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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)

SUBSCRIPTIONS OF NEW SHARES UNDER THE GENERAL MANDATE

The Board is pleased to announce that, on 10 June 2022, the Company (as issuer) entered into six separate Subscription Agreements with six Subscribers in respect of the Subscription of an aggregate of 10,000,000 Subscription Shares at the Subscription Price of HK\$3.10 per Share.

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM.

Given that completion of the Subscriptions is subject to conditions and the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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The Subscription Agreements

Each of the Subscription Agreements is on substantially the same terms (other than the number of Subscription Shares) and the major terms of the Subscription Agreements are as follows:

Date: 10 June 2022

Parties and number of Subscription Shares:

Subscription Agreement	Parties	No. of Subscription Shares	Consideration (HK\$)
A	(1) Company (2) Subscriber A	9,990,000	30,969,000
B	(1) Company (2) Subscriber B	5,000	15,500
C	(1) Company (2) Subscriber C	2,000	6,200
D	(1) Company (2) Subscriber D	1,000	3,100
E	(1) Company (2) Subscriber E	1,000	3,100
F	(1) Company (2) Subscriber F	1,000	3,100
	Total	10,000,000	31,000,000

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each Subscriber is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) and an individual investor. As at the date of this announcement, each Subscriber does not have any shareholding in the Company.

Subscription Shares

The 10,000,000 Subscription Shares in aggregate represent (i) approximately 3.27% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.17% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares will be HK\$100,000.

Rights of the Subscription Shares

The Subscription Shares will be fully paid and rank pari passu with all other issued Shares in all respects as at the date of issue.

The Subscription Price

The Subscription Price is HK\$3.10 per Share, which represents:

- (i) a premium of approximately 1.64% over the closing price of HK\$3.05 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a discount of approximately 4.38% to the average of the closing prices of approximately HK\$3.242 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements; and

The Subscription Price was negotiated on an arm's length basis between the Company and each of the Subscribers and was determined with reference to the prevailing and recent market prices and trading volume of the Shares.

Condition Precedent for the Subscriptions

The Subscriptions under each of the Subscription Agreements are conditional on the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked a listing of and permission to deal in the Subscription Shares.

Regarding the Subscription Agreements, in addition to the condition set out above, completion of the Subscription Agreements is also subject to the Company having sufficient public float in compliance with Rule 8.08(1) of the Listing Rules upon completion of the transactions contemplated thereunder.

Completion

Completion shall take place within ten (10) Business Days upon satisfaction of the condition precedent (or such other date as the parties thereto may agree). Completion of any Subscription is not inter-conditional upon each other.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorized to issue is 52,000,000 shares, representing 20% of the number of issued Shares as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, 42,000,000 new Shares have been allotted and issued by the Company under the General Mandate, and the remaining new Shares to be allotted and issued is 10,000,000 Shares under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

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, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, is as follows:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Quick Tycoon Limited ^(Note 1)	88,000,000	28.81%	88,000,000	27.89%
Youth Force Asia Limited ^(Note 2)	51,700,000	16.92%	51,700,000	16.39%
Lam Po Foon ^(Note 3)	23,800,000	7.79%	23,800,000	7.54%
Public Shareholders				
Subscribers	-	-	10,000,000	3.17%
Other public Shareholders	142,000,000	46.48%	142,000,000	45.01%
Total	305,500,000	100%	315,500,000	100%

Notes:

1. Quick Tycoon Limited is wholly owned by Sound Gem Limited, a company which is wholly owned by Mr. Sha Tao. Ms. Chan Tan Na Donna, the executive Director, is the spouse of Mr. Sha Tao.
2. Youth Force Asia Ltd. is wholly owned by Mr. Jiang Jianhui.
3. 22,000,000 Shares were held by Kasumi One Limited, which is in turn wholly owned by Best Beyond Investment Development Limited ("Best Beyond"). Best Beyond is wholly owned by Classica Holdings Limited, whose shares are jointly held by Mr. Lam Po Foon (a non-executive Director) and Ms. Mok Yin Ling Helen, the spouse of Mr. Lam Po Foon. Mr. Lam Po Foon is also the founder of a discretionary trust who can influence how the trustee exercises his discretion in relation to 1,800,000 Shares held on trust by Prosperity Trust.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 3 August 2021, the Company placed 42,000,000 Shares to not less than six placees, at placing price of HK\$5.50 per Share. The net proceeds from the placing were approximately HK\$229.1 million. As at the date of this announcement, the Company has fully applied the net proceeds in accordance with the intended use (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) as stated in the announcement of the Company dated 26 July 2021.

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

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group was principally engaged in the (i) trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and the carbon negative business including industrial carbon negative with a core of development of carbon capture, utilisation and storage and natural carbon negative focusing on forest and crop optimization; and (ii) civil engineering works and building construction and maintenance works.

The Group is actively developing 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 fundraising activities, the Company is of the view that (i) save for some minimal professional fees, the Subscriptions will not result in interest costs or other expenses; (ii) the Subscriptions 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 position of the Company, such as increasing the liquidity, lowering the gearing ratio and enhancing the risk resistance capacity in a whole. In addition, the Subscription Price and the quantity of the Subscriptions were made with a reference to the prevailing and recent market prices and trading volume of the Shares. The Board believes that the Subscription Agreements are made on normal commercial terms, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscriptions will be HK\$31,000,000. The net proceeds from the Subscriptions (after deducting all applicable costs and expenses of the Subscriptions) will be approximately HK\$30,000,000 and a net issue price of HK\$3.00 per Subscription Share. The Group intends to use the proceeds from the Subscriptions for (i) investment in basic industries (carbon capture and forest carbon sinks) and carbon assets; (ii) repayment of the debts of the Group and improving the financial position of the Group; and (iii) general working capital.

Given that completion of the Subscriptions is subject to conditions and the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“AGM”	the annual general meeting of the Company held on 30 June 2021
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday, public holiday or any day on which 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 issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1372)
“Completion”	completion of the Subscriptions
“Completion Date”	the date of Completion which shall be a date falling within ten (10) Business Days after fulfillment of the last condition (or such other date as the parties thereto may agree)
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then number of the issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	the individual subscriber under Subscription Agreement A
“Subscriber B”	the individual subscriber under Subscription Agreement B
“Subscriber C”	the individual subscriber under Subscription Agreement C
“Subscriber D”	the individual subscriber under Subscription Agreement D
“Subscriber E”	the individual subscriber under Subscription Agreement E
“Subscriber F”	the individual subscriber under Subscription Agreement F
“Subscriber(s)”	the subscribers under the Subscription Agreements
“Subscription Agreement A”	the subscription agreement dated 10 June 2022 and entered into between the Company (as issuer) and Subscriber A
“Subscription Agreement B”	the subscription agreement dated 10 June 2022 and entered into between the Company (as issuer) and Subscriber B
“Subscription Agreement C”	the subscription agreement dated 10 June 2022 and entered into between the Company (as issuer) and Subscriber C
“Subscription Agreement D”	the subscription agreement dated 10 June 2022 and entered into between the Company (as issuer) and Subscriber D
“Subscription Agreement E”	the subscription agreement dated 10 June 2022 and entered into between the Company (as issuer) and Subscriber E
“Subscription Agreement F”	the subscription agreement dated 10 June 2022 and entered into between the Company (as issuer) and Subscriber F

“Subscription Agreements”	collectively, the Subscription Agreement A, Subscription Agreement B, Subscription Agreement C, Subscription Agreement D, Subscription Agreement E and Subscription Agreement F
“Subscription Price”	HK\$3.10 per Subscription Share
“Subscription Shares”	an aggregate of 10,000,000 new Shares to be subscribed by the Subscribers under the Subscription Agreements
“Subscriptions”	the subscriptions of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“%”	per cent.

By order of the Board
China Carbon Neutral Development Group Limited
Chan Tan Na Donna
Chairman

Hong Kong, 10 June 2022

As at the date of this announcement, the executive Directors are Ms. Chan Tan Na Donna, Mr. Chen Xinwei, Dr. Cui Dingjun, Mr. Di Ling and Mr. Chen Lei; the non-executive Director is Mr. Lam Po Foon; and the independent non-executive Directors are Dr. Guo Yike, Mr. Wang Anyuan and Dr. Li Qun.