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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)

SUPPLEMENTAL ANNOUNCEMENT
SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of China Carbon Neutral Development Group Limited (the "**Company**", together with its subsidiaries, collectively known as the "**Group**") dated 13 May 2026 in relation to the "Subscription for New Shares Under General Mandate" (the "**Announcement**"). Unless otherwise defined, all capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide additional supplementary information.

Planned Use of Net Proceeds from the Subscription and the Remaining Unutilised Proceeds

As stated in the Announcement, the Company intends to raise net proceeds of approximately HK$77,270,000 from the Subscriptions (the "**Subscriptions**"), after deducting relevant issuance expenses. The Group intends to use the proceeds from the Subscription to (i) approximately HK$38,635,000 (approximately 50% of the net proceeds from the Subscription) for enrichment of the Group's general working capital, including salaries and benefits of approximately HK$19,335,000 (approximately 50%), and business development expenses of approximately HK$19,300,000 (approximately 50%); (ii) approximately HK$38,635,000 (equivalent to about 50% of the net proceeds from the Subscription), for debt repayment.

Planned use of the remaining unutilised proceeds raised from the subscription completed in January 2026:

Capital Nature		**Unutilized Amount (HK$ million)**	**Timeline**
Working capital[#]		21.5	Please see the below
Repayment debt		3.1	Before the end of July 2026
Total		**24.6**	

[#]*Note: The lithium battery integrated utilization business is one of the Group's businesses. As it continues to develop, it will require additional staff and operating expenses for general operations, consistent with the intended use of funds raised from the Subscription completed in January 2026.*

The Company plans to raise approximately HK$19.3 million in business development expenses from the Subscriptions, and together with the unused amount of approximately HK$21.5 million from the January 2026 Subscription, the total is approximately HK$40.8 million ("**Proceeds from the Subscriptions**"). All funds will be used for the Group's core business— namely, the utilization of lithium batteries for the production, operations and project construction. With the expansion of the Battery Cascading Utilization Business, from January 2026 to the end of April 2026, a total of approximately HK$15 million was invested as working capital for the cascade recycling and reuse of lithium batteries, and approximately HK$4.3 million was used for administrative expenses. As of the end of April 2026, 24 contracts for the comprehensive utilization of lithium batteries had been signed, with a total value of approximately HK$76 million.

Background of the Battery Cascading Utilization Business

The Group's core business — the Battery Cascading Utilisation Business mainly comprises cascading utilisation and recycling, covering the entire value chain of "collection and recycling → testing and evaluation → cascading reuse (PACK) → materials regeneration → environmentally disposal". The business is principally undertaken and implemented by Henan Zailiang New Energy Limited ("**Henan Zailiang**"), in which the Group completed the acquisition of a 60% controlling share in this business in October 2023, as the main entity for business development and implementation, fully leveraging its whitelist qualifications, production foundation, and production and sales channels accumulated in the field of integrated regeneration and utilisation of lithium batteries.

By continuously building and expanding recycling outlets, increasing production capacity, and boosting the output and sales volume of cascading-use products and recycled materials, this business segment generates sales revenue and profit for the Company. With the Group's support, Henan Zailiang has expanded its market presence and secured cooperation agreements with key customers, including China Tower* (中國鐵塔), China Recycling* (中國再生), EVE Energy (億緯鋰能), BYD* (比亞迪), Farasis

Energy Technology* (孚能科技), Hubei Liming Lithium* (湖北立銘鋰業) and Shaanxi Rigu New Energy* (陝西理穀新能源).

These customers cover both upstream and downstream segments of the lithium battery integrated utilization value chain, including, but not limited to, retired lithium battery packs, battery cells, cathode and anode materials, black mass, as well as metals such as copper, nickel and aluminum. At present, Henan Zailiang has a total of 35 staff dedicated to the Battery Cascading Utilization Business. The management team consists of 5 members (including one director of the Group), of whom 3 have long-term experience in lithium battery integrated utilisation. Among the team members, 3 hold bachelor's degrees and 2 hold postgraduate degrees.

With the increase in export volumes of new energy vehicles, new energy electric tools and new energy home appliances, demand for recycled lithium battery materials is expected to rise significantly, laying a solid foundation for the continuous development of this business segment.

The net proceeds from the Subscriptions are planned to be applied to production, operating expenses, project construction and the ongoing development and expansion of the Battery Cascading Utilization Business. The allocation is as follows:

1. Construction and Operational Funds for Self-operated Waste Lithium Battery Recycling System: The construction of the waste lithium battery recycling system is primarily carried out through collaboration with upstream and downstream customers, considering factors such as regional environment, processing capacity and logistics arrangements. It is planned to establish a total of 15 locations, comprising recycling outlets, processing warehouses and processing centres. At present, Henan Zailiang has completed site selection and signed contracts for 9 recycling outlets, set up in Wenzhou of Zhejiang, Tianmen of Hubei, Dongguan of Guangdong (2 outlets), Hebi and Anyang of Henan, Huizhou of Guangdong, Sanming of Fujian and Shanghai; the construction is planned to be completed by the end of August 2026. The remaining 3 recycling outlets, 2 processing warehouses and 1 processing centre are expected to be completed progressively within this year. Approximately HK$8 million is expected to be applied to this project, specifically for site infrastructure, additional dismantling and recycling equipment, development of logistics management systems and warehouse fire-fighting facilities.

2. Increase in Working Capital to Improve the Warehousing and Logistics System: At present, bulk transactions of decommissioned/scrapped lithium batteries in China mainly involve enterprises such as new energy vehicle manufacturers, lithium battery manufacturers, telecommunications operators and state-owned resource recycling companies. The Company intends to secure long-term supply relationships through its strategic cooperation partners with whom strategic cooperation agreements have been entered into. To ensure the efficiency and integrity of the entire chain from bulk recycled batteries trading to storage, logistics and delivery to regeneration plants, approximately HK$18 million is expected to be used to supplement operating working capital, to

secure a stable supply of upstream recycled raw materials and support the continuous development of the lithium battery integrated utilisation business.

The materials include, but are not limited to, retired lithium battery packs, battery cells, cathode and anode materials, black mass, as well as metals such as copper, nickel, and aluminum. The specific types and quantities of materials will be determined based on the business schedule of the counterparties, as well as the categories and volumes of materials involved, and the prices will be determined with reference to prevailing market prices. It is expected that all funds in this portion will be fully invested by the end of December 2026.

3. Upgrading of Lithium Battery Recycling Production Lines and Environmental Protection Facilities: Approximately HK$6 million is expected to be applied to upgrade the existing production line facilities and equipment of Henan Zailiang, including supplementation and optimisation of discharging equipment, dismantling and crushing equipment and sorting equipment, as well as the purchase of high-efficiency environmental protection treatment equipment to enhance environmental treatment capacity. The project also plans to add certain equipment to increase the processing capacity for resource recovery and improve the recovery rates of valuable metals such as lithium, nickel, cobalt and manganese, thereby optimising production processes and reducing unit operating costs. The project has entered the equipment selection stage and is scheduled to commence modification works by the end of August this year.

4. Supplement of Working Capital for Lithium Battery PACK Production Project: By procuring bulk decommissioned battery packs and carrying out sorting and testing, the Group can produce cascading-reuse battery PACKs, as well as new battery PACKs. Approximately HK$6 million is expected to be applied as dedicated working capital for this business segment, including procurement of raw materials for regular production and production and operating expenses, to ensure large-scale and normalised stable operations. The deployment of funds is planned to be completed by the end of September this year.

5. Investment in Core Technologies for Lithium Battery Recycling: Approximately HK$2.8 million is expected to be applied to the R&D of core technologies for high-efficiency separation, high-value regeneration and low-carbon and environmentally friendly treatment of waste lithium batteries, with a view to improving the closed-loop processes for integrated utilisation and materials regeneration. In cooperation with Zhengzhou University of Technology (鄭州工程技術學院), the Group aims to enhance its core technological barriers and market competitiveness through advancements in safety pre-treatment technology, electrolyte recovery technology, extraction and purification technology for valuable metals and direct regeneration technology for electrode materials. The use of funds for this project is planned to be completed by the end of this year.

The Company will fully promote capacity expansion and operational quality improvements in its lithium battery recycling business, enhance the efficiency of fund utilization, and thereby improve profitability and sustainable development capabilities, thereby effectively safeguarding the legitimate rights and interests of the Company and all its shareholders.

The Board believes that supplementing business funds through the Subscription is beneficial to the Group's overall business development. The Company will prudently plan and reasonably utilize funds in accordance with actual operational needs to safeguard the overall interests of the Company and its shareholders.

By order of the Board
China Carbon Neutral Development Group Limited
Chen Yonglan
Chairman and Non-executive Director

Hong Kong, 9 June 2026

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

**For identification purposes.*