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## **CHINA ANCHU ENERGY STORAGE GROUP LIMITED**

**中國安儲能源集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2399)**

### **ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

On 22 November 2023 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into eleven Subscription Agreements with eleven Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 398,856,000 Subscription Shares in aggregate at the Subscription Price of HK\$0.50 per Subscription Share.

Each of the Subscribers and its ultimate beneficial owner(s) are independent of the Company and its connected persons. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

The 398,856,000 Subscription Shares in aggregate represent (i) approximately 18.03% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 15.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will not be any change in the issued share capital of the Company from the date of this announcement to the date of completion of the Subscriptions). The aggregate nominal value of the Subscription Shares will be HK\$997,140.00.

Subject to the completion of the Subscriptions, the gross proceeds from the Subscriptions will be approximately HK\$199.4 million and the net proceeds from the Subscriptions (after deduction of other expenses of the Subscriptions) will be approximately HK\$199.1 million. It is expected that such net proceeds from the Subscriptions will be utilised for future business development, repayment of debts and general working capital.

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

On 22 November 2023 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into eleven Subscription Agreements with eleven Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 398,856,000 Subscription Shares in aggregate at the Subscription Price of HK\$0.50 per Subscription Share.

## PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Date: 22 November 2023

Parties to the Subscription Agreements:

- (1) the Company, as the issuer; and
- (2) the Subscribers.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers (and where applicable, their ultimate beneficial owners) are independent of the Company and its connected persons.

Immediately upon completion of the Subscriptions, it is expected that none of the Subscribers will become a substantial Shareholder (as defined under the Listing Rules).

### The Subscription Shares

Subject to the fulfillment of the conditions to completion of the Subscriptions set out below, the Subscribers shall subscribe for 398,856,000 Subscription Shares in aggregate as follows:

<b>Subscribers</b>	<b>Number of Subscription Shares</b>	<b>Nominal value of the Subscription Shares <i>HK\$</i></b>
Subscriber A	21,739,000	54,347.50
Subscriber B	21,739,000	54,347.50
Subscriber C	44,000,000	110,000.00
Subscriber D	47,478,000	118,695.00
Subscriber E	97,826,000	244,565.00
Subscriber F	43,641,000	109,102.50
Subscriber G	42,000,000	105,000.00
Subscriber H	21,739,000	54,347.50
Subscriber I	13,043,000	32,607.50
Subscriber J	2,173,000	5,432.50
Subscriber K	43,478,000	108,695.00
<b>Total</b>	<b>398,856,000</b>	<b>997,140.00</b>

The 398,856,000 Subscription Shares in aggregate represent (i) approximately 18.03% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will not be any change in the issued share capital of the Company from the

date of this announcement to the date of completion of the Subscriptions). The aggregate nominal value of the Subscription Shares will be HK\$997,140.00.

## **Ranking**

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

## **Subscription Price**

The Subscription Price of HK\$0.50 per Subscription Share:

- (i) represents a discount of approximately 10.71% to the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) represents a discount of approximately 6.37% to the average closing price of approximately HK\$0.534 per Share as quoted on the Stock Exchange for the five consecutive Trading Days immediately prior to the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to, among others, the prevailing market prices of the Shares and the capital requirement for the future development of the Group.

The Directors consider that the terms of the Subscription Agreements (including the Subscription Price and the other expenses of the Subscriptions) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Subject to the completion of the Subscriptions, the gross proceeds from the Subscriptions will be approximately HK\$199.4 million and the net proceeds from the Subscriptions (after deduction of the other expenses of the Subscriptions) will be approximately HK\$199.1 million. On such basis, the net issue price will be approximately HK\$0.499 per Subscription Share.

## **Conditions to Completion of the Subscriptions**

Completion of the Subscriptions is conditional upon the satisfaction of the following conditions on or before 15 December 2023 (the "**Long Stop Date**") (or such other date as may be agreed to by the Company and the Subscribers):

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the Subscription Shares; and
- (b) the Company having obtained all necessary approvals from all relevant regulatory authorities.

Completion of the Subscriptions shall take place on or before the fifth business day after the fulfillment of the conditions as set out above or such other date as agreed between the Company and the Subscribers in writing (the "**Completion Date**").

If the above conditions are not fulfilled by the Long Stop Date (or such other date as may be agreed to by the Company and the Subscribers), all rights, obligations and liabilities of the Parties under the Subscription Agreements in relation to the Subscriptions shall cease and terminate and none of the

Parties shall have any claim against any other Party in respect of the Subscriptions save for any antecedent breaches of the Subscription Agreements.

The completion of each of the Subscription Agreements is not inter-conditional upon the completion of any of the other Subscription Agreements.

### **Termination**

The Subscribers are entitled to terminate the Subscription Agreements by notice in writing to the Company upon the occurrence of any of the force majeure events set out in the Subscription Agreements at any time between the date of the Subscription Agreements and the Completion Date.

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 SUBSCRIPTION SHARES**

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to issue up to 442,403,600 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Therefore, the remaining balance of the General Mandate as at date of this announcement is 442,403,600 Shares and is sufficient for the issue and allotment of the Subscription Shares.

Accordingly, the allotment and issue of the Subscription Shares are not subject to any Shareholders' approval.

### **APPLICATION FOR LISTING**

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

### **REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS**

The Group is principally engaged in (i) the sales of industrial products to customers located in Saudi Arabia; (ii) the sales of menswear apparel and brand licensing in the PRC; and (ii) the sales of energy storage battery in the PRC.

The gross proceeds of the Subscriptions will be approximately HK\$199.4 million. The net proceeds of the Subscriptions (after deduction of other expenses of the Subscriptions) will be approximately HK\$199.1 million. The Company plans to apply the net proceeds for future business development, repayment of debts and general working capital.

For the allocation of net proceeds for the future business development, the Company plans to utilise for development of the storage battery segment of the Group to, among others, increase the plant production capacity of the zinc-bromine flow battery research and development production base in the Jiangning Development Zone\* (江寧開發區) to meet the demands from customers. The Company will comply with the applicable requirements of the Listing Rules and make further announcement as and when appropriate in compliance with the Listing Rules.

The detailed breakdown of the approximate allocation and expected timeline of the proposed uses of the net proceeds are as follows:

	<b>Approximate allocation</b> <i>HK\$ million</i>	<b>Expected timeline of proposed uses</b>
Future business development	64.6	Fully utilised within 12 months from the Completion Date
Repayment of debts	45.4	Fully utilised within 12 months from the Completion Date
General working capital	89.1	Fully utilised within 12 months from the Completion Date
<b>Total</b>	<b>199.1</b>	

The Directors consider that the Subscriptions represent a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors are of the view that, apart from debt financing, the Subscriptions help to broaden the Company's funding channels.

The Directors (including independent non-executive Directors) consider that the Subscription Agreements and the Subscriptions contemplated thereunder are on normal commercial terms determined after arm's length negotiations among the Parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS**

Apart from the fund raising activities mentioned below, the Company has not conducted any fund-raising activities in the past twelve months before the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
30 May 2023	Issue of 8% convertible bonds under General Mandate in the principal amount of HK\$26.21 million due 2025	Approximately HK\$25.94 million	For future business development, repayment of debts and general working capital	The amounts of HK\$8.84 million, HK\$15.58 million and HK\$1.3 million were fully utilised for future business development, repayment of debts and general working capital, respectively.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 2,212,018,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Subscriptions (assuming that the Subscriptions are fully completed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Subscription Shares under the Subscription Agreements) are as follows:

Shareholders	As at the date of this announcement		Upon completion of the Subscriptions	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Ms. Wang Xiu Hua <sup>(1)</sup>	420,986,000	19.03	420,986,000	16.12
Everkept Limited <sup>(2)</sup>	242,880,000	10.98	242,880,000	9.30
Equal Plus Limited <sup>(3)</sup>	190,652,000	8.62	190,652,000	7.30
Mr. Lu Ke <sup>(4)</sup>	103,090,000	4.66	103,090,000	3.95
Subscribers	148,501,000	6.71	547,357,000	20.97
Public Shareholders	1,105,909,000	50.00	1,105,909,000	42.36
<b>Total</b>	<b><u>2,212,018,000</u></b>	<b><u>100.00</u></b>	<b><u>2,610,874,000</u></b>	<b><u>100.00</u></b>

### Notes:

- (1) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director and the direct beneficial owner of 420,986,000 Shares.
- (2) Everkept Limited (“**Everkept**”) is the direct beneficial owner of 242,880,000 Shares. Everkept is owned as to 70% by Mr. Kwok Kin Sun, the chairman of the Board and an executive Director. By virtue of SFO, Mr. Kwok Kin Sun is deemed to be interested in all the Shares held by Everkept. Under the SFO, Ms. Wong Tung Yam, the spouse of Mr. Kwok Kin Sun, is deemed to be interested in all the Shares in which Mr. Kwok Kin Sun is interested. As at the date of this announcement, Everkept pledged a total of 242,880,000 Shares to Donghai International Financial Holdings Company Limited (“**Donghai International**”). 東海證券股份有限公司, being the controlling shareholder of Donghai International, is deemed to be interested in all the Shares in which Donghai International is interested by virtue of the SFO.
- (3) Equal Plus Limited (“**Equal Plus**”) is the direct beneficial owner of 190,652,000 Shares. Equal Plus is wholly-owned by Mr. Kwok Hon Fung, an executive Director, the chief executive officer of the Group and the son of Mr. Kwok Kin Sun. By virtue of SFO, Mr. Kwok Hon Fung, is deemed to be interested in all the Shares held by Equal Plus.
- (4) Mr. Lu Ke is an executive Director and the direct beneficial owner of 103,090,000 Shares.
- (5) On 21 June 2022, a convertible bond in the aggregate principal amount of HK\$60,000,000 was issued to Asia Glory International Development Limited (“**Asia Glory**”). Based on the initial conversion price of HK\$0.60 per Share, Asia Glory will receive 100,000,000 Shares upon full conversion of the convertible bond. As at the date of this announcement, no conversion Share was issued to Asia Glory. For details of the convertible bond, please refer to the announcements of the Company dated 8 June and 21 June 2022.
- (6) On 22 May 2023, convertible bonds in the aggregate principal amount of HK\$26,205,300 were issued to Mr. Tao Xubin (“**Mr. Tao**”) and Mr. Song Maolin (“**Mr. Song**”). Based on the initial conversion price of HK\$0.66 per Share, Mr. Tao and Mr. Song will receive 34,515,000 Shares and 5,190,000 Shares respectively upon full conversion of the convertible bonds. As at the date of this announcement, no conversion Share was issued to Mr. Tao and Mr. Song. For details of the convertible bonds, please refer to the announcements of the Company dated 22 May and 30 May 2023.
- (7) Immediately upon completion of the Subscriptions, it is expected that none of the Subscribers will become a substantial Shareholder (as defined under the Listing Rules).

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

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 31 May 2023 at which, among other things, the General Mandate was granted to the Directors;
“Board”	the board of Directors;
“Business Day”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
“Company”	China Anchu Energy Storage Group Limited (中國安儲能源集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2399);
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors by a resolution passed at the AGM to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of the issued Shares of the Company as at 31 May 2023;
“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;
“Latest Practical Date”	22 November 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended or supplemented from time to time;
“Party” as “Parties”	the Company and the Subscribers, as parties to the Subscription Agreements;

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of nominal price of HK\$0.0025 each in the share capital of the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber(s)”	eleven subscribers under the Subscription Agreements;
“Subscriptions”	the subscriptions of 398,856,000 Subscription Shares in aggregate at the Subscription Price pursuant to terms and conditions of the Subscription Agreements;
“Subscription Agreements”	the subscription agreements dated 22 November 2023 entered into between the Company and the Subscribers in relation to the Subscriptions;
“Subscription Price”	HK\$0.50 per Subscription Share;
“Subscription Shares”	398,856,000 new Shares in aggregate to be subscribed pursuant to the Subscription Agreements, and each, a “Subscription Share”;
“Trading Days”	means days on which the Stock Exchange is open for trading; and
“%”	per cent.

By Order of the Board  
**China Anchu Energy Storage Group Limited**  
**Duan Huiyuan**  
*Executive Director*

Hong Kong, 22 November 2023

*As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke and Mr. Duan Huiyuan; the non-executive Director is Mr. Wang Yan; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.*

Website: [www.fordoo.cn](http://www.fordoo.cn)

*\*For identification purpose only*