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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 IN RELATION TO THE QUARTERLY UPDATES
IN RESPECT OF
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**") and the announcement of the Company dated 20 March 2026 in relation to the quarterly updates in respect of the on-going concern matters set out in the Annual Report (the "**Announcement**"). 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 the 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:

I. Subscription of 96,592,000 New Shares under the General Mandate to Increase Operating Working Capital

The Board is pleased to announce that on 13 May 2026, the Company (as the “**Issuer**”) entered into the subscription agreements (the “**Subscription Agreements**”) with 3 subscribers (the “**Subscribers**”) for the subscription of a total of 96,592,000 subscription shares at a subscription price of HK\$0.80 per share (the “**Subscription**”). All the pre-conditions of the Subscription Agreements (including but not limited to the amount of consideration received) have been satisfied. The Subscription was completed on 17 June 2026, and on the same day, a total of 96,592,000 subscription shares were fully allotted and issued to the Subscribers. Details are set out in the announcements of the Company dated 13 May 2026, 9 June 2026 and 17 June 2026.

Use of Proceeds from the Subscription

The net proceeds from the Subscription (after deducting relevant expenses) were approximately HK\$77,270,000 (the “**Net Proceeds**”). The Company intends to use of the proceeds from the subscription as follows: (i) approximately HK\$38,635,000 (equivalent to approximately 50% of the net proceeds from the subscription), to enrichment of general working capital, including salaries and allowances (50%), and business development expenses – battery cascading utilization business (50%); and (ii) approximately HK\$38,635,000 (equivalent to approximately 50% of the net proceeds from the subscription), to repayment debts.

As of 30 June 2026, the funds raised from the subscription completed on 8 January 2026, totaling HKD 48,000,000, have been fully utilized as planned. In addition, the use of net proceeds from the subscription on 13 May 2026 will be used as planned.

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.

II. Business update

1) Battery-grade integrated utilization business

The Group is steadily advancing its battery-grade integrated utilization business, focusing on constructing a used lithium battery recycling system, upgrading production lines, and applying PACK products, while gradually improving its industrial layout from front-end collection to back-end recycling and reuse.

As the number of retired and scrapped lithium batteries continues to increase rapidly, together with the environmental impact arising from the disposal process, Henan Zailiang New Energy Recycling Co., Ltd.* (河南再亮新能源回收有限公司) (“**Zailiang New Energy**”), a subsidiary of the Group, actively responds to the national energy-saving and emissions-reduction policies, leverages its special role under the “white list” framework, strictly traces the source of recycled lithium batteries, scientifically classifies battery performance, and makes efficient use of resources.

In the production of lithium battery PACK modules, the Group has formed an R&D team with EVE Energy, Farasis Energy and Chaowei yuan* (潮威園) to develop products for specific application scenarios jointly. Through upstream and downstream collaboration, the Group seeks to expand product applications, extend service life, and reduce resource consumption and environmental impact.

At present, domestic and overseas demand for lithium battery markets remains strong, and demand for battery-grade materials continues to grow. The government has introduced several policies relating to resource recycling. Zailiang New Energy collaborates with downstream enterprises to develop technologies for refined battery dismantling, obtain recycled raw materials through high-temperature pyrolysis, and recover materials through material restoration and other technical means, thereby creating both social and economic benefits.

While integrating its existing upstream and downstream resources, the Group’s operating entities are actively expanding into new markets and new products and have established cooperative relationships with companies such as Guangdong Minghao* (廣東明浩) and Dongchi New Energy* (東池新能源).

Recently, the contract value of the Group’s general new energy trading, contract processing and other businesses has reached RMB 79,812,531.60.

In respect of the construction of its resource recycling network, Xunli Technology (Shenzhen) Co., Ltd. (“**Xunli Technology**”) has established 15 warehouses nationwide, and allocates resources scientifically in accordance with local environmental protection requirements, thereby reducing various emissions arising from logistics distribution, dismantling and disposal. Recently, it added three recycling points and two processing warehouses, continuously expanding the coverage of its recycling network.

At the same time, Xunli Technology has obtained authorisation from EVE Energy to jointly build and operate a nationwide recycling network system, further enhancing the Group’s advantages in resource recycling and utilization.

Through the establishment of its own recycling network, the optimisation of its warehousing and logistics systems, and the enhancement of its integrated utilization capacity and technical capabilities, the Group is committed to building a closed-loop battery resource system covering key regions, with efficient operations and environmental compliance, thereby laying a foundation for future business expansion and profitability improvement.

2) Digital green carbon asset innovation and carbon asset project development business

The Group continues to drive innovative business development around the deep integration of carbon asset digitalisation and green finance. Leveraging its technological and platform advantages in carbon assets, the Group is exploring the integration of carbon assets with blockchain technology and real-world asset tokenisation (RWA) scenarios, in order to enhance the transparency, traceability and circulation efficiency of carbon assets. In respect of carbon asset project development, the Group currently has five registered and active carbon asset (VCS) projects, with an expected total annual emission reduction of approximately 669,428 tonnes of carbon dioxide equivalent, and is expected to be able to apply for the issuance of approximately 400,000 tonnes of carbon credit assets by the end of December 2026. By optimising trading mechanisms, expanding partnerships and application scenarios, the Group strives, on a compliant basis, to improve market acceptance and liquidity of its carbon asset products, and gradually build a growth platform with scale effect, thereby creating diversified revenue streams for the Group.

3) Signing of strategic cooperation agreement with Hua County People's Government

The Group is pleased to announce that on 23 March 2026, the Group formally signed a Strategic Cooperation Agreement (the “**Agreement**”) with the People's Government of Hua County (the “**Hua County People's Government**”) (滑縣人民政府). Both parties will fully leverage their respective strengths in regional governance, policy guidance, resource integration, comprehensive carbon neutrality services, new energy technology applications and digital technology to jointly promote the development of a green, low-carbon and circular economy at the county level and establish a long-term, stable strategic partnership.

Through the above strategic initiatives, the Group has further diversified the application scenarios of its dual-carbon businesses, including carbon asset development, carbon trading, carbon planning, green finance and ESG disclosure, thereby creating new business growth drivers and value-enhancement opportunities for the Company. The Board considers that this is in the interests of the Company and its shareholders as a whole.

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.

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

Hong Kong, 27 July 2026

*For identification purposes only.

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. 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.