure obligations must be obtained before submission to the Board for consideration.

(4) Internal reporting system for ongoing disclosure status: The compliance department is required to submit a register of notifiable transactions and material developments in carbon assets to the audit committee of the Board on a monthly basis, ensuring that any matter triggering disclosure obligations enters the announcement process as soon as reasonably practicable.

The Board wishes to emphasize that the Group's carbon asset development business continues to move forward, and that the submission and issuance work for the relevant VCS projects has continued without interruption. The Company will continue to maintain communication with Verra, track the review and approval progress of projects pending issuance, and account for the relevant assets and make the corresponding disclosures in accordance with applicable standards after the VCUs are actually credited to the account. The Company will also carefully assess the impact of the disciplinary action of the Stock Exchange and make further announcement(s) regarding any material developments as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Carbon Neutral Development Group Limited
Chen Yonglan
Chairman

Hong Kong, 4 November 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 (Mr. Chen Lei as his alternate) and Mr. Zhong Guoxing; and the Independent Non-executive Directors are Mr. Wang Jiasi, Mr. Cao Ming and Ms. Qiao Yanlin.