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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 PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2024

The Board (the “**Board**”) of directors (the “**Directors**”) of China Carbon Neutral Development Group Limited (the “**Company**”) is pleased to announce that the Group’s auditor, Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited)(“**Prism**”), has completed its audit of the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the period from 1 January 2023 to 30 June 2024 (the “**Period**”) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The audited annual results for the Period were approved by the Board on 30 September 2024, together with comparative figures for the year ended 31 December 2022.

#### FINANCIAL HIGHLIGHTS

|   | <b>Period from<br/>1 January<br/>2023 to<br/>30 June<br/>2024<br/>HK\$’000</b> | <b>Year ended<br/>31 December<br/>2022<br/>HK\$’000</b> |
|---|--|---|
| <b>Revenue</b>  |  |   |
| — Global carbon neutral business  | 4,141  | 209,178   |
| — Civil engineering and construction business                           | 657,426  | 500,128   |
| — Green credit digital technology business                              | 297,517  | —   |
|   | <b>959,084</b>   | <b>709,306</b>  |
| <b>Gross Profit</b>   | <b>49,905</b>  | <b>42,506</b>   |
| <b>Loss attributable to owners of the Company</b>                       | <b>(132,840)</b>   | <b>(197,471)</b>  |
| <b>Loss for the period/year, excluding one-off non-operating items*</b> | <b>(132,345)</b>   | <b>(124,471)</b>  |

\* 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 loss for the period, excluding one-off non-operating item, is derived from impairment of goodwill (2022: extracting loss on partial early repayment of promissory note and loss on disposal of subsidiaries) from loss for the period.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the period from 1 January 2023 to 30 June 2024*

|   |              | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024</b> | Year ended<br>31 December<br>2022 |
|---|--------------|---|-----------------------------------|
|   | <i>Notes</i> | <b>HK\$'000</b>   | <b>HK\$'000</b>                   |
| <b>REVENUE</b>  | 4            | <b>959,084</b>  | 709,306                           |
| Cost of sales   |              | <u>(909,179)</u>  | <u>(666,800)</u>                  |
| Gross profit  |              | <b>49,905</b>   | 42,506                            |
| Other income and gains  | 5            | <b>6,196</b>  | 9,211                             |
| Fair value change on carbon-credit assets   | 6            | <b>6,543</b>  | 2,980                             |
| Research and development costs  |              | <b>(12,019)</b>   | (4,018)                           |
| Administrative and selling expenses   |              | <b>(102,279)</b>  | (86,014)                          |
| Equity-settled share option expenses  |              | –   | (34,974)                          |
| Finance costs   | 7            | <b>(72,647)</b>   | (59,420)                          |
| Impairment loss (recognised on)/reversal of<br>account receivables, other receivables and<br>contract assets, net |              | <u>(6,879)</u>  | <u>62</u>                         |
| <b>Operating loss</b>   |              | <b>(131,180)</b>  | (129,667)                         |
| Loss on partial early repayment of promissory<br>note   |              | –   | (74,562)                          |
| Share of loss of a joint venture  |              | –   | (82)                              |
| Loss on disposal of subsidiaries  |              | –   | (5)                               |
| Impairment of goodwill  |              | <u>(4,993)</u>  | –                                 |
| <b>Loss before tax</b>  | 8            | <b>(136,173)</b>  | (204,316)                         |
| Income tax (expenses)/credit  | 9            | <u>(1,165)</u>  | <u>5,278</u>                      |
| <b>Loss for the period/year</b>   |              | <u><b>(137,338)</b></u>                                       | <u><b>(199,038)</b></u>           |

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

*For the period from 1 January 2023 to 30 June 2024*

|  | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | <b>Year ended<br/>31 December<br/>2022<br/>HK\$'000</b> |
|--|--|---|
| <b>Loss for the period/year, excluding loss on partial early repayment of promissory note, change in valuation of promissory notes, net, loss on disposal of subsidiaries and impairment of goodwill (“one-off non-operating items”)</b> | <b><u>(132,345)</u></b>  | <b><u>(124,471)</u></b>                                 |
| <b>Loss for the period/year attributable to:</b>   |  |   |
| Owners of the Company  | (132,840)  | (197,471)   |
| Non-controlling interests  | <u>(4,498)</u>   | <u>(1,567)</u>  |
|  | <b><u>(137,338)</u></b>  | <b><u>(199,038)</u></b>                                 |
| <b>Loss for the period/year, excluding one-off non-operating items, attributable to:</b>   |  |   |
| Owners of the Company  | (127,847)  | (122,904)   |
| Non-controlling interests  | <u>(4,498)</u>   | <u>(1,567)</u>  |
|  | <b><u>(132,345)</u></b>  | <b><u>(124,471)</u></b>                                 |

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

*For the period from 1 January 2023 to 30 June 2024*

|  | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | <b>Year ended<br/>31 December<br/>2022<br/>HK\$'000</b> |
|--|--|---|
| <b>Loss for the period/year</b>  | <b>(137,338)</b>   | <b>(199,038)</b>  |
| <b>Other comprehensive expense</b>   |  |   |
| Item that will not be reclassified to profit or loss<br>in subsequent years:   |  |   |
| Fair value change on a financial asset at fair<br>value through other comprehensive income<br>("FVTOCI")                 | <b>(5,550)</b>   | <b>(11,800)</b>   |
| Item that may be reclassified to profit or loss in<br>subsequent years:  |  |   |
| Exchange differences arising on translation of<br>financial statements of foreign operations                             | <b>(935)</b>   | <b>(21)</b>   |
| <b>Total other comprehensive expense for the<br/>period/year</b>   | <b>(6,485)</b>   | <b>(11,821)</b>   |
| <b>Total comprehensive expense for the period/<br/>year</b>  | <b>(143,823)</b>   | <b>(210,859)</b>  |
| <b>Total comprehensive expense for the period/<br/>year attributable to:</b>   |  |   |
| Owners of the Company  | <b>(139,418)</b>   | <b>(209,288)</b>  |
| Non-controlling interests  | <b>(4,405)</b>   | <b>(1,571)</b>  |
|  | <b>(143,823)</b>   | <b>(210,859)</b>  |
| <b>Total comprehensive expense for the period/<br/>year, excluding one-off non-operating<br/>items, attributable to:</b> |  |   |
| Owners of the Company  | <b>(134,425)</b>   | <b>(134,721)</b>  |
| Non-controlling interests  | <b>(4,405)</b>   | <b>(1,571)</b>  |
|  | <b>(138,830)</b>   | <b>(136,292)</b>  |

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

*For the period from 1 January 2023 to 30 June 2024*

|  |              | <b>Period from</b>     | Year ended             |
|--|--------------|------------------------|------------------------|
|  |              | <b>1 January</b>       | 31 December            |
|  |              | <b>2023 to</b>         | 2022                   |
|  |              | <b>30 June 2024</b>    | 2022                   |
|  | <i>Notes</i> | <b><i>HK\$'000</i></b> | <b><i>HK\$'000</i></b> |
| <b>LOSS PER SHARE</b>  |              |                        |                        |
| Basic (HK cents)   | <i>10</i>    | <u><b>(28.90)</b></u>  | <u>(63.0)</u>          |
| Diluted (HK cents)   | <i>10</i>    | <u><b>(28.90)</b></u>  | <u>(63.0)</u>          |
| <b>LOSS PER SHARE, EXCLUDING<br/>ONE-OFF NON-OPERATING ITEMS</b> |              |                        |                        |
| Basic (HK cents)   | <i>10</i>    | <u><b>(27.80)</b></u>  | <u>(39.2)</u>          |
| Diluted (HK cents)   | <i>10</i>    | <u><b>(27.80)</b></u>  | <u>(39.2)</u>          |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2024*

|  |              | At<br><b>30 June<br/>2024</b><br><i>HK\$'000</i> | At<br>31 December<br>2022<br><i>HK\$'000</i> |
|--|--------------|--|--|
|  | <i>Notes</i> |  |  |
| <b>NON-CURRENT ASSETS</b>                    |              |  |  |
| Plant and equipment                          |              | 4,543  | 3,689  |
| Right-of-use assets                          |              | 10,933   | 17,216                                       |
| Intangible assets                            |              | 4,614  | 2,378  |
| Goodwill                                     |              | 41,816   | –  |
| Deposits and other receivables               |              | 1,885  | 1,885  |
| Investment in an associate                   |              | 1,070  | –  |
| Investment in a joint venture                |              | –  | 146  |
| Financial asset at FVTOCI                    |              | 2,650  | 8,200  |
|  |              | 67,511   | 33,514                                       |
| <b>CURRENT ASSETS</b>                        |              |  |  |
| Carbon-credit assets                         | 6            | 15,620   | 8,877  |
| Inventories                                  |              | 2,618  | –  |
| Contract assets                              |              | 70,471   | 123,086                                      |
| Account receivables                          | 12           | 20,635   | 40,429                                       |
| Prepayments, deposits and other receivables  |              | 47,963   | 31,020                                       |
| Restricted bank deposits                     |              | 1,313  | 1,495  |
| Cash and cash equivalents                    |              | 138,125  | 76,117                                       |
|  |              | 296,745  | 281,024                                      |
| <b>CURRENT LIABILITIES</b>                   |              |  |  |
| Account payables                             | 13           | 54,683   | 72,816                                       |
| Tax payable                                  |              | 90   | –  |
| Other payables and accruals                  |              | 130,135  | 69,560                                       |
| Interest-bearing bank and other borrowings   |              | 62,659   | 7,500  |
| Lease liabilities                            |              | 6,046  | 7,032  |
| Convertible bonds                            |              | 77,695   | –  |
|  |              | 331,308  | 156,908                                      |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>      |              | <b>(34,563)</b>                                  | <b>124,116</b>                               |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              | <b>32,948</b>                                    | <b>157,630</b>                               |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**As at 30 June 2024*

|   | <b>At</b><br><b>30 June</b><br><b>2024</b><br><i>HK\$'000</i> | <b>At</b><br>31 December<br>2022<br><i>HK\$'000</i> |
|---|---|---|
| <b>NON-CURRENT LIABILITIES</b>                                      |   |   |
| Other payables and accruals   | <b>3,031</b>  | 2,042   |
| Interest-bearing bank and other borrowings                          | <b>6,957</b>  | –   |
| Lease liabilities   | <b>6,337</b>  | 10,863  |
| Convertible bonds   | –   | 177,544   |
| Promissory note   | <b>16,099</b>   | 16,099  |
| Deferred tax liabilities  | <b>1,922</b>  | 851   |
|   | <hr/>   | <hr/>   |
| Total non-current liabilities                                       | <b>34,346</b>   | 207,399   |
|   | <hr/>   | <hr/>   |
| <b>NET LIABILITIES</b>  | <b>(1,398)</b>  | (49,769)  |
|   | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>EQUITY</b>   |   |   |
| Share capital   | <b>5,358</b>  | 3,205   |
| Reserves  | <b>(3,182)</b>  | (52,351)  |
|   | <hr/>   | <hr/>   |
| Equity/(deficit in equity) attributable to owners<br>of the Company | <b>2,176</b>  | (49,146)  |
| Non-controlling interests   | <b>(3,574)</b>  | (623)   |
|   | <hr/>   | <hr/>   |
| <b>DEFICIT IN EQUITY</b>  | <b>(1,398)</b>  | (49,769)  |
|   | <hr/> <hr/>   | <hr/> <hr/>   |

## NOTES

*As at 30 June 2024*

### 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 Sound Gem 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 1808,18/F, Landmark South, 39 Yip Kan Street, Wong Chuk Hang, Hong Kong.

During the period ended 30 June 2024, the Group was principally engaged in the following principal activities:

- Trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and the carbon negative business including industrial carbon negative with a core of development of carbon capture, utilisation and storage (“CCUS”) and natural carbon negative focusing on forest and crop optimisation (the “**Global Carbon Neutral Business**”);
- Civil engineering works and building construction and maintenance works (the “**Civil Engineering and Construction Business**”); and
- Providing ESG analysis reports and assisting in obtaining green financing (the “**Green Credit Digital Technology Business**”).

During the period ended 30 June 2024, the Group established new line of trading business in green credit digital technology business after acquisition of subsidiaries.

### 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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.

During the period, the Group changed its financial year ended date from 31 December to 30 June to avoid competition of resources with other listed companies during the peak reporting season and remove uncertainty from the variation in the dates of the Chinese New Year Holiday which put pressure on the workflow. The current period of consolidated financial statements covers an eighteen-month period ended 30 June 2024 and the comparative financial statements cover a twelve-month period ended 31 December 2022. The comparative amounts are therefore not entirely comparable.



## 2.2 BASIS OF PRESENTATION

### Going concern assessment

The Group incurred a net loss of approximately HK\$137,338,000 for the period and had net liabilities of approximately HK\$1,398,000 as at 30 June 2024. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- other than continuing to develop carbon credit assets from existing carbon projects, the Group will continue to identify and seize more new carbon projects to secure supply of carbon credit assets and enrich the carbon credit assets portfolio of the Group;
- during the Period, the Group has taken initiatives to improve the gearing of the Group, including the repayment of other borrowings and promissory note, which will reduce the long-term finance costs to the Group;
- the Group will carefully monitor and control administrative costs and future capital expenditures;
- A holder of convertible bonds has agreed to provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due for the foreseeable future and not call for any repayment of convertible bonds amounting to HK\$89,000,000, until the Group is in a financial position to do so; and
- the directors of the Company have carried out a detail review of the working capital forecast of the Group for not less than twelve months from the year end date, which took into account the projected future working capital of the Group.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

### **2.3 New and amendments to HKFRSs that are mandatorily effective for the current period**

In the current period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements.

|   |   |
|---|---|
| Amendments to HKAS 1 and<br>HKFRS Practice Statement 2                            | Disclosure of Accounting Policies   |
| Amendments to HKAS 8  | Definition of Accounting Estimates  |
| Amendments to HKAS 12   | Deferred Tax related to Assets and Liabilities<br>arising from a Single Transaction |
| Amendments to HKAS 12   | International Tax Reform — Pillar Two<br>model Rules                                |
| HKFRS 17 (including the October 2020 and<br>February 2022 Amendments to HKFRS 17) | Insurance Contracts   |

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current period. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

### **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 as follows:

- Global carbon neutral segment — (i) trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and (ii) carbon negative business including industrial carbon negative with a core of development of CCUS and natural carbon negative focusing on forest and crop optimisation; and
- Civil engineering and construction segment — civil engineering works and building construction and maintenance works; and
- Green credit digital technology segment — providing ESG analysis reports and assisting in obtaining green financing.

During the period ended 30 June 2024, the Group commenced a new reportable and operating segment named “Green credit digital technology segment”.

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), loss on disposal of subsidiaries, equity-settled share option expenses, change in valuation of promissory notes, net, loss on partial early repayment of promissory note and impairment of goodwill as well as head office and corporate unallocated income and expenses are excluded from such measurement.

## Segment revenue and results

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

|   | Global carbon neutral  |   | Civil engineering and construction                           |   | Green credit digital technology                              |   | Total  |   |
|---|--|---|--|---|--|---|--|---|
|   | Period from<br>1 January 2023<br>to 30 June 2024<br>HK\$'000 | Year ended<br>31 December<br>2022<br>HK\$'000 | Period from<br>1 January 2023<br>to 30 June 2024<br>HK\$'000 | Year ended<br>31 December<br>2022<br>HK\$'000 | Period from<br>1 January 2023<br>to 30 June 2024<br>HK\$'000 | Year ended<br>31 December<br>2022<br>HK\$'000 | Period from<br>1 January 2023<br>to 30 June 2024<br>HK\$'000 | Year ended<br>31 December<br>2022<br>HK\$'000 |
| Segment revenue   | <u>4,141</u>   | <u>209,178</u>                                | <u>657,426</u>   | <u>500,128</u>                                | <u>297,517</u>   | <u>-</u>                                      | <u>959,084</u>   | <u>709,306</u>                                |
| Segment results   | <u>(61,905)</u>  | <u>(30,789)</u>                               | <u>12,589</u>  | <u>4,223</u>                                  | <u>(4,056)</u>   | <u>-</u>                                      | <u>(53,372)</u>  | <u>(26,566)</u>                               |
| Loss on partial early repayment<br>of promissory note       |  |   |  |   |  |   | -  | (74,562)                                      |
| Loss on disposal of subsidiaries                            |  |   |  |   |  |   | -  | (5)   |
| Impairment of goodwill                                      |  |   |  |   |  |   | (4,993)  | -   |
| Equity-settled share option<br>expenses                     |  |   |  |   |  |   | -  | (34,974)                                      |
| Corporate and unallocated<br>income                         |  |   |  |   |  |   | -  | 3,727   |
| Corporate and unallocated<br>expenses                       |  |   |  |   |  |   | (6,932)  | (13,479)                                      |
| Finance costs (other than interest<br>on lease liabilities) |  |   |  |   |  |   | (70,876)   | (58,457)                                      |
| Loss before tax   |  |   |  |   |  |   | <u>(136,173)</u>   | <u>(204,316)</u>                              |

## Segment assets and liabilities

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

|  | Global carbon neutral             |                                       | Civil engineering and<br>construction |                                       | Green credit digital technology   |                                       | Total                             |                                       |
|--|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|
|  | At<br>30 June<br>2024<br>HK\$'000 | At<br>31 December<br>2022<br>HK\$'000 | At<br>30 June<br>2024<br>HK\$'000     | At<br>31 December<br>2022<br>HK\$'000 | At<br>30 June<br>2024<br>HK\$'000 | At<br>31 December<br>2022<br>HK\$'000 | At<br>30 June<br>2024<br>HK\$'000 | At<br>31 December<br>2022<br>HK\$'000 |
| Segment assets                                 | <u>121,473</u>                    | <u>35,197</u>                         | <u>233,783</u>                        | <u>260,495</u>                        | <u>4,874</u>                      | <u>-</u>                              | <u>360,130</u>                    | <u>295,692</u>                        |
| Corporate and other<br>unallocated assets      |                                   |                                       |                                       |                                       |                                   |                                       | <u>4,126</u>                      | <u>18,846</u>                         |
| Total assets                                   |                                   |                                       |                                       |                                       |                                   |                                       | <u>364,256</u>                    | <u>314,538</u>                        |
| Segment liabilities                            | <u>114,139</u>                    | <u>21,873</u>                         | <u>99,655</u>                         | <u>139,073</u>                        | <u>22,423</u>                     | <u>-</u>                              | <u>236,217</u>                    | <u>160,946</u>                        |
| Corporate and other<br>unallocated liabilities |                                   |                                       |                                       |                                       |                                   |                                       | <u>129,437</u>                    | <u>203,361</u>                        |
| Total liabilities                              |                                   |                                       |                                       |                                       |                                   |                                       | <u>365,654</u>                    | <u>364,307</u>                        |

#### 4. REVENUE

|   | Period from<br>1 January<br>2023 to<br>30 June 2024<br><i>HK\$'000</i> | Year ended<br>31 December<br>2022<br><i>HK\$'000</i> |
|---|--|--|
| Sales of carbon-credit assets                                     | 229  | 207,834  |
| Provision of carbon neutral advisory and carbon planning services | 3,912  | 1,344  |
| Green credit digital technology                                   | 297,517  | –  |
| Construction services   | 235,788  | 172,899  |
| Civil engineering services  | 421,638  | 327,229  |
|   | <u>959,084</u>   | <u>709,306</u>                                       |
| Timing of revenue recognition                                     |  |  |
| At a point in time  | 229  | 207,834  |
| Over time   | 958,855  | 501,472  |
|   | <u>959,084</u>   | <u>709,306</u>                                       |
| <b>Total revenue from contracts with customers</b>                | <b><u>959,084</u></b>  | <b><u>709,306</u></b>                                |

#### 5. OTHER INCOME AND GAINS

|  | Period from<br>1 January<br>2023 to<br>30 June 2024<br><i>HK\$'000</i> | Year ended<br>31 December<br>2022<br><i>HK\$'000</i> |
|--|--|--|
| Interest income                        | 854  | 13   |
| Gain on settlement of other borrowings | –  | 3,389  |
| Consultancy fee income                 | 540  | 360  |
| Government subsidies                   | 1,821  | 3,014  |
| Income on sublease                     | –  | 118  |
| Gain on lease modification             | –  | 923  |
| Management fee income                  | 2,140  | 1,394  |
| Sundry income                          | 841  | –  |
|  | <u>6,196</u>   | <u>9,211</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 and power generation, and coal mine methane power generation. These International Certified Emission Reductions are tradable carbon-credit assets that comply with the Gold Standard (GS) and the Verified Carbon Standard (VCS).

### Fair value change on carbon-credit assets

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

## 7. FINANCE COSTS

|                                       | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | <b>Year ended<br/>31 December<br/>2022<br/>HK\$'000</b> |
|---------------------------------------|--|---|
| Interest on lease liabilities         | 1,771  | 963   |
| Interest on bank and other borrowings | 3,584  | 2,511   |
| Interest on promissory notes          | 26,047   | 9,394   |
| Imputed interest on convertible bond  | 41,245   | 46,552  |
|                                       | <u>72,647</u>  | <u>59,420</u>   |

## 8. LOSS BEFORE TAX

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

|   | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | Year ended<br>31 December<br>2022<br>HK\$'000 |
|---|--|---|
| Cost of sales   |  |   |
| Cost of inventories sold  | 564  | 192,103                                       |
| Cost of service income  | 296,196  | 610   |
| Contract costs  | <u>612,419</u>   | <u>474,087</u>                                |
|   | <u>909,179</u>   | <u>666,800</u>                                |
| Employee benefit expense (excluding directors' and chief executives' remuneration) <sup>#</sup> |  |   |
| Wages and salaries  | 104,320  | 81,770  |
| Equity-settled share option expenses  | –  | 11,665  |
| Pension scheme contributions  | <u>4,030</u>   | <u>3,126</u>                                  |
|   | <u>108,350</u>   | <u>96,561</u>                                 |
| Impairment loss reversed of account receivables*  | (2)  | (1,185)                                       |
| Impairment loss recognised on other receivables*  | 6,557  | –   |
| Impairment of contract assets*  | 324  | 1,123   |
| Impairment of goodwill  | 4,993  | –   |
| Depreciation of plant and equipment   | 1,563  | 549   |
| Depreciation of right-of-use assets   | 15,376   | 7,772   |
| Gain on lease modification  | –  | (923)   |
| Auditor's remuneration  | 1,600  | 1,400   |
| Lease payments not included in the measurement of lease liabilities                             | <u>1,055</u>   | <u>188</u>                                    |

\* These items are included in “impairment loss recognised on/(reversed 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\$67,103,000 (2022: HK\$44,019,000) for the period included in “cost of sales” provided above and the expense of HK\$3,936,000 (2022: HK\$4,018,000) for the period included in “research and development costs” in the consolidated statement of profit or loss and other comprehensive income.

## 9. INCOME TAX (EXPENSES)/CREDIT

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

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%.

|                                | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | <b>Year ended<br/>31 December<br/>2022<br/>HK\$'000</b> |
|--------------------------------|--|---|
| Current tax expense            | (94)   | –   |
| Deferred tax (expenses)/credit | <u>(1,071)</u>   | <u>5,278</u>  |
|                                | <u><b>(1,165)</b></u>  | <u><b>5,278</b></u>                                     |

## 10. LOSS PER SHARE

The calculations of the basic loss per share and basic loss per share, excluding one-off non-operating items, for the period ended 30 June 2024 are based on the loss for the period attributable to owners of the Company of HK\$132,840,000 and loss for the period, excluding one-off non-operating items, attributable to owners of the Company of HK\$127,847,000 respectively (2022: loss of HK\$197,471,000 and HK\$122,904,000 respectively), and the weighted average number of 459,982,000 (2022: 313,303,000) ordinary shares in issue during the period.

For the Period, the calculation of the diluted loss per share and diluted loss per share, excluding one-off non-operating items, are based on the loss for the period attributable to the owners of the Company and profit for the period, excluding one-off non-operating items, attributable to owners of the Company, respectively. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period ended 30 June 2024, 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 period ended 30 June 2024.



For the Period, the computation of diluted loss per share and diluted loss per share, excluding one-off non-operating items, 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 and basic and diluted loss per share, excluding one-off non-operating items are based on:

|   | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | Year ended<br>31 December<br>2022<br>HK\$'000 |
|---|--|---|
| <b>Loss</b>   |  |   |
| Loss attributable to owners of the Company, used in basic and diluted loss per share calculation  | <u>(132,840)</u>   | <u>(197,471)</u>                              |
| <b>Loss excluding one-off non-operating items</b>   |  |   |
| Loss attributable to owners of the Company, used in basic and diluted loss per share calculation, excluding one-off non-operating items | <u>(127,847)</u>   | <u>(122,904)</u>                              |
|   | <b>At<br/>30 June<br/>2024</b>   | <b>At<br/>31 December<br/>2022</b>            |
| <b>Number of shares</b>   |  |   |
| Weighted average number of ordinary shares in issue during the period/year used in the basic and diluted loss per share calculation     | <u>459,981,536</u>   | <u>313,302,740</u>                            |

## 11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the period, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

## 12. ACCOUNT RECEIVABLES

|                                     | At<br>30 June<br>2024<br><i>HK\$'000</i> | At<br>31 December<br>2022<br><i>HK\$'000</i> |
|-------------------------------------|--|--|
| Account receivables                 | 22,071                                   | 41,867                                       |
| Less: allowance for impairment loss | <u>(1,436)</u>                           | <u>(1,438)</u>                               |
|                                     | <u><u>20,635</u></u>                     | <u><u>40,429</u></u>                         |

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

|                 | At<br>30 June<br>2024<br><i>HK\$'000</i> | At<br>31 December<br>2022<br><i>HK\$'000</i> |
|-----------------|--|--|
| Within 3 months | 20,053                                   | 38,270                                       |
| 4 to 6 months   | 12                                       | 1,782  |
| Over 6 months   | <u>570</u>                               | <u>377</u>                                   |
|                 | <u><u>20,635</u></u>                     | <u><u>40,429</u></u>                         |

## 13. ACCOUNT PAYABLES

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

|                 | At<br>30 June<br>2024<br><i>HK\$'000</i> | At<br>31 December<br>2022<br><i>HK\$'000</i> |
|-----------------|--|--|
| Within 3 months | 53,525                                   | 67,462                                       |
| 4 to 6 months   | 310                                      | 2,011  |
| Over 6 months   | <u>848</u>                               | <u>3,343</u>                                 |
|                 | <u><u>54,683</u></u>                     | <u><u>72,816</u></u>                         |

## 14. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the reporting period:

|  |      | <b>Period from<br/>1 January<br/>2023 to<br/>30 June 2024<br/>HK\$'000</b> | Year ended<br>31 December<br>2022<br>HK\$'000 |
|--|------|--|---|
| Donation paid to a society of which an executive director of the Company is the legal representative |      | –  | 890   |
| Interest expenses of other loans from related companies owned by a shareholder of the Company        | (i)  | <b>2,085</b>   | –   |
| Interest expenses of other loans from a director of the Company                                      | (ii) | <b>177</b>   | –   |

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

|  |      | <b>As at<br/>30 June<br/>2024<br/>HK\$'000</b> | As at<br>31 December<br>2022<br>HK\$'000 |
|--|------|--|--|
| Loans from related companies owned by a shareholder of the Company | (i)  | <b>35,650</b>                                  | –  |
| Loans from a director of the Company                               | (ii) | <b>3,230</b>                                   | –  |

*Notes:*

- (i) During the period, the loans of HK\$37,450,000 and HK\$2,000,000 received from two companies, which are wholly owned by a shareholder, were unsecured, payable in the second half year of 2024 and interest rates at 4.9% and 8% respectively. The principal amount of HK\$3,800,000 was paid during the period. As at 30 June 2024, the loans balances were HK\$35,650,000, which were cross-default due to other overdue loan, and the related companies have the right to demand immediate repayment.
- (ii) During the period, the loans of HK\$5,030,000 received from a director of the Company were unsecured, payable in the second half year of 2024 and interest rates at 8.5%. The principal amount of HK\$1,800,000 was paid during the period. As at 30 June 2024, the loans balances were HK\$3,230,000, which were cross-default due to other overdue loan, and the director of the Company has the right to demand immediate repayment.

## 15. BUSINESS COMBINATION

On 27 March 2023, the Group acquired 73% equity interest in Shenzhen Jianxin Zhuhe Technology Company Limited (“**Jianxin Zhuhe**”) and its name has been change as China Carbon Green Credit Technology (Shenzhen) Company Limited (“**Green Credit Technology**”) on 7 April 2024 after combination. Upon completion of the acquisition, Green Credit Technology becomes a non-wholly owned subsidiary of the Group.

Green Credit Technology is principally engaged in the carbon neutral business through the application of its carbon digitalization and blockchain technology platform which provides carbon information monitoring, management and other services in the People’s Republic of China. Green Credit Technology is a national high-tech enterprise and has obtained the certification of information security level 3 protection, CMMI level 3 certification, and ISO system certification, etc., and has more than 30 soft writings and patents in artificial intelligence, blockchain, big data, etc.

The purchase consideration was HK\$19,686,000. The acquisition of the Green Credit Technology has been accounted for using the acquisition method.

On 18 March 2024, the Group acquired 60% equity interest in Henan Zailiang New Energy Regeneration Company Limited (“**Zailiang New Energy**”). Upon completion of the acquisition, Henan Zailiang becomes a non-wholly owned subsidiary of the Group.

Zailiang New Energy is an approved lithium battery recycling white-listed enterprise by the Ministry of Industry and Information Technology of China, with one of the only 52 graded utilization licenses nationwide. Its main business includes the graded utilization, dismantling, recycling of lithium batteries for new energy vehicles, as well as the disposal and recycling of waste electrical and electronic products, and the sale of used goods.

The purchase consideration was HK\$30,000,000. The acquisition of the Zailiang New Energy has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of each acquisition as at the respective dates of acquisitions are as follows:

|   | <b>Green Credit<br/>Technology</b><br><i>HK\$'000</i> | <b>Zailiang<br/>New Energy</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|---|---|---|---------------------------------|
| Property, plant and equipment                             | 79  | 1,891   | 1,970                           |
| Account receivables                                       | 338   | –   | 338                             |
| Prepayments and other receivables                         | 429   | 1,297   | 1,726                           |
| Inventories   | –   | 2,406   | 2,406                           |
| Cash and bank balances                                    | 278   | 228   | 506                             |
| Interest-bearing bank and other borrowings                | (1,829)   | –   | (1,829)                         |
| Account payables  | (1,012)   | (97)  | (1,109)                         |
| Accruals and other payables                               | (565)   | (551)   | (1,116)                         |
|   | <u>(2,282)</u>  | <u>5,174</u>                                      | <u>2,892</u>                    |
| Total identifiable net (liabilities)/assets at fair value |   |   |                                 |
| Acquisition consideration                                 | 19,686  | 30,000  | 49,686                          |
| Non-controlling interests                                 | (616)   | 2,070   | 1,454                           |
| Fair value of net identifiable amount acquired            | <u>2,282</u>  | <u>(5,174)</u>                                    | <u>(2,892)</u>                  |
| Goodwill arising from the acquisition                     | <u><u>21,352</u></u>                                  | <u><u>26,896</u></u>                              | <u><u>48,248</u></u>            |

Details of the acquisition considerations are as follows:

|                             | <b>Green Credit<br/>Technology</b><br><i>HK\$'000</i> | <b>Zailiang<br/>New Energy</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|-----------------------------|---|---|---------------------------------|
| Consideration satisfied by: |   |   |                                 |
| Payables                    | –   | 7,864   | 7,864                           |
| Cash                        | <u>19,686</u>   | <u>22,136</u>                                     | <u>41,822</u>                   |
|                             | <u><u>19,686</u></u>                                  | <u><u>30,000</u></u>                              | <u><u>49,686</u></u>            |

In the opinion of the directors of the Group, the fair value of account receivables, prepayments and other receivables as at the respective acquisition dates of Green Credit Technology amounted to HK\$342,000 and HK\$429,000 respectively of which account receivables of HK\$4,000 are expected to be uncollectible. Also, the fair value of the fair value of trade receivables, prepayments and other receivables as at the respective acquisition dates of Zailiang New Energy amount to HK\$1,297,000.

Analyses of the cash flows in respect of the above acquisitions are as follows:

|   | <b>Green Credit<br/>Technology</b><br><i>HK\$'000</i> | <b>Zailiang<br/>New Energy</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|---|---|---|---------------------------------|
| Considerations settled by cash  | (19,686)  | (22,136)  | (41,822)                        |
| Cash and cash equivalents acquired  | <u>278</u>  | <u>228</u>  | <u>506</u>                      |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | <u><u>(19,408)</u></u>                                | <u><u>(21,908)</u></u>                            | <u><u>(41,316)</u></u>          |

## 16. CONTINGENT LIABILITIES

As of 30 June 2024, the Group had the following contingent liabilities:

- (a) At 30 June 2024, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$16,777,000 (2022: HK\$31,791,000).
- (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 ON THE CONSOLIDATED FINANCIAL STATEMENT**

The following is an extract of the independent auditor’s report on the Company’s consolidated financial statements for the period from 1 January 2023 to 30 June 2024:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material uncertainty related to going concern**

We draw attention to note 3 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group experienced a loss of approximately HK\$137,338,000 for the period from 1 January 2023 to 30 June 2024 and had net liabilities of approximately HK\$1,398,000 as at 30 June 2024. These conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND FINANCIAL REVIEW

The Group is principally engaged in (i) global carbon neutral business, focusing on trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and planning, as well as utilising a blockchain-based dual-carbon digital control platform to connect and mobilise the entire dual-carbon chain resource to support the sustainable development of the dual-carbon economy; a green development platform based on “Green Finance Open Platform ” to provide ESG-related services; and (ii) actively engaging in the graded utilization and related business of waste batteries through Henan Zailiang New Energy Regeneration Company Limited, 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.com data technology; and (iii) civil engineering works, building construction and maintenance works.

In the future, the Group decides to collaborate with TusPark to form an integrated business of photovoltaic, charging, storage, operation and management to innovate and develop a distributed photovoltaic business model in terms of new energy.

For the period from 1 January 2023 to 30 June 2024 (the “**Period**”), the Group recorded a consolidated revenue of approximately HK\$959.1 million (Year ended 31 December 2022 (“**Year 2022**”): approximately HK\$709.3 million), representing an increase of approximately 35.2%, or HK\$249.8 million, mainly due to the increase in revenue of \$297.5 million from new carbon neutral digital technology business, offset by the drop of carbon credit sales by HK\$205.0 million , and the revenue of civil engineering business increased by 31.5%, being less than pro rata 50% increase in length terms during the Period. As a result of the increase in the revenue during the Period, the gross profit of the Group for the Period amounted to approximately HK\$49.9 million (Year 2022: approximately HK\$42.5 million), representing an increase of approximately HK\$7.4 million or 17.4% as compared to Year 2022, being less than pro rata 50% increase in length terms.

The administrative and selling expenses of the Group for the Period was approximately HK\$102.3 million (Year 2022: approximately HK\$86.0 million), representing an increase of approximately HK\$16.3 million or 19.0% as compared to Year 2022, being less than pro rata 50% increase in length terms mainly as a result of the Group exercised a tight control on operation costs.



The finance costs of the Group for the Period was approximately HK\$72.6 million (Year 2022: approximately HK\$59.4 million), representing an increase of approximately HK\$13.2 million or 22.3% as compared to Year 2022 mainly due to the increase in interest on promissory notes during the Period.

The Group recorded a loss for the Period of approximately HK\$137.3 million (Year 2022: approximately HK\$199.0 million), representing a decrease by approximately HK\$61.7 million, or 31.0% as compared to Year 2022. This was mainly attributable to: (i) a loss on partial early repayment of promissory note of \$74.6 million in Year 2022; (ii) equity-settled share-option payment expenses of approximately HK\$35.0 million in Year 2022, offset by an increase in administrative and selling expenses by approximately HK\$16.3 million, finance cost by HK\$13.2 million, an impairment of goodwill of approximately HK\$5.0 million and impairment loss of account receivables, other receivables and contract assets, net of approximately HK\$6.9 million.

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

**(i) Global Carbon Neutral Business Segment**

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

During the Reporting Period, the Group successfully developed: (1) the first manure intensive treatment project in China registered on the VCS platform in Huoqiu County, reducing 76,000 tCO<sub>2</sub>e annually, with a total reduction of 760,000 tCO<sub>2</sub>e over a ten-year period; (2) the waste incineration power generation project in Yingkou registered successfully on the VCS platform, achieving an annual reduction of 245,000 tCO<sub>2</sub>e, with a total reduction of 5.145 million tCO<sub>2</sub>e over a 21-year period; (3) the Jiyuan Weiheng Cow Breeding Farm Biogas Recovery and Utilization Project in Henan registered successfully on the VCS platform, reducing 37,500 tCO<sub>2</sub>e annually, with a reduction of 265,000 tCO<sub>2</sub>e over the first seven-year period.

## *Global Carbon Neutral Business — Carbon Negative Business*

As for carbon negative business, the Group's industry carbon negative business segment focuses on the development and application of negative carbon technology, including 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.

### **(ii) Development of carbon neutral digital technology**

In March 2023, the Group acquired 73% equity interest in China Carbon Green Credit Technology (Shenzhen) Company Limited, a leading blockchain-based digital technology service provider in China. To empower various industries to achieve carbon-neutral development efficiently and economically, the Group will upgrade the infrastructure already built by the company into an one-stop green finance trusted data service network ("**Green Credit Chain**"), and based on the Green Credit Chain, create a credible, accurate, and secure carbon peak and carbon neutrality ("**Dual Carbon**") digital and control platform ("**Dual Carbon Digital Management and Control Platform**"). The Group will provide dual carbon digital solutions to eliminate information barriers between industries and between industries and the financial system, in order to promote cross-industry cooperation. Support inter-organisational collaboration among enterprises, starting from value consensus, to promote value maximisation and efficiency improvement. The successive development of Climatestore.cn, "Green Finance Open Platform", and the Dual Carbon Management and Control Platform has laid a solid foundation for the Group to embrace the digital economy.

Following the Group's acquisition of China Carbon Green Credit Technology (Shenzhen) Company Limited (formerly known as Shenzhen Jianxin Zhuhe Technology Company Limited) in 2023, the Group has proactively integrated blockchain technology with finance and the digital economy. Especially, last year, China Green Credit Technology Company Limited collaborated with Zhengzhou Data Centre and China Financial Green Index Consulting Limited to develop green entity identification, green bill identification, enterprise ESG reports, carbon accounting and verification, and carbon data entry services. This collaboration has

bridged the data service barriers between enterprises, financial institutions, government departments, and third-party organisations, further lowering the threshold for the use of green finance. The business development momentum is good, achieving nearly HK\$300 million in operating income during the Reporting Period.

### **(iii) Civil Engineering and Construction Business**

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

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

As a main contractor of the contracts awarded to the Group, the Civil Engineering and Construction 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 Hong Kong SAR, public utilities companies and private organizations in Hong Kong.

For the Period, revenue generated from the Civil Engineering and Construction Business amounted to HK\$657.43 million (Year 2022: HK\$500.13 million). For the Period, included in the turnover was: (i) revenue from civil engineering works of HK\$421.6 million (Year 2022: HK\$327.2 million); and (ii) revenue from building construction and maintenance works of HK\$235.8 million (Year 2022: HK\$172.9 million). For the Period, the gross profit of the Civil Engineering and Construction Business amounted to HK\$45.0 million (Year 2022: HK\$26.0 million), representing a gross profit margin of 6.8% (Year 2022: 5.2%).

As of 30 June 2024, the Group had 11 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 2024, the total contract sum and the total outstanding values of the Group's substantial projects in progress amounted to HK\$371.0 million and HK\$49.0 million respectively (31 December 2022: HK\$373.0 million and HK\$199.0 million respectively).

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

The Group has been awarded 2 new substantial contracts for the Period, namely, renovation works at Heung Yip Road Station as well as District Term Contract as to the Maintenance, Improvement and Vacant Flat Refurbishment Works for Tai Po North and Shatin (2) 2024/2026.

In the future, the Group will devote more resources for the below two business segments:

**(i) New Energy Business Segment**

In the second quarter of 2023, the Group entered into a cooperation agreement with TusCity Group Co., Ltd.\* (“**TusCity Group**”) and Tus Zhongshi (Beijing) Technology Development Co., Ltd.\*, the wholly-owned subsidiaries of TusHoldings Co., Ltd., to jointly develop carbon neutrality businesses and will collaborate extensively in the areas of carbon-neutral digital technology and “zero-carbon” industrial parks. By leveraging on TusCity Group in various regions and industrial parks in China, and the Group's core product Dual Carbon Digital Management and Control Platform, both parties will jointly promote the development and operation of the “Low Carbon Technology Industrial Park”. Utilising TusCity Group's nationwide industrial parks, the Group will selectively collaborate with certain industrial parks to innovate in the construction of photovoltaic, solar, charging storage and microgrids systems. This collaboration will promote the implementation of the dual-carbon program plan, the construction of green and low-carbon parks, and the promotion of green financial services through the Dual Carbon Digital Management and Control Platform system. The Group planned to work with TusCity Group to jointly develop standards for “Low-Carbon Industrial Parks” as well as business models, and nationwide co-construction and cooperation.

Cooperating with Tus-Holdings involves using the factories and vacant land in TusPark to construct distributed photovoltaics to provide clean energy for the park. Tus-Holdings does not participate in the construction and operation. The Group has commissioned Lushan Ecological Environment Construction Limited (綠山生態環境建設公司) as the EPC general contractor to conduct exploration, feasibility studies, procurement, installation, and commissioning for more than twenty parks of Tus-Holdings. Currently, exploration and feasibility studies, as well as the preliminary equipment orders, have been completed.

East Easy Electricity (Internet platform) has been registered and operated, which integrates advanced battery swapping management, electric vehicle control, and battery swapping travel to form a comprehensive service framework; and enhances the precision and operational efficiency of electric vehicle management through an efficient and intelligent management system.

## **(ii) Renewable Energy Business**

The Group's wholly-owned subsidiary, China Carbon Renewable Energy (Shenzhen) Limited, has completed the cash acquisition of a 60% equity interest in Henan Zailiang New Energy Limited ("**Zailiang New Energy**"). Zailiang New Energy is an approved lithium battery recycling white-listed enterprise by the Ministry of Industry and Information Technology of China, with one of the only 52 graded utilization licences nationwide. It possesses core technologies in battery sorting assessment, cell assembly balancing, operation maintenance and economic evaluation. Its main business includes the graded utilization, dismantling, recycling of lithium batteries for new energy vehicles, as well as the disposal and recycling of waste electrical and electronic products, and the sale of used goods. Application scenarios include communication base stations, highway charging stations, mobile charging vehicle energy storage systems, mobile backup systems, and home energy regulation systems. During the Reporting Period; (1) the Group established Zhonghe New Energy Limited in Hong Kong and officially launched the energy storage battery of the "Neutralization New Energy" brand; (2) developed an integrated online and offline platform called Xunli.com, which empowers the recycling and reuse of new energy batteries with digital technologies such as blockchain and artificial intelligence. Through Xunli.com, manufacturers of graded utilization and recycling of waste batteries can obtain stable raw material supplies at lower prices in a convenient way on the platform, ensuring fairness and transparency of transaction prices, greatly reducing transaction costs and market risks.

## PROSPECTS

As at 30 June 2024, the Group has three reportable segments as follows:

### (1) Global Carbon Neutral Business

- (i) In order to achieve the China's goals of carbon peak and carbon neutrality, the Group entered into a strategic cooperation agreement with the People's Government of Jiyuan City, Henan Province, China ("**Jiyuan City People's Government**") in July 2023, committed to the development of China's carbon neutrality. The strategic cooperation includes establishing a Carbon Neutrality Research Institute through collaboration with renowned domestic and international universities and expert teams, promote CCUS technologies and projects, establish a manufacturing base for carbon neutrality equipment, and participate in voluntary emission reduction project development in the local area. Additionally, the Group will support the Jiyuan City People's Government in building a demonstration project for the Dual Carbon Digital Management and Control Platform and assist in strengthening local talent training for carbon neutrality management.

The Dual Carbon Digital Management and Control Platform of Jiyuan City and the Carbon Peak Development Implementation Plan Compilation Project of Jiyuan City were tendered by the relevant departments of Jiyuan City, and the Group won the bid. The above two businesses are very replicable. The first step can be replicated in other cities in Henan and then promoted nationwide. These two businesses mainly involve professional technology and labour costs, which can bring considerable returns to the Group.

- (ii) In July 2023, the Group entered into a five-year "carbon peak and carbon neutrality" digital services agreement with Henan Jinma Energy Company Limited ("**Jinma Energy**"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group will provide Jinma Energy with a dual carbon digital management system and carbon emission accounting services. By leveraging the respective resource advantages and expertise of the parties, a benchmark for win-win cooperation in the field of carbon neutrality will be jointly created.
- (iii) The Group possesses the strongest carbon asset development and management team in the country. In the future, the Group will continue to develop customer resources based on past successful experiences in registering manure, waste power generation, and biogas recovery on the VCS platform, such as increasing carbon asset sources through cooperation with China Everbright Group, Sinochem Group and relevant local governments.

- (iv) In view of the current inactive trading of carbon assets, the Group plans to cooperate with relevant institutions to try to securitize carbon assets to achieve transactions and solve the sales of inventory carbon assets.

## **(2) Green Credit Digital Technology Business Segment**

- (i) The Dual-Carbon Data Service Zone of Zhengzhou Data Trading Centre is a special zone operator authorised by the Zhengzhou Data Centre to operate for the Group. Since the cooperation started last year, the business has developed very quickly with an aim to leverage its advantages to serve more enterprises.
- (ii) Fully utilise the advantages of Green Finance Open Platform to provide ESG analysis reports for enterprises and assist them in obtaining green financing.

## **(3) Civil Engineering and Construction Business**

For the Civil Engineering and Construction 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 labors, 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.

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 below two segments as one of the business growth strategies of the Group.

### **(1) New Energy Business Segment**

The Group will fully leverage the established cooperative relationship with Henan to deeply cultivate and thoroughly develop the new energy business segment in Henan in the future

- (i) Fully utilise the East Easy Electricity platform to increase investment and operation management of battery swapping cabinets, initially launching in Zhengzhou, Jiyuan and Luoyang, targeting food delivery riders, residents' two-wheeled electric vehicles and shared two-wheeled electric vehicles.
- (ii) Various preferential policies have been introduced by the country to promote consumption. Henan is preparing to launch a business for exchanging old electric two-wheelers for new ones. The Group has participated in declarations in many regions and is expected to obtain a larger market share.

- (iii) Consolidate and steadily advance the integrated distributed photovoltaic business with industrial parks of Tus-Holdings.

## **(2) Renewable Energy Business Segment**

The Group fully leverages the licencing advantages of Henan Zailiang New Energy Limited to target the blue ocean market of retired power batteries

- (i) Continue to leverage the past experience of Zailiang New Energy Limited in the acquisition of waste materials from power batteries, while developing the cascade utilisation of retired batteries from new energy public buses to increase revenue.
- (ii) Fully leverage the advantages of Xunli.com to facilitate online and offline transactions between upstream and downstream customers of new energy waste batteries, creating a trading platform for waste power batteries in China and preparing for the introduction of strategic investors in the next step.

## **FINAL DIVIDEND**

The Board did not recommend the payment of any final dividend for the Period (Year 2022: Nil)

## **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 Company had deviations from the CG Code in the Period in consequence of resignations of Independent Non-executive Directors (INEDs), which were rectified shortly when new INEDs were appointed to replace the resigned INEDs. The details were as follows:

In wake of the resignation of Dr. Guo Yike (“**Dr. Guo**”) as an INED and the member of audit committee on 24 July 2023: (i) total number of INED was less than three and hence the Company failed to meet the requirements of Rule 3.10(1) and Rule 3.10A of the Listing Rules; and (ii) the number of members of the Audit Committee will fall below the minimum number requirement of Rule 3.21 of the Listing Rules. The above non-compliance arose only due to the resignation of Dr. Guo.

In wake of the appointment of Mr. Wang Jiasi as an INED and the member of audit committee on 26 September 2023, the Company had fully complied with the requirements as set out in Rules 3.10(1); 3.10A and 3.21 of the Listing Rules.



In wake of the resignation of Dr. Li Qun (“**Dr. Li**”) as an INED and the member of audit committee on 6 October 2023, the Company failed to meet the requirements as set out in Rules 3.10(1), 3.10A and 3.21 of the Listing Rules. The above non-compliance arose only due to the resignation of Dr. Li.

In wake of the appointment of Dr. Dai Fan (“**Dr. Dai**”) as an INED and the member of audit committee on 19 October 2023, the Company had fully complied with the requirements as set out in Rules 3.10(1), 3.10A and 3.21 of the Listing Rules.

In wake of the resignation of Dr. Dai as an INED and the member of audit committee on 27 December 2023, the Company failed to meet the requirements as set out in Rules 3.10(1), 3.10A and 3.21 of the Listing Rules. The above non-compliance arose only due to the resignation of Dr. Dai.

In wake of the appointment of Ms. Lan Haiqing as an INED and the member of audit committee on 21 February 2024, the Company had fully complied with the requirements as set out in Rules 3.10(1), 3.10A and 3.21 of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the Period.

## **AUDIT COMMITTEE**

The Audit Committee currently comprises three members including, Mr. Wang Anyuan, Mr. Wang Jiasi and Ms. Lan Haiqing, 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 Period.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT**

This results announcement is published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.carbonneutral.com.hk](http://www.carbonneutral.com.hk)). The annual report for the Period 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**  
**Zhong Guoxing**  
*Chairman and Executive Director*

Hong Kong, 30 September 2024

*As at the date of this announcement, the executive Directors are Mr. Zhong Guoxing, Mr. Di Ling and Mr. Lu Xianyong; and the independent non-executive Directors are Mr. Wang Anyuan, Mr. Wang Jiasi and Ms. Lan Haiqing.*