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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)

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 60% EQUITY OF ZAILIANG NEW ENERGY**

References is made to a voluntary announcement on Completion of Acquisition of a 60% Equity Interest in Zailiang New Energy and Launch of “Neutralization of New Energy” Brand on 22 October 2023.

The Board of the Company hereby announces that on 15 March 2024, a wholly-owned subsidiary of the Company, CC Renewable (the “Purchaser”), entered into the Equity Transfer Supplementary Agreement with the Vendors, Nanyang Xinweiyuan and Henan Aki, pursuant to which the Purchaser had agreed to acquire and the Vendors had agreed to sell the total 60% equity interest in Zailiang New Energy at a total consideration of HK\$30 million. This supplementary agreement revised the two equity transfer agreements with the said 2 Vendors such that the total considerations for the Acquisition amounted to HK\$30 million instead of the the total RMB6 million pursuant to the Initial Agreements entered into on 22 October 2023.

**Equity Transfer Supplementary Agreement**

Date: 15 March 2024

**Parties:**

1. CC Renewable (the Purchaser);
2. The Company;
3. Nanyang Xinweiyuan (the Vendor selling 36% Equity), an independent third party;
4. Henan Aki (the Vendor selling 24% Equity), an independent third party.

**Subject of the Acquisition:**

Zailiang New Energy is a limited liability company established in Henan, PRC on 5 March 2019. Zailiang New Energy is a lithium battery recycling white-list enterprise as approved by the Ministry of Industry and Information Technology of PRC in holding one of the only 52 graded utilization licenses nationwide. It possesses research and production capabilities in energy storage equipment and charging pile systems, as well as core technologies in battery sorting assessment, cell assembly

balancing, operation maintenance and economic evaluation. Its main business includes the graded utilization, dismantling, recycling of lithium batteries for new energy vehicles, the disposal and recycling of waste electrical and electronic products, and the sale of used goods. Application scenarios include communication base stations, highway charging stations, mobile charging vehicle energy storage systems, mobile backup systems, and home energy regulation systems. The Group had established Neutralization New Energy Limited in Hong Kong and officially launched the “Neutralization New Energy” brand to proceed these business direction.

The registered capital of Zailiang New Energy amounted to RMB10 million being held by Nanyang Xinweiyuan as to 60% equity and Henan Aki as to 40% equity on 22 October 2023. After the Acquisition, Zailiang New Energy would become a non wholly-owned subsidiary of the Group as to 60% equity held. Its results would be consolidated into the consolidated financial statements of the Group from the date of completion of equity transfer.

Set out below are the audited financial information of the Zailiang New Energy for each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022.

For the year ended 31 December	2022	2021	2020
RMB'000			
Revenue	22,398	28,154	4,050
Profit before taxation	606	(357)	(406)
Profit for the year	606	(357)	(406)
As at 31 December			
RMB'000			
Total assets	36,881	21,479	12,550
Total liabilities	27,037	12,241	5,974
Net assets	9,844	9,238	6,576

### **Consideration and settlement**

The Consideration of HK\$30 million was arrived at based on Asset Valuation Report as to valuation base date of 31 December 2022 produced by a PRC qualified independent valuer, Zhonglin Asset Appraisal (Beijing) Co., Ltd by appraising the total equity value of Zailiang New Energy under income approach. The Considerations of HK\$18 million and HK\$12 million would be paid by the Purchaser to the respective Vendors, Nanyang Xinweiyuan and Henan Aki in 2 parts. RMB3.6 million and RMB2.4 million totalling RMB6 million had been paid to the said respective Vendors in or before November 2023 after entering into the Initial Agreements on 22 October 2023 and the balance would be paid to them in HK\$ in Hong Kong.

The Considerations were and will be funded by internal resources and bank borrowings of the Group.

Completion of the Equity Transfer Supplementary Agreement took place upon completion of the relevant procedures of equity transfers on 18 March 2024.

The Directors took the view that the terms of the Equity Transfer Supplementary Agreement including the consideration were on normal commercial terms which were fair and reasonable and the entering into the transaction was in the interests of the Company and its Shareholders as a whole.

### **Reasons and benefits of Acquisition**

The Board believes that under the initiatives of dual carbon emissions, the markets in emerging sectors, such as photovoltaics, wind energy, storage energy, hydrogen energy and renewable energy have board prospects for development. In the trend of new energy transition, the recycling of lithium batteries is entering a rapid growth period of the industry. The layout of new energy industry is an important element in the Group's carbon neutrality technology development. The acquisition and the launch of the "Neutralization New Energy" brand signify the substantial entry of the Group's new energy strategy into the fields of photovoltaics, energy storage, and renewable energy. This move would help strengthen the Group's leading advantages in related fields and generate favorable financial return.

### **Information on the Vendors**

On 22 October 2023 and 15 March 2024, the Vendors, Nanyang Xinweiyuan and Henan Aki held 60% and 40% of the equity interest in Zailiang New Energy respectively. Both the Vendors are companies incorporated in PRC whose business scope cover new energy research and development and related technology service etc. To the best of the Directors' knowledge, information, and belief having made all reasonable enquiry, the Vendors and their ultimate beneficial shareholders are third parties independent of the Company and connected persons of the Company.

### **Information on the Purchaser**

CC Renewable (as the Purchaser) is an investment company incorporated in Shenzhen, PRC and is principally engaged in investment business. The Company was listed on the Main Board of the Hong Kong Stock Exchange and indirectly owns the entire equity interest in the Purchaser. The Group is principally engaged in (i) global carbon neutral business, focusing on trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and planning; and utilising a blockchain-based dual-carbon digital control platform to connect and mobilise the entire dual carbon chain resource to support the sustainable development of the dual-carbon economy; (ii) a green development platform based on "Green Finance Open Platform" to provide ESG related services; and (iii) civil engineering works, building construction and maintenance works.

### **Listing Rules Implication**

As the maximum applicable percentage ratio in respect of the Acquisition under the Equity Transfer Supplementary Agreement exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement requirement under Chapter 14 of the Listing Rules.

### **Definitions**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Acquisition" the acquisition of the 60% Equity by the Purchaser from the Vendors pursuant to the Equity Transfer Supplementary Agreement

"Board" the Board of the Company

"Company" China Carbon Neutral Development Group Limited

“CC Renewable” China Carbon Renewable Energy (Shenzhen) Limited, the Purchaser

“Director(s)” the director(s) of the Company

“Equity” equity in Zailiang New Energy acquired pursuant to the Equity Transfer Supplementary Agreement where the Purchaser acquired a 60% of the entire equity interest held by the Vendors

“Equity Transfer Supplementary Agreement” the equity transfer supplementary agreement entered into between the Purchaser and the Vendors on 15 March 2024

“Group” the Company and its subsidiaries

“Henan Aki” Henan Aki Business Operation Management Co. Ltd. (河南亞其商業運營管理有限公司), vendor selling 40% of Equity

“Hong Kong” the Hong Kong Special Administrative Region of China

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“Initial Agreements” the 2 initial equity transfer agreements entered into on 22 October 2023 between the Purchaser and Vendors, pursuant to which Nanyang Xinweiyuan and Henan Aki sell their respective 36% equity and 24% equity to Purchaser at respective RMB3.6 million and RMB2.4 million, totalling RMB6 million

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange

“Nanyang Xinweiyuan” Nanyang Xinweiyuan Advisory Service Co, Ltd. (“南陽新緯源諮詢服務有限公司”), vendor selling 60% of Equity

“Purchaser” China Carbon Renewable Energy (Shenzhen) Co. Ltd.

“Vendors” Nanyang Xinweiyuan and Henan Aki selling 60% Equity to the Purchaser

“PRC” or “China” the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“RMB” Renminbi, the lawful currency of PRC

“Zailiang New Energy” Henan Zailiang New Energy Renewable Co. Ltd.

“%” per cent

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company**

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

Hong Kong, 15 November 2024

*As at the date of this announcement, the Executive Directors are Mr. Zhong Guoxing, Mr. Di Ling and Mr. Lu Xiangyong; and the Independent Non-executive Directors are Mr. Wang Anyuan, Mr. Wang Jiasi and Ms. Lan Haiqing.*