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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
IN RELATION TO THE ACQUISITION OF EQUITY INTERESTS
IN THE TARGET COMPANY**

THE ACQUISITION

On 26 January 2024 (after trading hours on the Stock Exchange), a wholly-owned subsidiary of the Company, China Carbon Neutral Group Limited (the “**Purchaser**”), entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the consideration of HK\$60.0 million, which was determined on the basis of arm’s length negotiation between the Purchaser and the Vendor with reference to the unaudited consolidated net asset value of the Target Company as at 31 December 2023.

Upon completion of the acquisition, the Purchaser will hold an 100% of the equity interest in the Target Company.

LISTING RULES IMPLICATIONS

As the maximum applicable percentage ratios in respect of the Acquisition under the Sale and Purchase Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The board of directors (the “**Board**”) of China Carbon Neutral Development Group Limited (the “**Company**”) is pleased to announce that on 26 January 2024 (after trading hours on the Stock Exchange), a wholly-owned subsidiary of the Company, China Carbon Neutral Group Limited (the “**Purchaser**”), entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares at a consideration of HK\$60.0 million.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

| | |
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| Date: | 26 January 2024 (after trading hours on the Stock Exchange). |
| Parties: | China Carbon Neutral Group Limited (the “ Purchaser ”). Stable Sheen Limited (the “ Seller ”), an independent third party. |
| Subject Matter of the Sale and Purchase Agreement: | The Sale Shares, representing an 100% of the entire equity interests in the Target Company. |
| Target Company: | China Eco Environment Development Limited. |
| Consideration: | HK\$60,000,000 (the “ Consideration ”). The Consideration was arrived at based on arm’s length negotiations between the Purchaser and the Vendor with reference to the unaudited consolidated net asset value of the Target Company as at 31 December 2023 amounting to approximately HK\$75.0 million. The Consideration will be funded by internal resources and bank borrowings of the Group. |
| Payment terms: | The Consideration will be paid by the Purchaser to the Vendor in cash within 30 days from the date of the Sale and Purchase Agreement. |
| Completion: | Completion of the Sale and Purchase Agreement will be deemed to have taken place upon completion of the relevant procedures of share transfers. |

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is an investment company established in Hong Kong on 21 June 2019 with a paid-up capital of HK\$10,000 as at the date of this announcement. The Target Company is principally engaged in the investment business, and its subsidiary in the PRC provides environmental protection and ecological restoration solutions in a variety of areas, including greening, mountain vegetation restoration, sewage treatment, air pollution control, wetland restoration and reuse of waste materials.

Set out below are the unaudited consolidated financial statements of the Target Company for the year ended 31 December 2023.

| | For the year ended 31 December 2023 |
|------------------------|-------------------------------------|
| | HK\$’000 |
| Revenue | 246,192 |
| Profit before taxation | 18,568 |
| Profit for the year | 16,520 |
| | As at 31 December 2023 |
| | HK\$’000 |
| Total assets | 78,351 |
| Total liabilities | 3,373 |

INFORMATION ON THE VENDOR

As at the date of this announcement, the Vendor holds an 100% of the entire equity interest in the Target Company. The Vendor is a company incorporated in the British Virgin Islands.

INFORMATION ON THE PURCHASER

China Carbon Neutral Group Limited (as the Purchaser) is an investment company incorporated in Hong Kong on 11 March 2021 and is principally engaged in investment business. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 11 December 2013 and indirectly owns the entire equity interest in the Purchaser.

REASONS FOR AND BENEFITS OF THE ACQUISITION

According to the unaudited consolidated financial statements of the Target Company for the year ended 31 December 2023, as at 31 December 2023, its subsidiary in the PRC provides environmental protection and ecological restoration solutions, which may generate a synergy effect with the Group's carbon neutral business to enhance the company's operations and profitability. The Board considers that the Acquisition will further expand the Group's business plan. The Board considers that the acquisition of the Sale Shares by the Purchaser from the Vendor is in the interest of the Company.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the Purchaser and the Vendor. In view of the above reasons and benefits, the Board (including the independent non-executive Directors) considers that the terms of the Acquisition are fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, the Company will indirectly hold an 100% of the entire equity interest in the Target Company. The financial results of the Target Company will be included in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the maximum applicable percentage ratios in respect of the proposed Acquisition under the Sale and Purchase Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Board” | the Board of the Company |
| “Company” | China Carbon Neutral Development Group Limited |
| “Director(s)” | the director(s) of the Company |
| “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 China |
| “Hong Kong Stock Exchange” or “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Purchaser” | China Carbon Neutral Group Limited |
| “Vendor” | Stable Sheen Limited |

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|-------------------------------|--|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 |
| “Acquisition” | the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement |
| “Sale and Purchase Agreement” | the equity transfer agreement entered into (after trading hours on the Stock Exchange) between the Purchaser and the Vendor on 26 January 2024 |
| “Sale Share(s)” | Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire an 100% of the entire equity interest in the Target Company held by the Vendor |
| “Target Company” | China Eco Environment Development Limited |
| “%” | 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
Sha Tao
Chairman and Executive Director

Hong Kong, 26 January 2024

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.