

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

Yuet Sheung International Securities Limited

THE PLACING AGREEMENT

On 12 October, 2023 (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, up to 89,300,000 Placing Shares to not less than six Places at the Placing Price of HK\$0.4 per Placing Share.

Placing Shares

Assuming the Placing is completed in full, the maximum number of 89,300,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% 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\$0.4 per Placing Share represents (a) a premium of approximately 6.67% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 1.72% to the average closing price of HK\$0.407 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 Company intends to apply the net proceeds from the Placing for (i) investment in carbon neutrality, new energy (including photovoltaic, wind energy, energy storage and hydrogen energy), and renewable energy; (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 12 October 2023, the Company entered into the Placing Agreement with the Placing Agent for the placing of a maximum of 89,300,000 Placing Shares at the Placing Price of HK\$0.4 per Placing Share 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

12 October 2023 (after trading hours)

Issuer

The Company

Placing Agent

Yuet Sheung International Securities 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

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 89,300,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

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\$ 0.4 per Placing Share represents:

- (a) a premium of approximately 6.67% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 1.72% to the average closing price of HK\$0.407 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 commission, amounting to 3% 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 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.

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.

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 as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 89,300,000 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\$35,720,000 and the net proceeds will be approximately HK\$34,648,400 (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.388 per Placing Share. The Group intends to use the proceeds from the Placing for (i) investment in carbon neutrality, new energy (including photovoltaic, wind energy, energy storage and hydrogen energy), and renewable energy; (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.

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	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Quick Tycoon Limited ^(Note 1)	89,470,000	20.04%	89,470,000	16.70%
China Eco Fund Investment Limited ^(Note 2)	40,000,000	8.96%	40,000,000	7.47%

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Legit Aiming Limited ^(Note 3)	80,000,000	17.92%	80,000,000	14.93%
Placee(s)	–	–	89,300,000	16.67%
Youth Force Asia Limited ^(Note 4)	51,700,000	11.58%	51,700,000	9.65%
Lam Po Foon ^(Note 5)	23,800,000	5.33%	23,800,000	4.44%
Public Shareholders				
Other public Shareholders	161,530,000	36.18%	161,530,000	30.15%
Total	446,500,000	100.00%	535,800,000	100.00%

Notes:

1. Quick Tycoon Limited is wholly owned by China Eco Investment Limited, a company which is wholly owned by Mr. Sha Tao (“**Mr. Sha**”), an executive Director.
2. China Eco Fund Investment Limited is wholly owned by China Eco Investment Limited, a company which is wholly owned by Mr. Sha.
3. Legit Aiming Limited is owned as to 51% by Mr. Hai Shixun and as to 49% by Mr. Gao Rihui.
4. Youth Force Asia Ltd. is wholly owned by Mr. Jiang Jianhui.
5. 22,000,000 Shares are 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 share is jointly held by Mr. Lam Po Foon (“**Mr. Lam**”) (a non-executive Director, who resigned on 30 September 2023) and Ms. Mok Yin Ling Helen, spouse of Mr. Lam. Mr. Lam is also the founder of a discretionary trust which holds 1,800,000 Shares.
6. Due to rounding, the percentage figures shown above may not add up to the total percentage figure.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 4 April 2023, the Company entered into a subscription agreement with a subscriber, in respect of the subscription of 6,000,000 Shares, at the subscription price of HK\$2.50 per Share pursuant to the terms and conditions of the subscription agreement (the “**2023 First Subscription**”). The net proceeds from the 2023 First Subscription were approximately HK\$15,000,000.

As at the date of this announcement, the Company has fully applied the net proceeds for general working capital in accordance with the intended use as stated in the announcement of the Company dated 4 April 2023. The completion of the 2023 First Subscription took place on 13 April 2023.

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.

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 28 June 2023 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”	The fifth 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 12 October 2023 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.4 per Placing Share
“Placing Shares”	up to 89,300,000 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
“%”	per cent.

By order of the Board
China Carbon Neutral Development Group Limited
Sha Tao
Chairman

Hong Kong, 12 October 2023

As at the date of this announcement, the executive Directors are Mr. Sha Tao, Mr. Zhong Guoxing, Mr. Di Ling and Mr. Lu Xiangyong; and the independent non-executive Directors are Mr. Wang Anyuan, and Mr. Wang Jiasi.