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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)

(1) PROPOSED TERMINATION OF EXISTING SHARE OPTION SCHEME; (2) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME; AND (3) CONDITIONAL GRANT OF OPTIONS

TERMINATION OF EXISTING SHARE OPTION SCHEME

China Carbon Neutral Development Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) adopted the existing share option scheme (the “**Existing Share Option Scheme**”) on 29 March 2016. Pursuant to the terms of the Existing Share Option Scheme, it shall be valid and effective until 28 March 2026, 10 years after the adoption date of the Existing Share Option Scheme. It is proposed that the Existing Share Option Scheme be terminated upon adoption of the New Share Option Scheme.

As at the date of this announcement, there are 11,000,000 outstanding share options, entitling the holders thereof to convert into an aggregate 11,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (each a “**Share**”) upon exercise of the share options. All the 11,000,000 share options were granted under the Existing Share Option Scheme. The outstanding share options granted under the Existing Share Option Scheme will remain valid and exercisable in accordance with their terms after adoption of the New Share Option Scheme, though no new share options may be granted under the Existing Share Option Scheme after adoption of the New Share Option Scheme.

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

In view of the amendments to Chapter 17 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) which have taken effect from 1 January 2023, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company proposes to terminate the Existing Share Option Scheme and adopt a new share option scheme (the “**New Share Option Scheme**”), which will be valid for a period of 10 years from the date of adoption of the New Share Option Scheme. The provisions of the New Share Option Scheme will comply with the Listing Rules.

The purposes of the New Share Options Scheme are to enable the Company to grant options (the “**Options**”) to the eligible participants (the “**Eligible Participants**”) as incentives or rewards for their contribution or potential contribution to the growth and development of the Group and/or to enable the Group to attract and retain the best quality personnel for the development of the Group’s businesses. The Directors (including the independent non-executive Directors) are of the view that the adoption of the New Share Option Scheme aligns with the market practice of providing incentives to the Eligible Participants to work towards enhancing the enterprise value and achieving the long-term objectives for the benefit of the Group as a whole.

The adoption of the New Share Option Scheme is conditional upon:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares representing the scheme mandate limit under the New Share Option Scheme to be issued by the Company pursuant to the exercise of the Option(s) in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of the necessary resolutions by the shareholders (the “**Shareholders**”) of the Company at the extraordinary general meeting (the “**EGM**”) to approve and adopt the New Share Option Scheme, authorize the Directors to grant Option(s) under the New Share Option Scheme and issue Shares pursuant to the exercise of any Option(s) granted.

CONDITIONAL GRANT OF OPTIONS

On 10 July 2025, conditional upon the approval of the adoption of New Share Option Scheme at the EGM, the Company proposed to grant a total of 26,000,000 Options to seven (7) Eligible Participants (the “**Grantee(s)**”), including six (6) directors (the “**Director(s)**”) of the Company and one (1) employee of the Group] under the New Share Option Scheme to subscribe for a total of 26,000,000 Shares, subject to acceptance of the Grantees, representing approximately 4.04% of the issued share capital of the Company as at the date of this announcement (the “**Conditional Grant**”).

Details of the Conditional Grant of the Options is set out below:

Date of the Conditional Grant:	10 July 2025
Number of the Options conditionally granted:	An aggregate of 26,000,000 Options, each Option entitling the Grantee to subscribe for one Share
Number of Shares to be issued upon exercise of all Options conditionally granted:	26,000,000 Shares
Exercise price of the Options conditionally granted:	HK\$1.690 per Share, being no less than the highest of:

- (i) the closing price of HK\$1.690 per Share as stated in the Stock Exchange's daily quotation sheet on the date of Conditional Grant;
- (ii) the average closing price of HK\$1.654 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the Conditional Grant; and
- (iii) the nominal value of HK\$0.01 per Share

Consideration for the Options:

HK\$1.00 to be paid by each Grantee upon acceptance of the Options conditionally granted

Exercise period of the Options:

Subject to the vesting of the Options, ten (10) years from the date of Conditional Grant (i.e. from 10 July 2025 to 9 July 2035 (both dates inclusive))

Vesting period of the Options:

Subject to the rules of the New Share Option Scheme, the Options conditionally granted must be held by the Grantees for at least twelve (12) months before the Options can be exercised

Performance target:

There is no performance target attached to the Options

Clawback mechanism:

Save as provided in the New Share Option Scheme, there is no additional clawback mechanism attached to the Options conditionally granted

The remuneration committee (the "**Remuneration Committee**") of the Company is of the view that clawback mechanism is not necessary for the grant of the Options to the Grantees who are Directors and/or employee of the Group as the lapse and cancellation of the Options in various scenarios have already been provided for under the New Share Option Scheme which could adequately safeguard the Company's interests

Financial support: There are no arrangements for the Company or any of its subsidiaries to provide financial support to the Grantees to facilitate their purchase of Shares under the Conditional Grant

All of the Grantees are either Directors or employees of the Group. Among the Options granted above, 25,000,000 Options were granted to six (6) Directors and 1,000,000 Options were granted to one (1) other employee of the Group, details of which are set out below: –

Name of Grantees/ Category of Grantee	Positions held with the Company	Number of Options conditionally granted
Mr. Zhong Guoxing ("Mr. Zhong")	an executive Director and the Chairman of the Company	5,000,000
Mr. Di Ling ("Mr. Di")	an executive Director	3,000,000
Mr. Chen Yonglan ("Mr. Chen")	a non-executive Director	10,000,000
Mr. Cao Ming ("Mr. Cao")	an independent non-executive Director	2,000,000
Mr. Wang Jiasi ("Mr. Wang")	an independent non-executive Director	2,000,000
Ms. Qiao Yanlin ("Ms. Qiao")	an independent non-executive Director	3,000,000
Other employee of the Group (1 in total)	Employee of the Group	1,000,000
	Total:	<u>26,000,000</u>

The Conditional Grant would result in the Shares issued and to be issued in respect of all options and awards granted to Mr. Chen (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of the Conditional Grant representing in aggregate over 1% of the Shares in issue (excluding treasury shares). Pursuant to Rule 17.03D(1) of the Listing Rules, the Conditional Grant to Mr. Chen will be subject the approval of the Shareholders at the EGM with Mr. Chen and his associates abstaining from voting.

Pursuant to Rule 17.04(1) of the Listing Rules, the Conditional Grant to Mr. Zhong, Mr. Di, Mr. Chen, Mr. Cao, Mr. Wang and Ms. Qiao (each being a Director) under the New Share Option Scheme has been approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

The Conditional Grant to Mr. Cao (being an independent non-executive Director) would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to each of them in the 12-month period up to and including the date of the Conditional Grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares). Pursuant to Rule 17.04(2) of the Listing Rules, the Conditional Grant to Mr. Cao will be subject the approval of the Shareholders at the EGM with Mr. Cao and his associates, and the core connected person (as defined in the Listing Rules) of the Company abstaining from voting in favour of such resolution.

The Conditional Grant to Mr. Wang (being an independent non-executive Director) would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to each of them in the 12-month period up to and including the date of the Conditional Grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares). Pursuant to Rule 17.04(2) of the Listing Rules, the Conditional Grant to Mr. Wang will be subject the approval of the Shareholders at the EGM with Mr. Wang and his associates, and the core connected person (as defined in the Listing Rules) of the Company abstaining from voting in favour of such resolution.

The Conditional Grant to Ms. Qiao (being an independent non-executive Director) would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to each of them in the 12-month period up to and including the date of the Conditional Grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares). Pursuant to Rule 17.04(2) of the Listing Rules, the Conditional Grant to Ms. Qiao will be subject the approval of the Shareholders at the EGM with Ms. Qiao and her associates, and the core connected person (as defined in the Listing Rules) of the Company abstaining from voting in favour of such resolution.

Save as disclosed above, (i) none of the other Grantees is a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) (ii) none of the Grantees is a participant with options and awards granted and to be granted exceeding the 1% individual limit under the Listing Rules; or (iii) none of the Grantees is a related entity participant or a service provider (as defined under the Listing Rules) of the Company.

The Conditional Grant was determined by the Board on the recommendation of the Remuneration Committee, having considered the Company's performance, prevailing market conditions, and the past performance and expected contribution of the Grantees. The Conditional Grant would also provide an incentive for their continuing commitment and contribution to the success of the business of the Group. The Options are subject to the terms of the New Share Option Scheme which provides for circumstances under which the Options shall lapse in the event that the Grantees cease to be employees of the Company or commit a breach of the scheme rules under the New Share Option Scheme. The Board and the Remuneration Committee consider that the Conditional Grant could incentivize the Grantees to strive for the future development of the Company, which is in line with the purpose of the New Share Option Scheme.

In view of the above, the Board (excluding the relevant Grantees who has abstained from voting on the board resolutions in relation to the Conditional Grant to him/herself) considers the terms of the Conditional Grant to be fair and reasonable and in the interest of the Company and its Shareholders.

Ordinary resolutions will be proposed at the EGM to approve the Conditional Grant to Mr. Chen, Mr. Cao, Mr. Wang and Ms. Qiao, and details of the Conditional Grant to Mr. Chen, Mr. Cao, Mr. Wang and Ms. Qiao will be included in a circular to be sent to the Shareholders.

Assuming (i) there is no change in the total number of Shares in issue from the date of this announcement to the date of the EGM; (ii) the Shareholders' approval in relation to the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, and the Conditional Grant to Mr. Chen, Mr. Cao, Mr. Wang and Ms. Qiao having been obtained; and (iii) the Conditional Grant having been accepted by the Grantees, 38,296,000 Options will be available for future grants under the New Share Option Scheme.

GENERAL

A circular containing, among other matters, details relating to the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme, the Conditional Grant to Mr. Chen, Mr. Cao, Mr. Wang and Ms. Qiao, and the notice convening the EGM will be despatched to the Shareholders in due course.

By order of the Board
China Carbon Neutral Development Group Limited
Zhong Guoxing
Chairman and Executive Director

Hong Kong, 10 July 2025

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