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CHINA ANCHU ENERGY STORAGE GROUP LIMITED

中國安儲能源集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2399)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is made by China Anchu Energy Storage Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the Company has recently entered into a letter of intent (the “**LOI**”) on collaboration with Nanjing Jiangning Economic and Technological Development Corporation* (南京江寧經濟技術開發區管理委員會) (the “**NJETDC**”), to carry out phase 2 development plan to increase the plant production capacity to meet demands from customers (the “**Project**”).

Reference is made to the announcement of the Company dated 1 December 2021, the NJETDC provided the Group with a suitable land in the Jiangning Development Zone* (江寧開發區) in May 2022. Subsequently, the Group had set up a zinc-bromine flow battery research and development production base in the Jiangning Development Zone and commenced the phase 1 development plan in 2022.

SUBJECT MATTER OF THE LOI

According to the Project, the Group plans to increase the site area for the research and development production base, to expand the scale of production and increase the research and development as well as production capacity for zinc-bromine flow battery. The Project is expected to be completed by the end of 2023.

According to the LOI, the NJETDC will set up a dedicated service team to provide the Project a comprehensive government services on construction, approval and operation, and provide favorable policy within the scope of the authority of the NJETDC to support the Project.

NON-BINDING EFFECT

Save and except for provisions related to confidentiality and regulatory legislations, the LOI does not constitute any legally binding commitment between the parties hereto.

REASONS FOR ENTERING THE LOI

The Board believes that the Project, if realized, would help the Group to strengthen the development of the energy storage battery business segment and maximize the return to the Company and its shareholders. Therefore, the LOI is in the overall interests of the Company and its shareholders. Looking ahead, the Company will actively negotiate with the NJETDC to finalize the terms of the investment agreement and the details of the Project.

The Board would like to emphasize that the collaborations proposed under the LOI are subject to the execution of the final agreement by the parties thereto and may or may not proceed. The Company will make further announcement(s) on possible collaborations in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when appropriate.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

**For identification purpose only*

By Order of the Board
China Anchu Energy Storage Group Limited
Peng Zuncheng
Executive Director

Hong Kong, 13 February 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. Peng Zuncheng; non-executive Director is 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