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KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00663)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

This announcement is made by King Stone Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the latest business development of the Group.

STRATEGIC COOPERATION AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announced that, on 11 March 2022 (after trading hours), the Company entered into a strategic cooperation agreement (the “**Agreement**”) with Enerstar Corporation (“**Enerstar**”) pursuant to which the parties will form a strategic alliance to develop the foundation of the hydrogen energy industry chain in Ordos City, Inner Mongolia, the People’s Republic of China and by taking advantage of the high-yield and low-cost advantages of Inner Mongolia’s industrial by-product hydrogen and photovoltaic green hydrogen, build a hydrogen supply and hydrogenation chain through the jointly established or self-established stations, open up the lifeline of fuel cell vehicles, and promote the integrated development of hydrogen production, storage, transportation and application. The parties will cooperate in four key areas namely (i) hydrogen fuel cell system manufacturing; (ii) hydrogen fuel cell vehicle sales; (iii) hydrogen refueling station; and (iv) hydrogen fuel cell heavy truck operation (the “**Strategic Cooperation**”).

Pursuant to the Agreement, the Company and Enerstar will establish a joint venture entity (the “**Joint Venture**”) to build and develop a full-end hydrogen energy industry chain in Ordos City, mainly engaged in the technology research and development, product development, manufacturing and sale of hydrogen fuel cells and main components (membrane electrodes) and hydrogen fuel cell semi-trailer trucks, financial leasing services and operation of hydrogen fuel cell heavy trucks, and construction and development of hydrogen refueling stations. The parties will jointly formulate the future business plan of the Joint Venture. Enerstar will be primarily responsible for the Joint Venture’s operation and management and will provide guarantee to its operating performance in return for the Company’s provision of performance incentives to the management team of the Joint Venture.

The Agreement will be effective for a term of ten years which may be terminated or further extended by both parties in writing. The Agreement serves as a framework for, and sets out the principles of, the Strategic Cooperation between the parties may enter into definitive cooperation and/or formal agreement(s), if any, to set out the details for the specific cooperation project(s).

INFORMATION ON ENERSTAR

Enerstar was incorporated as an incorporation with limited liability in Canada with its headquarter in Toronto, Canada. It is a high-tech research institute principally engaged in the research and development and production of hydrogen fuel cell membrane electrodes, stacks, modules and systems, and testing equipment.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of Enerstar and its ultimate beneficial owner is third parties independent of, and not connected with, the Company and any of its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

REASONS FOR ENTERING INTO THE STRATEGIC COOPERATION

The Group is principally engaged in photovoltaic power generation, oil and gas exploration and production, silver mining, asset financing services, tourism services and commodities trading.

The Group has striven to put emphasis on environmental, social and governance (ESG) and implementing new energy projects by itself or with potential cooperative partners by leveraging their respective expertise and resources in order to reduce carbon emissions to achieve carbon neutrality for cleaner environment as well as creating better returns for the Shareholders and the Company in the long term. The Board considers that the Strategic Cooperation with Enerstar will enable the Group to leverage on the extensive experience and expertise of Enerstar in the field of developing hydrogen fuel cell products, design of energy storage systems, production of energy storage equipment, construction, operation and maintenance of energy storage stations, to further develop and expand into the energy storage business and identifying new eco-friendly energy projects.

The Board wishes to emphasise that the implementation of the Strategic Cooperation and transactions contemplated under the Agreement (if any) are subject to the definitive agreement(s) to be entered into between the parties, and such cooperation and transaction may not necessarily be implemented as contemplated or at all. Both parties will further negotiate about the detailed terms of cooperation and further announcement will be made by the Company as and when required under the Listing Rules.

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

By order of the Board
King Stone Energy Group Limited
Xu Zhuliang
Chairman

Hong Kong, 15 March 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Zhuliang, Mr. Zong Hao and Ms. He Qing and three independent non-executive Directors, namely Mr. Chiu Sui Keung, Mr. Lee Ping and Mr. Lee Kwok Wan.