

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Guotai Junan Securities (Hong Kong) Limited

THE PLACING AGREEMENT

On 26 July 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 42,000,000 Placing Shares to not less than six Places at the Placing Price of HK\$5.50 per Placing Share.

Placing Shares

Assuming the Placing is completed in full, the maximum number of 42,000,000 Placing Shares represent (i) approximately 16.15% of the existing issued share capital of the Company of 260,000,000 Shares as at the date of this announcement; and (ii) approximately 13.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares). The Placing Shares will be allotted and issued pursuant to the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$5.50 per Placing Share represents (a) a discount of approximately 6.62% to the closing price of HK\$5.89 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 5.01% to the average closing price of HK\$5.79 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Use of proceeds from the Placing

The maximum gross and net proceeds from the Placing are estimated to be approximately HK\$231,000,000 and approximately HK\$227,728,000 respectively. The Company intends to apply the net proceeds from the Placing for (i) investment in basic industries (carbon capture and forest carbon sinks) and carbon assets; (ii) development of industrial team and carbon assets and related research and development; (iii) repayment of the debts of the Group and improving the financial position of the Group; and (iv) general working capital.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

After the trading hours on 26 July 2021, the Company entered into the Placing Agreement with the Placing Agent for the placing of a maximum of 42,000,000 Placing Shares at the Placing Price of HK\$5.50 per Placing Share on a best effort basis and the terms and subject to the conditions set out in the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

26 July 2021 (after trading hours)

Issuer

The Company

Placing Agent

Guotai Junan Securities (Hong Kong) Limited, who is a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placees

The Placing Shares are expected to be placed to not less than six (6) Placees, who and whose ultimate beneficial owners, the Company and the Placing Agent reasonably believe after making reasonable enquiries, to be individual, corporate and/or institutional investors who are (i) not connected persons of the Company; (ii) independent of the Company and its connected persons, and (iii) not acting in concert (as defined under the Takeovers Code) with any of them. It is not expected that any of the Placees will become a substantial Shareholder after completion of the Placing. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

As at the date of this announcement, the Company has 260,000,000 Shares in issue. Assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares, the maximum number of 42,000,000 Placing Shares represent (i) approximately 16.15% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$420,000.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$5.50 per Placing Share represents:

- (a) a discount of approximately 6.62% to the closing price of HK\$5.89 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 5.01% to the average closing price of HK\$5.79 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market condition and the prevailing market price of the Shares.

Placing Commission

The Placing Agent will receive a base commission of 0.8% and a discretionary commission of 0.4% of the gross proceeds from the Placing. The commission rate was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other things, the prevailing commission rate charged by other placing agents, existing financial position of the Group and the price performance of the Shares.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the base commission and discretionary commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing Agreement

The Placing is conditional upon the following conditions being fulfilled or waived (if applicable):

- (1) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares, which are not subsequently being revoked prior to the delivery of the definitive share certificate(s) representing the Placing Shares; and
- (2) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Completion Date.

Save as condition precedent (2), which is waivable by the Placing Agent, the other condition precedent is not waivable at all time.

If the above conditions shall not have been fulfilled or not waived (as the case may be) on or prior to 4:00 p.m. (Hong Kong time) on 16 August 2021 or such later time as may be agreed in writing between the Company and the Placing Agent, all rights, obligations and liabilities of the parties in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other, save for antecedent breaches.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date, or such other date as may be agreed in writing between the Placing Agent and the Company.

Termination

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events which, in the sole opinion of the Placing Agent, has or may have an material adverse effect or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations which in the sole opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (ii) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory, currency or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory, currency or stock market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in Hong Kong, the PRC or the U.S.; or
 - (iii) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, any calamity, act of government, strike, labor dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong or the PRC, or the declaration by Hong Kong or the PRC of war or a state of emergency or calamity or crisis; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (v) any suspension of dealings in the Shares during the period of Placing whatsoever (other than as a result of or in relation to the Placing) for 5 consecutive trading days or more; any change in conditions of local, national or international securities markets; or
 - (vi) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in the PRC, Hong Kong or the U.S. adversely affecting the proposed investments in the Placing Shares; or

- (vii) any litigation or claim being instituted against any member of the Group which would have a material adverse effect on the Group; or
 - (viii) the commencement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC of any action against the Company and/or the Directors or an announcement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC that it intends to take any such action that is or is likely to be materially adverse to the financial position or prospects of the Group as a whole; or
- (b) there has been a material breach by the Company of any of its representations, warranties and undertakings under the Placing Agreement or any obligations imposed on the Company under the Placing Agreement; or
- (c) there is any material change, or any development involving a prospective material change, in or affecting the business, general affairs, management, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole.

Upon the giving of notice pursuant to the paragraph above, all obligations of each of the Placing Agent and the Company under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and certain liabilities.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate granted to the Directors to allot, issue and deal with Shares by ordinary resolutions of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company of 260,000,000 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 52,000,000 new Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group primarily engages in the field of carbon neutrality with focuses on basic industries dominated by negative carbon emissions and financial management dominated by the development and management of carbon assets.

As previously disclosed, the Company will expand its global carbon neutral business. Such business expansion requires the Company to increase its fund size, with an aim to improve the profit-making abilities and developing abilities of the Group. After having studied the feasibilities of many fund-raising activities, the Company is of the view that (i) save for some minimal professional fees, the Placing will not result in interest costs or other expenses; (ii) a private placement will ensure that the Company can obtain funds of a certain amount within a short time; and (iii) issuance of new Shares by the consideration of cash will improve the financial positions of the Company, such as increasing the liquidity, lowering the gearing ratio and enhancing the risk resistance capacity in a whole. In addition, the Placing Price and the Placing quantity were made with a reference to the prevailing and recent market prices and trading volume of the Shares. The Board believes that the Placing Agreement is made on normal commercial terms, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares have been placed, the gross proceeds from the Placing will be HK\$231,000,000 and the net proceeds will be approximately HK\$227,728,000 (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$5.42 per Placing Share. The Group intends to use the proceeds from the Placing for (i) investment in basic industries (carbon capture and forest carbon sinks) and carbon assets; (ii) development of industrial team and carbon assets and related research and development; (iii) repayment of the debts of the Group and improving the financial position of the Group; and (iv) general working capital.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of announcements	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
7 March 2021 9 April 2021 26 May 2021	Subscriptions of new shares under the general mandate	HK\$192,000,000	(i) HK\$60,000,000 are intended to use for general working capital of the Group and/or the repayment of the debts of the Group; (ii) HK\$132,000,000 are intended to use for developing the carbon neutral business and/or the exploration of other possible new business	(i) approximately HK\$613,000,000 has been used for repayment of the debts of the Group; (ii) approximately HK\$740,000,000 has been used for purchase of carbon assets, developing the carbon neutral business and investment in the listed companies of relevant fields

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming all the Placing Shares are placed in full and there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares).

	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Youth Force Asia Limited ^(Note 1)	147,700,000	56.81	147,700,000	48.91
Public Shareholders				
Placees	–	–	42,000,000	13.91
Mao Yuan Capital Limited ^(Note 2)	23,760,000	9.14	23,760,000	7.87
Z&F International Trading Limited ^(Note 3)	16,240,000	6.25	16,240,000	5.37
Other public Shareholders	72,300,000	27.80	72,300,000	23.94
Total	260,000,000	100.00	302,000,000	100.00

Notes:

1. The entire issued capital of Youth Force Asia Limited is owned by Mr. Jiang Jianhui.
2. The issued capital of Mao Yuan Capital Limited, which is wholly owned by Mr. Cao Junsheng.
3. The issued capital of Z&F International Trading Limited is owned as to 70% by Mr. Zhang Yaxun and as to 30% by Ms. Fan Xiaomiao.
4. The above percentage figures are subject to rounding adjustments.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 30 June 2021 at which, among other things, the General Mandate was granted by the Shareholders to the Directors
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Carbon Neutral Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1372)
“Completion Date”	any day falling within three Business Day after the date upon which the conditions under the Placing Agreement shall have been fulfilled or waived, or such other date as may be agreed in writing between the Placing Agent and the Company
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to issue, allot and deal with the additional shares of the Company not exceeding 20% of the total number of issued shares of the Company at the date of the AGM
“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 People’s Republic of China
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent individual(s), professional or institutional investor(s) whom the Placing Agent and/or any of their sub-placing agent(s), delegate(s) and/or affiliate(s) has procured to subscribe for any of the Placing Shares under the Placing
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to the Placees upon the terms and conditions set out in the Placing Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 26 July 2021 in relation to the Placing under the General Mandate
“Placing Price”	HK\$5.50 per Placing Share
“Placing Shares”	up to 42,000,000 new Shares to be allotted and issued by the Company and placed pursuant to the Placing Agreement and each, a “Placing Share”

“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs
“U.S.”	The United States of America
“%”	per cent.

By order of the Board
China Carbon Neutral Development Group Limited
Gao Gunter
Chairman

Hong Kong, 26 July 2021

As at the date of this announcement, the executive Directors are Dr. Gao Gunter, Mr. Chen Xinwei, Dr. Cui Dingjun, Mr. Di Ling, Mr. Chen Lei and Mr. Artem Matyushok; and the independent non-executive Directors are Mr. Ip Mei Shun, Mr. Leung Tsz Wing and Mr. Yu Wai Chun.