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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 29 May 2024 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 42,000,000 Subscription Shares at the Subscription Price of HK\$0.50 per Subscription Share.

The Subscriber is independent of the Company and its connected persons. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

The 42,000,000 Subscription Shares represent (i) approximately 1.53% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.51% 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 Subscription). The aggregate nominal value of the Subscription Shares will be HK\$105,000.

Subject to the completion of the Subscription, the gross proceeds from the Subscription will be HK\$21 million and the net proceeds from the Subscription (after deduction of other expenses of the Subscription) will be approximately HK\$20.9 million. It is expected that such net proceeds from the Subscription will be utilised for general working capital.

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

On 29 May 2024 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 42,000,000 Subscription Shares at the Subscription Price of HK\$0.50 per Subscription Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date: 29 May 2024

Parties to the Subscription Agreement:

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

The Subscriber, who is an individual investor with extensive experience in equity investment principally engaged in, among others, e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber is independent of the Company and its connected persons. Immediately upon completion of the Subscription, it is expected that the Subscriber will not become a substantial Shareholder (as defined under the Listing Rules).

The Subscription Shares

Subject to the fulfillment of the conditions to completion of the Subscription set out below, the Subscriber shall subscribe for 42,000,000 Subscription Shares.

The 42,000,000 Subscription Shares represent (i) approximately 1.53% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.51% 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 Subscription). The aggregate nominal value of the Subscription Shares will be HK\$105,000.

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 premium of approximately 58.73% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) represents a premium of approximately 57.23% to the average closing price of approximately HK\$0.318 per Share as quoted on the Stock Exchange for the five consecutive Trading Days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber 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 Agreement (including the Subscription Price and the other expenses of the Subscription) 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 Subscription, the gross proceeds from the Subscription will be HK\$21 million and the net proceeds from the Subscription (after deduction of the other expenses of the Subscription) will be approximately HK\$20.9 million. On such basis, the net issue price will be approximately HK\$0.499 per Subscription Share.

Conditions to Completion of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions on or before 20 June 2024 (the "**Long Stop Date**") (or such other date as may be agreed to by the Company and the Subscriber):

- (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 Subscription 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 Subscriber 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 Subscriber), all rights, obligations and liabilities of the Parties under the Subscription Agreement in relation to the Subscription shall cease and terminate and none of the Parties shall have any claim against any other Party in respect of the Subscription save for any antecedent breaches of the Subscription Agreement.

Termination

The Subscriber is entitled to terminate the Subscription Agreement by notice in writing to the Company upon the occurrence of any of the force majeure events set out in the Subscription Agreement at any time between the date of the Subscription Agreement 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, 398,856,000 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 43,547,600 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 SUBSCRIPTION 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 (iii) the sales of energy storage battery in the PRC.

The gross proceeds of the Subscription will be HK\$21 million. The net proceeds of the Subscription (after deduction of other expenses of the Subscription) will be approximately HK\$20.9 million. The Company plans to apply the net proceeds for general working capital.

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

The Directors (including independent non-executive Directors) consider that the Subscription Agreement and the Subscription 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.

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
30 May 2023	Issue of 8% convertible bonds under General Mandate in the principal amount of HK\$26.21 million due 2025	Approximately HK\$25.9 million	For future business development, repayment of debts and general working capital	The amounts of approximately HK\$8.9 million, approximately HK\$15.7 million and approximately HK\$1.3 million were fully utilised for future business development, repayment of debts and general working capital, respectively.

12 December 2023	Issue of 398,856,000 new Shares under General Mandate at the subscription price of HK\$0.50 per subscription shares	Approximately HK\$199.1 million	For future business development, repayment of debts and general working capital	The amounts of approximately HK\$79.4 million, approximately HK\$4.1 and approximately HK\$83.5 million had been utilised for future business development, repayment of debt and general working capital, respectively. It is expected that the remaining proceeds will be utilised by the end of 2024.
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EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 2,745,389,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Subscription (assuming that the Subscription 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 Agreement) are as follows:

Shareholders	As at the date of this announcement		Upon completion of the Subscription	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Ms. Wang Xiu Hua ⁽¹⁾	498,504,000	18.16	498,504,000	17.88
Equal Plus Limited ⁽²⁾	190,652,000	6.94	190,652,000	6.84
Mr. Lu Ke ⁽³⁾	103,090,000	3.76	103,090,000	3.70
Everkept Limited ⁽⁴⁾ Subscriber	77,860,000	2.84	77,860,000	2.79
and Asia Glory ⁽⁵⁾	44,141,000	1.61	86,141,000	3.09
Public Shareholders	1,831,142,000	66.69	1,831,142,000	65.70
Total	<u>2,745,389,000</u>	<u>100</u>	<u>2,787,389,000</u>	<u>100</u>

Notes:

- (1) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director and the direct beneficial owner of 498,504,000 Shares.
- (2) 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.
- (3) Mr. Lu Ke is an executive Director and the direct beneficial owner of 103,090,000 Shares.
- (4) Everkept Limited (“**Everkept**”) is the direct beneficial owner of 77,860,000 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 77,860,000 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.

- (5) As at the date of this announcement, (i) the Subscriber is the direct beneficial owner of 21,739,000 Shares and (ii) Asia Glory is the direct beneficial owner of 22,402,000 Shares. Immediately after the completion of the Subscription, (i) the Subscriber will be the direct beneficial owner of 63,739,000 Shares and (ii) Asia Glory remains as the direct beneficial owner of 22,402,000 Shares. Asia Glory is wholly-owned by the Subscriber. By virtue of SFO, the Subscriber is deemed to be interested in all the Shares held by the Asia Glory.
- (6) On 22 May 2023, a convertible bond in the principal amount of HK\$3,425,400 were issued to Mr. Song Maolin (“**Mr. Song**”). Based on the initial conversion price of HK\$0.66 per Share, Mr. Song will receive 5,190,000 Shares upon full conversion of the convertible bond. As at the date of this announcement, no conversation share was issued to Mr. Song. For details of the convertible bond, please refer to the announcements of the Company dated 22 May and 30 May 2023.
- (7) Immediately upon completion of the Subscription, it is expected that the Subscriber will not become a substantial Shareholder (as defined under the Listing Rules).

Since completion of the Subscription is subject to the fulfilment of the conditions as set out in the Subscription Agreement, the Subscription 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;
“Asia Glory”	Asia Glory International Development Limited, a company incorporated in the British Virgin Islands with limited liability, wholly-owned by the Subscriber;
“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”	29 May 2024
“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 Subscriber, as parties to the Subscription Agreement;
“PRC”	The People’s Republic of China;
“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”	Ms. Cheng Cong (程聰);
“Subscription”	the subscription of 42,000,000 Subscription Shares at the Subscription Price pursuant to terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 29 May 2024 entered into between the Company and the Subscriber in relation to the Subscription;
“Subscription Price”	HK\$0.50 per Subscription Share;
“Subscription Shares”	42,000,000 new Shares to be subscribed pursuant to the Subscription Agreement, 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, 29 May 2024

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.

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