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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Carbon Neutral Development Group Limited** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at Unit 1808, 18/F, Landmark South, 39 Yip Kan Street, Wong Chuk Hang, Hong Kong on Wednesday, 11 October 2023 at 10:00 a.m. is set out on pages 6 to 7 of this circular. A form of proxy for use at the EGM (or any adjournment thereof) is also enclosed herewith. Whether or not you are able to attend the EGM (or any adjournment thereof), you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

25 September 2023

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

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| “Board” | the board of Directors |
| “Company” | China Carbon Neutral Development Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1372) |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company convened to be held at Unit 1808, 18/F, Landmark South, 39 Yip Kan Street, Wong Chuk Hang, Hong Kong on Wednesday, 11 October 2023 at 10:00 a.m. or any adjournment thereof, the notice of which is set out on pages 6 to 7 of this circular |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Increase in Authorised Share Capital” | the proposed increase in the authorised share capital of the Company from HK\$5,000,000 divided into 500,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,500,000,000 new unissued Shares |
| “Latest Practicable Date” | 20 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time |
| “PRC” | the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” or “Member(s)” | holder(s) of the Share(s) |

DEFINITIONS

| | |
|-----------------------|--|
| “Share Option Scheme” | the share option scheme of the Company which was approved by the Shareholders on 24 March 2016 and adopted by the Company on 29 March 2016 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

LETTER FROM THE BOARD



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)

Directors:

Executive Directors:

Mr. Sha Tao

Mr. Chen Xinwei

Mr. Di Ling

Non-executive Director:

Mr. Lam Po Foon

Independent non-executive Directors:

Mr. Wang Anyuan

Dr. Li Qun

Registered Office:

89 Nexus Way, Camana Bay

Grand Cayman, KY1-9009

Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 1808,18/F

Landmark South

39 Yip Kan Street

Wong Chuk Hang, Hong Kong

25 September 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Company's announcement dated 20 September 2023 in relation to the proposed Increase in Authorised Share Capital.

The purpose of this circular is to provide you with information regarding the resolution to be proposed at the EGM relating to the Increase in Authorised Share Capital, and to give you notice of the EGM.

LETTER FROM THE BOARD

2. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$5,000,000 divided into 500,000,000 Shares of a nominal or par value of HK\$0.01 each, of which 446,500,000 Shares are in issue and 53,500,000 Shares are authorised but unissued as at the Latest Practicable Date.

The Board proposed to increase the authorised share capital of the Company from HK\$5,000,000 divided into 500,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,500,000,000 new unissued Shares. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares.

The Board believes that the Increase in Authorised Share Capital will provide the Company with greater flexibility to raise funds in the future and is in the interests of the Company, the Group and the Shareholders as a whole. As at the Latest Practicable Date, the Company had 20,000,000 underlying Shares comprised in the share options (“**Share Options**”) granted under the Share Option Scheme which remain outstanding, and convertible bonds with the outstanding principal amount of HK\$93,000,000 (“**Convertible Bonds**”), which may be converted into 46,500,000 Shares at a conversion price of HK\$2.00 per conversion share. Save for the Shares which may be issued upon the exercise of the Share Options and the Shares which may be issued upon conversion of all the Convertible Bonds mentioned above, the Company has no present intention to issue Shares from any part of the Increase in Authorised Share Capital but may or may not issue Shares in the future depending on market conditions and the financial needs of the Company.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of passing an ordinary resolution at the EGM and will become effective upon the approval by the Shareholders at the EGM.

3. EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Increase in Authorised Share Capital.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution to approve the Increase in Authorised Share Capital at the EGM.

The notice of the EGM is set out on pages 6 to 7 in this circular. A form of proxy for use at the EGM (or any adjournment thereof) is enclosed with this circular. Whether or not you are able to attend the EGM (or any adjournment thereof), you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

4. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 6 October 2023 to Wednesday, 11 October 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5 October 2023.

5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting of the Company must be taken by poll. Accordingly, the proposed resolution will be put to vote by way of poll at the EGM. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

6. RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

7. RECOMMENDATION

The Board believes that the Increase in Authorised Share Capital is in the best interests of the Company, the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolution to be proposed at the EGM (or any adjournment thereof).

Yours faithfully,

For and on behalf of the Board

China Carbon Neutral Development Group Limited

Sha Tao

Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**Meeting**”) of China Carbon Neutral Development Group Limited (the “**Company**”) will be held at Unit 1808, 18/F, Landmark South, 39 Yip Kan Street, Wong Chuk Hang, Hong Kong on Wednesday, 11 October 2023 at 10:00 a.m. for the following purposes:

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution, with or without amendments, as an ordinary resolution:

“**THAT** the authorised share capital of the Company be increased from HK\$5,000,000 divided into 500,000,000 shares of HK\$0.01 each (the “**Shares**”) to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,500,000,000 Shares (the “**Increase in Authorised Share Capital**”), such Shares shall rank pari passu in all respects; and **THAT** any one or more of the directors or the company secretary of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital”

Yours faithfully,

For and on behalf of the Board

China Carbon Neutral Development Group Limited

Sha Tao

Chairman

Hong Kong, 25 September 2023

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. A proxy needs not be a member of the Company but must be present in person at the Meeting to represent the member.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, that the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof).
4. Completion and return of the proxy form will not preclude a member of the Company from attending and voting in person at the Meeting (or any adjournment thereof) should he/she/it so wishes and in such event, the proxy form will be deemed to have been revoked.
5. All resolution at the Meeting will be taken by poll (except where the chairman of the Meeting decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
6. The register of members of the Company will be closed from Friday, 6 October 2023 to Wednesday, 11 October 2023, both days inclusive, for the purpose of determining the right of the Shareholders to attend and vote at the Meeting, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5 October 2023.

As at the date of this notice, the executive directors of the Company are Mr. Sha Tao, Mr. Chen Xinwei and Mr. Di Ling; the non-executive director of the Company is Mr. Lam Po Foon; and the independent non-executive director of the Company are Mr. Wang Anyuan and Dr. Li Qun.