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中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

*(formerly known as Link-Asia International MedTech Group Limited 環亞國際醫療科技集團有限公司)
(incorporated in the Cayman Islands with limited liability)*

(Stock code: 1143)

CHANGE IN USE OF PROCEEDS

References are made to the announcements of China Energy Storage Technology Development Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 15 October 2021 and the prospectus of the Company dated 1 November 2021 (the “**Rights Issue Prospectus**”) relating to proposed rights issue on the basis of one (1) rights share for every two (2) existing shares on record date (the “**Rights Issue**”); the announcement date 13 September 2022 and the circular of the Company date 15 December 2023 (the “**Subscription of New Shares Circular**”) in relation to subscription of new shares under specific mandate; and the respective annual and interim reports of the Company relating to the update on the use of proceeds.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Rights Issue Prospectus.

USE OF PROCEEDS

As stated in the Right Issue Prospectus, the Company reserved approximately HK\$18.1 million, net proceeds HK\$17.1 million (the “**Unutilized Net Proceeds**”) for the funding of potential merger and acquisition opportunities of assisted reproductive services-licensed providers located in regions in the PRC. The Company had entered into a non-legally binding term sheet to acquire the controlling stake in I.Baby Technology Holdings Limited (the “**Potential Acquisition**”). I.Baby Technology Holdings Limited and its subsidiaries (collectively, the “**Target Group**”) are principally engaged in provision of pregnancy and pregnancy-assistance services and other assisted reproductive services, including provision of one-stop IVF services, telemedicine consultation services and sales of drugs and pharmaceutical products and health care products.

CHANGE IN USE OF PROCEEDS

As further disclosed in the Subscription of New Shares Circular, due to the ongoing COVID-19 pandemic and lockdown arrangements implemented in East and South China, the business operation of Target Group were greatly impacted. During February 2022 to March 2022, two internal investment project meetings were held by the Company for the management of the investment and merge and acquisition department to (i) discuss the progress and direction of the Potential Acquisition; and (ii) plan and schedule site visit, research and interview with the management of the Target Group in order to evaluate the impact of epidemic prevention and control in the PRC on the quality of outpatient services of the Target Group. In June 2022 and September 2022, the Company conducted two on-site research on the outpatient services of the Target Group located in Shanghai and performed the interview with the management of the Target Group to keep track of the latest development of the Target Group.

After the on-site research and interview in 2022, the Company remains positive towards the development of medical services industry especially when the prevention control policy and lockdown policy of the PRC is expected to be further relaxed in early 2023. However, the Target Group's medical business is still in weak financial position and cannot meet the merger and acquisition criteria.

On 19 December 2023, after careful consideration and detailed evaluation of the Group's operations and business strategy, the Directors had resolved to change the use of the Unutilized Net Proceeds from the merger and acquisition in the amount of approximately HK\$17.1 million to be used as general working capital of the Group, which is expected to be fully utilised by the Group by the end of 2024.

The use of the unutilised original net proceeds in the revised manner is set out as below:

	Revised allocation of the unutilised original net proceeds as disclosed in the Right Issue Prospectus HK\$'million (approximately)	Actual use of utilised original net proceeds up to the date of this announcement HK\$'million (approximately)	Unutilised Net Proceeds as at the date of this announcement HK\$'million (approximately)	Revised allocation of the original net proceeds HK\$'million (approximately)
Expansion on EMS and Distribution Products Business	34.2	34.2	—	—
Potential merger and acquisition opportunities of ARS-licensed providers	17.1	—	17.1	—
General working capital	7.4	7.4	—	17.1
Total	58.7	41.6	17.1	17.1

REASONS FOR THE CHANGE IN USE OF PROCEEDS FROM THE FIRST PLACING

Due to Covid-19 pandemic outbreak in the past few years, the financial conditions of most enterprises in the market have not yet been recovered and the Target Group's business has not resume to the best financial situation. In addition, the Group's administrative expenses still in high value for maintaining the daily operation. The Company's administrative expenses for the year ended 31 December 2022 and for the six months ended 30 September 2023 was approximately HK\$105.0 million and HK\$51.1 million respectively.

In view of aforementioned, the Board has resolved to re-allocate the Unutilised Net Proceeds of approximately HK\$17.1 million for general working capital of the Group. The re-allocation of the Unutilised Net Proceeds as set out above would enable more resources for the operation and in line with the current business strategy of the Group.

The Board considers that the aforementioned change of the use of Unutilised Net Proceeds is fair and reasonable and will not have any material adverse effect on the existing business and operation of the Group, and is in the best interests of the Company and its shareholders as a whole.

By Order of the Board
China Energy Storage Technology Development Limited
Lin Dailian
Chairman and Executive Director

Hong Kong, 19 December 2023

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman and executive Director), Mr. Liu Zhiwei, Ms. Lin Xiaoshan and Ms. Bian Sulan as executive Directors, Mr. Li Huiwu and Mr. Wu Chi King as independent non-executive Directors.