

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**QUARTERLY UPDATES IN RELATION TO
THE ON-GOING CONCERN MATTERS SET OUT
IN THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

Reference is made to the annual report of China Carbon Neutral Development Group Limited (the "**Company**") and its subsidiaries (referred to as the "**Group**") for the year ended 30 June 2025, which was published on 30 September 2025 (the "**Annual Report**"). Capitalized terms used herein shall have the same meanings as those defined in the Annual Report unless the context requires otherwise. In addition to the information disclosed in the Annual Report, the Board (the "**Board**") of Directors (the "**Directors**") of the Company intends to provide shareholders and potential investors with an update on the progress of the relevant sub-section titled "Disclaimer of Opinion" under the section "Corporate Governance Practices" on pages 43 to 44 of the Annual Report.

The Board would like to provide the following supplemental information for the Annual Report in relation to the plans and measures which have been implemented by the Company to address the Disclaimer of Opinion:

Optimizing the Group's operation strategy to improve cash generating capacity

I. Issuance of Convertible Bonds to Improve the Group's Debt Status

The Group issued convertible bonds earlier with the aim of reducing the Group's overall debt burden and optimizing its capital structure.

As of March 2026, the Group has obtained approval from the regulatory authorities to convert the debt of approximately HK\$57,660,000 payable to two creditors into convertible bonds, thus providing greater flexibility in allocating financial resources for business development. Details are set out in the

announcements of the Company dated 30 May 2025, 31 October 2025, 29 December 2025 and 16 January 2026 and circular on 5 December 2025.

II. Subscription of 32,000,000 New Shares under the General Mandate to Increase Operating Working Capital

The Board is pleased to announce that on 8 January 2026, the Company (as the “**Issuer**”) entered into a subscription agreement (the “**Subscription Agreement**”) with a subscriber (the “**Subscriber**”) for the subscription of a total of 32,000,000 subscription shares at a subscription price of HK\$1.50 per share (the “**Subscription**”). All the pre-conditions of the Subscription Agreement (including but not limited to the amount of consideration received) have been satisfied. The Subscription was completed on 26 January 2026, and on the same day, a total of 32,000,000 subscription shares were fully allotted and issued to the Subscriber. Details are set out in the announcements of the Company dated 8 January 2026, 21 January 2026 and 26 January 2026.

Use of Proceeds from the Subscription

The net proceeds from the Subscription (after deducting relevant expenses) were approximately HK\$48,000,000 (the “**Net Proceeds**”). The Company intends to use of the proceeds from the subscription as follows: (i) approximately HK\$40,800,000 (equivalent to approximately 85% of the net proceeds from the subscription), to supplement general working capital, including salaries and allowances (50%), and expenses for the Group's general operations (50%); and (ii) approximately HK\$7,200,000 (equivalent to approximately 15% of the net proceeds from the subscription), to repay debts.

The use of net proceeds from the subscription as at 28 February 2026 was as follows:

Purpose	Proceeds from the Subscription (HKD)	Actual use of the net proceeds up to 28 February 2026 (HKD)	Unutilised net proceeds up to 28 February 2026 (HKD)	Expected used timeline
Daily Operations	40,800,000	11,335,493	29,464,507	June 2026
Debt Repayment	7,200,000	4,041,738	3,158,262	June 2026
Total	48,000,000	15,377,231	32,622,769	June 2026

Issuance of new Shares by the consideration of cash will improve the financial position of the Company, such as increasing the liquidity, lowering the gearing ratio and enhancing the risk resistance capacity as a whole. The Company has continued to negotiate with identified potential strategic investors.

III. Business Progress

1) Renewable Resources Business

The Group has collaborated with leading enterprises such as China Tower*, China National Resources Recycling* and EVE Energy to jointly establish a standardized and highly efficient lithium battery recycling system. Currently, "Xunli Network"* is accelerating the construction of a national online offline integrated recycling network with a framework consisting of "9 comprehensive processing bases, 80 central warehouses, and 5,000 recycling outlets". It has covered many key regions including Hubei, Hunan, Henan, Jiangxi, Guangdong, and Zhejiang. It is predicted that the annual recycling volume of waste batteries and black powder can reach 50,000 tons.

On the application side, the Group provides approximately 20,000 sets of customized power battery leasing services for low speed vehicles in the distribution and transportation industry, and has arranged a county energy storage micro-grid to improve the energy utilization efficiency and power supply stability in urban and rural areas. The Board believes that the development of the renewable resources business will complete the Group's industrial closed loop in the fields of battery recycling, comprehensive utilization, and energy storage, enhance its comprehensive competitiveness in the carbon neutrality industrial chain, and bring sustainable business growth and financial returns to the Group.

2) Digital Green Carbon Asset Innovation Business

Based on the core advantages of the carbon coins project, the Group has taken the initiative to deploy in the global carbon market, actively connected with international mainstream carbon credit certification mechanisms, and held in-depth consultations on key matters such as aligning carbon coins with international carbon credit standards, achieving cross regional carbon credit mutual recognition, and expanding cooperation channels in the global carbon market. It focuses on enhancing the universality and liquidity of carbon coins, helping to break down regional barriers in the international carbon market, promoting the cross border flow of carbon assets, and activating global green capital. At the same time, relying on the carbon coins project, the Group promotes the in-depth integration of green finance with Web3 technology and the RWA track, enabling the digital and standardized transfer of carbon assets. Currently, it has completed several transactions at a price of US\$30 to US\$40 per ton. Carbon coins have effectively addressed the pain points of traditional carbon credit transactions, such as cumbersome processes, insufficient liquidity and high thresholds, improving transaction efficiency and market liquidity. The expansion of this business will further enrich the Group's applications in the field of carbon asset development and trading, enhance the Group's competitiveness and influence in the global carbon market, open up new revenue streams for the Group, increase its overall valuation and market recognition, and lay a solid foundation for the future layout of cross border green finance business.

3) Development of Ecological Governance Business

Relying on its rich experience in the field of ecological construction projects, the Group continues to expand its low carbon ecological and environmental protection business. The recent key layouts are as follows:

- Accelerate the implementation of innovative saline - alkali land treatment technologies in Xinjiang, Jiangsu and Henan, and establish a sustainable carbon sink development and operation system to transform saline - alkali land from an "ecological negative asset" to a "carbon sink positive asset".
- Coordinating and advancing comprehensive management initiatives in Guizhou, Changsha, Ukraine, and other places, covering water supply, sewage treatment, reclaimed water utilization, sludge disposal and river basin ecology; establishing a closed-loop system of "water - environment carbon sink - carbon asset - carbon finance", systematically address environmental problems arising from urbanization and provide high-quality services for the ecological environment which is a key concern for both the government and the public.

Through the above mentioned strategic layouts, the Group has further enriched the application scenarios of its carbon related businesses such as carbon asset development, carbon trading, carbon planning, green finance and ESG information disclosure, creating new business growth points and value, and enhancing opportunities for the Company, which is in the best interests of the Company and its shareholders as a whole.

IV. Other Matters

Save for the supplemental information provided above, all other information and contents set out in the Annual Report remain unchanged. Further announcement(s) will be made by the Company as and when appropriate.

*For identification purposes.

By order of the Board

China Carbon Neutral Development Group Limited

Chen Yonglan

Chairman and Non-executive Director

Hong Kong, 20 March 2026

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