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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)**

**I. PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE  
HELD ON THE RECORD DATE;  
II. PROPOSED CHANGE IN BOARD LOT SIZE; AND  
III. MAJOR TRANSACTION IN RELATION TO THE ASSIGNMENT OF  
DISTRIBUTION RIGHTS**

**Joint Placing Agents to the Company**



### **I. PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of up to approximately HK\$94.2 million (assuming full subscription under the Rights Issue) by way of issuing up to 448,578,370 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.21 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date.

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$2.2 million) is expected to be approximately HK\$92.0 million. Details of the use of proceeds are set out in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” in this announcement. The net price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK\$0.205. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 29.3% (or approximately HK\$27.0 million) as procurement costs to suppliers; (ii) approximately 48.9% (or approximately HK\$45.0 million), for acquiring the rights under the Agency Distribution Agreement; (iii) approximately 10.9% (or approximately HK\$10.0 million) for research and development of energy storage system technology; and (iv) approximately 10.9% (or approximately HK\$10.0 million) for enhancing general working capital of the Group.

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 5 February 2025.

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

As at the date of this announcement, the Company has not received, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

### **The Compensatory Arrangements and the Placing Agreement**

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering these Shares to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 13 December 2024 (after trading hours of the Stock Exchange), the Company and the Joint Placing Agents entered into the Placing Agreement, pursuant to which the Joint Placing Agents have conditionally agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

## **II. PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the existing Shares are traded on the Stock Exchange in the board lot size of 4,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Thursday, 13 February 2025.

## **III. THE ASSIGNMENT**

The Board is pleased to announce that on 13 December 2024 (after trading hours of the Stock Exchange), the Assignor, as the assignor, the Assignee, as the assignee, and the Company, entered into the Deed of Assignment, pursuant to which the Assignor conditionally agreed to assign to the Assignee, all his rights, obligations, title, interests, and benefit in and to the Agency Distribution Agreement to the Company in accordance with the terms and conditions set out in the Deed of Assignment, at the consideration of HK\$45,000,000.

## **LISTING RULES IMPLICATIONS**

### **The Rights Issue**

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling Shareholder(s) (as defined under the Listing Rules) and their associates, or where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, (i) the Company has no controlling Shareholder; and (ii) Mr. Wang Qi, an executive Director, owns approximately 33% of the issued shares of CSIHL, which in turn holds 9,028,000 Shares (representing approximately 4.03% of the issued share capital of the Company). Accordingly, CSIHL and its respective associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM. As at the date of this announcement, save for Mr. Wang Qi, none of the Directors or chief executives of the Company had any interest in the Shares.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **The Assignment**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Deed of Assignment is more than 25% but less than 100%, the Assignment and the transactions contemplated thereunder constitutes a major transaction on the part of the Company and is subject to the and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has any material interest in the Assignment and the transactions contemplated thereunder, none of the Directors is required to abstain from voting on the board resolutions approving the Assignment and the transactions contemplated thereunder.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Assignment and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the resolution at the EGM to approve the Assignment and the transactions contemplated thereunder.

## **THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser to be appointed by the Company. An announcement will be made by the Company upon the establishment of the Independent Board Committee and the appointment of the Independent Financial Adviser.

In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

## **GENERAL**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing and the Assignment. For the purpose of determining the Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 22 January 2025 to Tuesday, 28 January 2025 (both days inclusive).

A circular containing, among other things, (i) further details of the Rights Issue, the Placing, the Change in Board Lot Size and the Assignment and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in relation to the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; (iv) the valuation report in respect of the value of the rights under the Agency Distribution Agreement; (v) other information required under the Listing Rules; and (vi) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 8 January 2025.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Thursday, 13 February 2025. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders (if any) for their information only to the extent permitted under the relevant laws and regulations and reasonably practicable.

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.**

**Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.**

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions precedent set forth in the Deed of Assignment. Please refer to the paragraph headed “Conditions precedent of the Assignment” in this announcement.**

**Shareholders and potential investors of the Company should note that if the conditions of the Assignment are not fulfilled, the Completion will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Completion are fulfilled will accordingly bear the risk that the Completion may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

## I. PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$94.2 million (assuming full subscription under the Rights Issue) by way of issuing up to 448,578,370 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.21 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). Further details of the Rights Issue are set out below:

### **Rights Issue statistics**

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Maximum number of Rights Shares to be issued	:	448,578,370 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Subscription Price	:	HK\$0.21 per Rights Share
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK\$0.205 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses	:	Approximately HK\$94.2 million
Maximum net proceeds to be raised from the Rights Issue after expenses	:	Approximately HK\$92.0 million
Number of Shares in issue as at the date of this announcement	:	224,289,185 Shares
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	672,867,555 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$89,715,674 (assuming no change in the number of Shares in issue on or before the Record Date)



Assuming there is no change to the total issued share capital of the Company on or before the Record Date, 448,578,370 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 200% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 66.66% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed).

As at the date of this announcement, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

### **The Subscription Price**

The Subscription Price is HK\$0.21 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price represents:

- (i) a discount of approximately 36.36% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 35.78% to the average closing price of approximately HK\$0.327 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 36.36% to the average closing price of approximately HK\$0.33 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 16.0% to the theoretical ex-rights price of approximately HK\$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.24% of the theoretical diluted price of approximately HK\$0.25 per Share to the benchmarked price of approximately HK\$0.33 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of HK\$0.33 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day of HK\$0.327 per Share); and
- (vi) a discount of approximately 90.5% to the net asset value of the Company of approximately HK\$2.21 per Share based on the latest published unaudited net asset value attributable to owners of the Company of approximately HK\$497.46 million

as at 30 June 2024 as set out in the interim report of the Company for the six months ended 30 June 2024 and the total number of issued Shares of 224,289,185 Shares as at the date of this announcement.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.205.

During the 12 month period immediately preceding the date of this announcement, the Company has not undertaken any rights issue, open offer or specific mandate placing. The theoretical diluted price, the benchmarked price and theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.25 per Share, HK\$0.33 per Share and 24.24%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined by the Board with reference to, among others, (i) the market price of the Shares under the prevailing market conditions in Hong Kong; (ii) the latest financial position of the Group; (iii) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and Benefits of the Rights Issue and the Use of Proceeds” in this announcement.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

### **Non-underwritten Basis**

Subject to the fulfilment of conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent Places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.



There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue and there is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Right Shares) by no later than the Prospectus Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions precedent by the Latest Time for Termination or such other date as the Company and the Joint Placing Agents may agree.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made with the Registrar on or before the Latest Time for Acceptance by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for. There will be no excess application arrangements in relation to the Rights Issue.

### **Status of the Rights Issue**

The Rights Shares (when allotted, issued and fully paid or credited as fully paid) will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 5 February 2025 (Hong Kong time).

It is expected that the last day of dealings in the Shares on a cum-rights basis is Monday, 3 February 2025, and the Shares will be dealt with on an ex-rights basis from Tuesday, 4 February 2025.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of

the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Excluded Shareholders for their information only to the extent permitted under the relevant laws and regulations and reasonably practicable.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

**If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any unsold entitlement of Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, on a best effort basis, be placed by the Joint Placing Agents under the Compensatory Arrangements to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue, at the price at least equal to the Subscription Price.

#### **Rights of the Overseas Shareholder(s) (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company will make necessary enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas

Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

**Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the securities of the Company.**

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for the fully-paid Rights Shares; and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before Tuesday, 25 March 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

### **Fractional Entitlements to the Rights Shares**

On the basis of provisional allotment of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Application for listing of the Rights Shares and applicable fees**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 8,000 Rights Shares.

### **Stamp duty and other applicable fees**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payments of stamp duty, Stock Exchange trading fee, SFC transaction levy, FRC transaction levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

## **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements**

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering these Shares to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Accordingly, on 13 December 2024 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Joint Placing Agents in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent Placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Joint Placing Agents to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent Placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Joint Placing Agents will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 17 March 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Excluded Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Excluded Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Excluded Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of HK\$100 or less for its own benefit.

Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and Excluded Shareholders may or may not receive any Net Gain.

## **THE IRREVOCABLE UNDERTAKING**

As at the date of this announcement, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

## **THE PLACING AGREEMENT**

Principal terms of the Placing Agreement are summarised as below.

On 13 December 2024 (after trading hours of the Stock Exchange), the Company and the Joint Placing Agents entered into the Placing Agreement, pursuant to which the Joint Placing Agents have agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date	:	13 December 2024 (after trading hours of the Stock Exchange)
Issuer	:	the Company
Joint Placing Agents	:	Gransing Securities Co., Limited Patrons Securities Limited



Each of the Joint Placing Agents confirmed that it and its ultimate beneficial owner(s) are not Shareholders and are Independent Third Parties.

- Placing Price : The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the placement process.
- Placing Period : The period from Friday, 7 March 2025 up to 4:00 p.m. on Monday, 17 March 2025, or such other dates as the Company may announce, being the period during which the Joint Placing Agents will seek to effect the Compensatory Arrangements.
- Placing Commission : The Company shall pay the Joint Placing Agents a placing commission equivalent to 1.5% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares and ES Unsold Rights Shares which are successfully placed by the Joint Placing Agents.
- Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- For the avoidance of doubt, no Placee shall become a substantial shareholder of the Company.
- Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.
- Conditions Precedent : The obligations of the Joint Placing Agents under the Placing Agreement are conditional upon the following conditions being fulfilled:
- (i) the filing and registration of the Prospectus Documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;

- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information only, if any, by no later than the Prospectus Posting Date;
- (iii) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (iv) the Placing Agreement not being terminated by the Joint Placing Agents pursuant to the terms thereof on or before the Latest Time for Termination;
- (v) there being no breach of the undertakings and obligations of the Company under the Placing Agreement at the Latest Time for Termination;
- (vi) the Company having complied with all applicable laws and regulations;
- (vii) each party to the Placing Agreement having obtained all necessary consent and/or approval for entering into the Placing Agreement or the transactions contemplated therein;
- (viii) the entering into of binding agreements by the Joint Placing Agents with certain subscriber(s) procured by the Joint Placing Agents and/or sub-agent(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Joint Placing Agents nor any of the subscriber(s) procured by the Joint Placing Agents and/or sub-agent(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue;

- (ix) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (x) there being no Specified Event occurring on or before the Latest Time for Termination; and
- (xi) the Joint Placing Agents having received from the Company all the documents as set out in Schedule I of the Placing Agreement in such form and substance satisfactory to the Joint Placing Agents as soon as practicable after the date hereof, and not later than 4:00 p.m. on the Business Day immediately before the Prospectus Posting Date.

Apart from paragraphs (v) and (xi) above which can be waived in whole or in part by the Joint Placing Agents and the Company jointly (but not severally, and in any event, none of the above conditions precedent can be waived by the Company whatsoever) by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent are incapable of being waived by any party thereto.

The parties thereto shall use their best endeavours to procure the satisfaction and/or fulfilment of all the above conditions precedent (save and except such conditions precedent which have been waived by the Joint Placing Agents and the Company jointly in accordance with the provisions thereunder) by the Latest Time for Termination or such other date as the parties thereto may agree in writing and in particular, the Company shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares (in their nil-paid or fully-paid forms) or to give effect to the Rights Issue and the arrangements contemplated in or under the Placing Agreement.

If any of the conditions precedent to the Placing Agreement (save and except such conditions precedent which have been waived by the Joint Placing Agents and the Company jointly in accordance with the provisions thereunder) are not satisfied in whole by the Latest Time for Termination or such other date as the parties may agree in writing, the Placing Agreement shall terminate (save and except the provisions which shall remain in full force and effect) and no party shall have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination : The Placing Period shall end at 4:00 p.m. on Monday, 17 March 2025 or any other date by mutual agreement between the Joint Placing Agents and the Company.

The Joint Placing Agents may terminate the Placing Agreement by a notice served on the Company on or before the Latest Time for Termination (i.e. 4:00 p.m. on Tuesday, 18 March 2025 or any other date by mutual agreement between the Joint Placing Agents and the Company) if the following events occurred prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Joint Placing Agents, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Joint Placing Agents materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Joint Placing Agents materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Joint Placing Agents is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Joint Placing Agents will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the absolute opinion of the Joint Placing Agents materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or

- (e) In the absolute opinion of the Joint Placing Agents, there occurs any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the Prospectus Posting Date and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of the Joint Placing Agents, a material omission in the context of the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive trading days otherwise than due to or in connection with or in relation to the Placing Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of this announcement or other matters in connection with the Placing Agreement and/or the Rights Issue, or
- (h) the Prospectus Documents when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Joint Placing Agents be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

The Joint Placing Agents shall be entitled by a notice in writing to the Company to rescind the Placing Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Placing Agreement comes to the knowledge of the Joint Placing Agents; or
- (b) any Specified Event comes to the knowledge of the Joint Placing Agents.



If a notice of termination is issued by the Joint Placing Agents prior to the Latest Time for Termination, the obligations under the Placing Agreement of the respective parties thereto (save and except the provisions which shall remain in full force and effect and save further that the Company shall pay the reimbursement as specified) shall cease and determine and no party thereto shall have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breaches.

The terms of the Placing Agreement (including the commission payable) were determined after arm's length negotiation between the Joint Placing Agents and the Company with reference to the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Joint Placing Agents to independent Placees on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

## **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The Group is principally engaged in (i) provision of electronic manufacturing services ("EMS"); (ii) marketing and distribution of communication products; (iii) real estate supply chain services and energy storage products, (iv) money lending; and (v) the securities and other assets investment. The Group's products under the EMS business and the business segment of marketing and distribution of communication products, include but not limited to corded and cordless residential telephones, vacuum cleaner, printed circuit board of renewable energy charging solutions for electric vehicles and beauty care equipment.

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$2.2 million) is expected to be approximately HK\$92.0 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

**(a) Procurement costs to suppliers**

Approximately HK\$27.0 million (being approximately 29.3% of the net proceeds) is intended to be used as procurement costs, settling deposit and payment to suppliers, including but not limited to Egoal.

**(b) Acquiring the rights under the Agency Distribution Agreement**

Approximately HK\$45.0 million (being approximately 48.9% of the net proceeds) is intended to be used for settling the Consideration of the Assignment.

**(c) Research and development of energy storage system technology**

Approximately HK\$10.0 million (being approximately 10.9% of the net proceeds) is intended to be used for additional research and development undertakings in respect of energy storage system technology.

**(d) Enhancing general working capital of the Group**

Approximately HK\$10.0 million (being approximately 10.9% of the net proceeds) is intended to be used for general working capital of the Group, including but not limited to marketing and promotion, salary expenses and other office and corporate expenses in relation to the Assignment.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised, as first priority, to settle the Consideration of the Assignment, and the remaining net proceeds will be utilised in proportion among the other uses.

**Other fund-raising alternatives**

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s), if any, should note that their shareholdings will be diluted.

## FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the date of this announcement:

Date of announcement	Completion date	Fund raising	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
15 April 2024	29 April 2024	Placing of 11,260,000 new shares at the placing price of HK\$1.59 per placing share under general mandate granted to the Directors at the 2023 AGM	HK\$17.5 million	For (i) development of energy storage system equipment specialized for renewable energy charging for electric vehicles; and (ii) general working capital of the Group	HK\$11.6 million have been utilised; and the remaining HK\$5.9 million will be utilised as intended before 31 March 2025.
16 September 2024	7 October 2024	Placing of 17,256,000 new shares at the placing price of HK\$1.51 per placing share under general mandate granted to the Directors at the 2024 AGM	HK\$25.3 million	For (i) development of energy storage system equipment specialized for renewable energy charging for electric vehicles; and (ii) general working capital of the Group	HK\$3.2 million have been utilised; and the remaining HK\$22.1 million will be utilised as intended before 31 March 2025.

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

## CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Joint Placing Agents:

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Joint Placing Agents	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
CIDL <sup>(Note 1)</sup>	51,760,000	23.08	155,280,000	23.08	51,760,000	7.69
CSIHL <sup>(Note 2)</sup>	9,028,000	4.03	27,084,000	4.03	9,028,000	1.34
Public Shareholders						
— Independent Places <sup>(Note 3)</sup>	—	—	—	—	448,578,370	66.67
— Other public Shareholders	<u>163,501,185</u>	<u>72.89</u>	<u>490,503,555</u>	<u>72.89</u>	<u>163,501,185</u>	<u>24.3</u>
<b>Total</b>	<u><u>224,289,185</u></u>	<u><u>100.0</u></u>	<u><u>672,867,555</u></u>	<u><u>100.0</u></u>	<u><u>672,867,555</u></u>	<u><u>100.0</u></u>

Notes:

- (1) CIDL, which is a company incorporated in Hong Kong with limited liability, is wholly-owned by Mr. Chen Dezhu.
- (2) CSIHL, which hold by Mr. Wang Qi (being an executive Director), Mr. Zhang Zhikui and Ms. Sun Lingling, of holding approximately 33%, 34% and 33% respectively.
- (3) As it is not expected that any of the individual Places will become a substantial Shareholder immediately after completion of the Placing, the Unsubscribed Rights Shares and ES Unsold Rights Shares will form part of the public float of the Company.

## **II. PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the existing Shares are traded on the Stock Exchange in the board lot size of 4,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Thursday, 13 February 2025.

Based on the theoretical ex-rights price of HK\$0.25 per Share (calculated based on the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot of 4,000 Shares is HK\$1,000 and the estimated market value of each proposed new board lot of 8,000 Shares would be HK\$2,000.

The Change in Board Lot Size will not result in change in the relative right of the Shareholders. Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size.

### **Arrangement on odd lot trading and matching services**

In order to alleviate the difficulties of the trading of odd lots (if any) of the Shares arising from the Change in Board Lot Size, the Company will appoint a designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares. Further details of the odd lot arrangement will be set out in the circular of the Company in relation to the Rights Issue.

Holdes of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 4,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of the existing share certificates in board lot of 4,000 Shares to new share certificate in board lot of 8,000 Shares is necessary.

## **REASONS FOR THE CHANGE IN BOARD LOT SIZE**

Pursuant to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the closing price of the Shares as quoted on the Stock Exchange as at the date of this announcement was HK\$0.33 per Share, the value of each existing board lot of 4,000 Shares was HK\$1,320, which was less than HK\$2,000.

Based on the above, the Board resolved to propose the Change in Board Lot Size, resulting in HK\$2,640 per board lot of 8,000 Shares (based on the closing price of the Shares as quoted on the Stock Exchange as at the date of this announcement) with the view to complying with the trading requirements under the Listing Rules.

Further, the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

In addition, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run.

Accordingly, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

#### **EXPECTED TIMETABLE**

The expected timetable for the Rights Issue, the Change in Board Lot Size and the Placing is set out below. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

<b>Event</b>	<b>Date and time (Hong Kong time)</b>
Expected despatch date of the circular, proxy form and the notice of the EGM.....	Wednesday, 8 January 2025
Latest time and date for lodging transfer of the Shares to qualify for attendance and voting at the EGM.....	4:30 p.m. on Tuesday, 21 January 2025
Closure of register of members for determination of the right to attend and vote at the EGM (both days inclusive) .....	Wednesday, 22 January 2025 to Tuesday, 28 January 2025
Latest time and date for lodging proxy forms for the EGM.....	10:00 a.m. on Sunday, 26 January 2025
Record date for attendance and voting at the EGM .....	Tuesday, 28 January 2025



<b>Event</b>	<b>Date and time (Hong Kong time)</b>
Expected time and date of the EGM to approve the proposed Rights Issue, the Placing and the transactions contemplated respectively thereunder.....	10:00 a.m. on Tuesday, 28 January 2025
Announcement of the poll results of the EGM .....	Tuesday, 28 January 2025
Register of members re-opens .....	Monday, 3 February 2025
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue.....	Monday, 3 February 2025
First day of dealings in the Shares on an ex-rights basis of the Rights Issue .....	Tuesday, 4 February 2025
Latest time and date for the Shareholders to lodge transfer of the Shares to qualify for the Rights Issue .....	4:30 p.m. on Wednesday, 5 February 2025
Closure of register of members for the Rights Issue (both days inclusive) .....	Thursday, 6 February 2025 to Wednesday, 12 February 2025
Record Date for the Rights Issue .....	Wednesday, 12 February 2025
Register of members of the Company re-opens.....	Thursday, 13 February 2025
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only).....	Thursday, 13 February 2025
Effective date of the Change in Board Lot Size from 4,000 Shares to 8,000 Shares .....	Thursday, 13 February 2025
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.....	9:00 a.m. on Thursday, 13 February 2025
First day of dealings in nil-paid Rights Shares in the new board lot size of 8,000 Shares.....	Monday, 17 February 2025
Latest time and date for splitting of the PALs .....	4:30 p.m. on Wednesday, 19 February 2025
Last day of dealing in nil-paid Rights Shares in the new board lot size of 8,000 Shares.....	Monday, 24 February 2025

<b>Event</b>	<b>Date and time (Hong Kong time)</b>
Latest time and date for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements .....	4:00 p.m. on Thursday, 27 February 2025
Latest time and date for Acceptance of and payment for the Rights Shares .....	4:00 p.m. on Thursday, 27 February 2025
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.....	4:00 p.m. on Wednesday, 5 March 2025
Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements .....	Thursday, 6 March 2025
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Joint Placing Agents .....	Friday, 7 March 2025
Latest time and date of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to Compensatory Arrangements .....	4:00 p.m. on Monday, 17 March 2025
Latest time and date for Termination of the Placing Agreement.....	4:00 p.m. on Tuesday, 18 March 2025
Announcement of the allotment results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements).....	Monday, 24 March 2025
Despatch of share certificates for fully-paid Rights Shares.....	Tuesday, 25 March 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated.....	Tuesday, 25 March 2025
Commencement of dealings in fully-paid Rights Shares in the new board lot size of 8,000 Rights Shares.....	9:00 a.m. on Wednesday, 26 March 2025
Payment of Net Gain to relevant No Action Shareholders (if any)....	Monday, 7 April 2025

All times and dates in this announcement refer to Hong Kong local times and dates.

Details or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended, amended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 27 February 2025. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 27 February 2025. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Thursday, 27 February 2025, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 22 January 2025 to Tuesday, 28 January 2025 (both dates inclusive) for determining the Shareholders’ entitlements for attending and voting at the EGM.

The register of members of the Company will be closed from Thursday, 6 February 2025 to Wednesday, 12 February 2025 (both dates inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

### **LISTING RULES IMPLICATIONS**

#### **Rights Issue**

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50%, the Rights Issue is conditional upon the Independent Shareholders’ approval at the EGM, and any controlling Shareholder(s) (as defined under the Listing Rules) and their respective associates, or where

there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, (i) the Company has no controlling Shareholder; and (ii) Mr. Wang Qi, an executive Director, owns approximately 33% of the issued shares of CSIHL, which in turn holds 9,028,000 Shares (representing approximately 4.03% of the issued share capital of the Company). Accordingly, CSIHL and its respective associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM. As at the date of this announcement, save for Mr. Wang Qi, none of the Directors or chief executives of the Company had any interest in the Shares.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

#### **THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser to be appointed by the Company. An announcement will be made by the Company upon the establishment of the Independent Board Committee and the appointment of the Independent Financial Adviser.

In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.**

**Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholding in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

### **III. THE ASSIGNMENT**

The Board is pleased to announce that on 13 December 2024 (after trading hours of the Stock Exchange), the Assignor, as the assignor, the Assignee, as the assignee, and the Company, entered into the Deed of Assignment, pursuant to which the Assignor conditionally agreed to assign to the Assignee, all his rights, obligations, title, interests, and benefit in and to the Agency Distribution Agreement in accordance with the terms and conditions set out in the Deed of Assignment, at the consideration of HK45,000,000.

The principal terms of the Deed of Assignment are set out below:

- Date : 13 December 2024 (after trading hours of the Stock Exchange)
- Parties : (i) The Assignor, as the assignor;
- (ii) The Assignee, as the assignee; and
- (iii) The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Assignor is an Independent Third Party and as at the date of this announcement, the Assignor does not hold any Share or other securities in the Company.

#### **The Assignment**

Pursuant to the Deed of Assignment, the Assignor has agreed to assign all its rights, obligations, title, interest, and benefit in and to the Agency Distribution Agreement to the Assignee, free from any Encumbrance, with effect from the Effective Date.

## Consideration

The Consideration of HK\$45,000,000 shall be settled by cash upon Completion. The Consideration was determined after arm's length negotiation between the parties to the Deed of assignment after taking into account including but not limited to (i) the factors stated in the paragraph headed "REASONS FOR AND BENEFITS OF THE ASSIGNMENT" below; and (ii) the valuation of the Agency Distribution Agreement and the Deed of Assignment (collectively, the "**Intangible Assets**") prepared by International Valuation Limited, an independent valuer (the "**Independent Valuer**"), showing the appraised value of approximately HK\$47,000,000.

## Valuation

The valuation of the Intangible Assets (the "**Valuation**") was prepared using the multi-period excess earnings method under the income approach as at 31 October 2024. The income approach allows the Independent Valuer to reflect the specific characteristics of the Intangible Assets and the economic benefits contributed by the Intangible Assets. The multi-period excess earnings method determines the value of an intangible asset as the present value of the cash flows attributable to the subject intangible asset after excluding the proportion of cash flows that are attributable to other contributory assets. According to the valuation report, the market value of the Intangible Assets as at 31 October 2024 was in the sum of approximately HK\$47,000,000.

Set out below are the principal assumptions used in the Valuation:

- (i) the Intangible Assets were assumed to be transferrable;
- (ii) It was assumed that the projected financial information of the Intangible Assets, including financial projection, cost and pricing analysis, working capital assumptions, assembled workforce and capital expenditure forecast, as provided by the Company, could reflect future market conditions and economic fundamentals of the energy storage system industry, and would be materialized;
- (iii) it was advised by the Company that there would be offices being set up upon the commencement of business operation in relation to the Intangible Assets, and the projected rental expense and capital expenditure were the best estimates provided by the Company;
- (iv) there will be no major changes in the political, legal, economic or financial conditions in the territories in which the Assignee and Eagoal operate or intend to operate, which would adversely affect the revenues attributable to and the profitability of the Intangible Assets;
- (v) the Assignee and Eagoal will have competent management, key personnel, and technical staff to support its ongoing operation;



- (vi) all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Intangible Assets operate or intend to operate have or would be officially obtained and renewable upon expiry, until the end of validity period of the Intangible Assets;
- (vii) industry trends and the market conditions for related industries will not deviate significantly from economic forecasts; and
- (viii) all information and representations provided by the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

As the valuation is conducted based on the income approach, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, the requirements under Rule 14.60A of the Listing Rules are applicable. The Board has reviewed the principal assumptions upon which the Valuation is based and is of the view that the profit forecast has been made after due and careful enquiry.

### **Confirmation**

McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”), the reporting accountant of the Company, has reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions underlying the Valuation, which do not involve the adoption of accounting policies. A report from McMillan Woods dated 13 December 2024 with respect to the profit forecast as required under Rule 14.60A(2) of the Listing Rules and a letter from Rainbow Capital (HK) Limited (“**Rainbow Capital**”) dated 13 December 2024 in compliance with Rule 14.60A(3) of the Listing Rules will be submitted to the Stock Exchange together with this announcement, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

The qualifications of the experts who have given their statements in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
International Valuation Limited	Independent Valuer
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants
Rainbow Capital (HK) Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Independent Valuer, McMillan Woods and Rainbow Capital is an Independent Third Party. As at the date of this announcement, none of the Independent Valuer, McMillan Woods and Rainbow Capital has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and not connected persons. Each of the Independent Valuer, McMillan Woods and Rainbow Capital has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its report and/or all references to its report and name (including its qualification) in the form and context in which they respectively appear.

### **Conditions precedent of the Assignment**

Completion shall be conditional upon all of the following conditions precedent ("**Conditions Precedent**") having been satisfied:

- (i) completion of the Rights Issue;
- (ii) the approval by the Shareholders of the Company at the EGM approving (among other things) the Rights Issue, the Assignment and the transactions contemplated thereunder remaining fully effective as of the Effective Date;
- (iii) the necessary consents and approvals relating to the transactions contemplated under the Deed of Assignment being obtained from the relevant stock exchanges and other administrative, governmental or regulatory authorities in accordance with the Listing Rules or any applicable laws, regulations and other requirements of governmental or regulatory authorities; and
- (iv) the warranties given by the Assignor under the Deed of Assignment remaining true, accurate and complete in all respects and not misleading in any respect as at the Effective Date.

If any of the above conditions is not satisfied on or before the Long Stop Date, the Deed of Assignment will lapse and neither party to the Deed of Assignment may have any claim against each other save for antecedent breaches.

### **Completion**

The Assignment shall become effective on the thirtieth Business Day after the last of the conditions precedent (or such other date as agreed between the Parties) has been satisfied.

On or before the Effective Date, the Assignor shall provide evidence satisfactory to the Assignee that written notice of assignment in relation to the Assignment, in form satisfactory to the Assignee, has been given by the Assignor to Eagoal.

## TERMS OF THE AGENCY DISTRIBUTION AGREEMENT

Principal terms of the Agency Distribution Agreement are summarised as below.

- Date : 15 October 2024
- Parties : (i) Eagoal, as the principal; and  
(ii) The Assignor, as the agent (the “**Agent**”)
- Term : Ten (10) years from 15 October 2024 to 14 October 2034
- Appointment : (i) appointment of the Agent as Eagoal’s exclusive agent and granted the Agent the exclusive right to distribute the Products and the right for after-sale service in the Exclusive Territory; and  
(ii) appointment of the Agent as Eagoal’s non-exclusive agent and granted the Agent the non-exclusive right to distribute the Products and the right for after-sale service in the Non-Exclusive Territory
- Obligations : (i) the Agent shall not (without prior written consent of Eagoal) sell Products to any person or entities who, to the knowledge of the Agent, (a) are intended to use the Products outside of the Territory, or (b) located outside the Territory;  
(ii) the Agent shall implement marketing and sales promotion plan for the Products in the Territory as well as to actively foster the relationships with the existing and potential customers;  
(iii) Eagoal shall secure the quality of after-sales services such as the maintenance and repair of all the Products in the Territory;  
(iv) the Agent shall create and maintain the adequate personnel and material conditions that are required for assuring appropriate customer service in relation to consulting, repair, maintenance and warranty of the services and works;  
(v) the Agent shall carry out all inspections and safety measures required by laws and regulations applicable in the Territory. Eagoal shall ensure that the sale and operation of the Products in the Territory will not prejudice the laws and regulation in such Territory; and

- (vi) the Agent shall not manufacture any products which compete with the Products during the term of the Agency Distribution Agreement.
- Continuous cooperation : (i) Eagoal agrees that the Agent may engage with industry partners to establish a joint research and development mechanism, based on the requirements of customers, for smart battery management systems (BMS), energy management systems (EMS), and other energy storage system technology development of new hot spots; and
- (ii) the Agent shall promote the big data operations and maintenance management system, collaborate with industry partners and Eagoal to build cooperative platforms such as tiered and battery recycling centers.
- Transferability of rights and obligations : the Agent shall be entitled to assign, transfer, dispose all of his right and obligations under the Agency Distribution Agreement as a whole to any third party without Eagoal's consent.
- Termination : (i) the Agency Distribution Agreement may not be terminated by the parties thereto except upon occurrence of force majeure events or due to the following reasons:
- (a) non-settlement of overdue payments by the Agent within 90 days to be specified by Eagoal in writing; or
- (b) the Agent has not received the products which the payment of these products has been full settled within 90 days after receipt of the written notice from the Agent; and
- (ii) upon termination of the Agency Distribution Agreement, all of the amounts that payable to Eagoal thereof shall immediately become due and settled; and the products that owed by Eagoal shall be immediately delivered to the Agent.

## **INFORMATION OF THE PARTIES TO THE AGENCY DISTRIBUTION AGREEMENT**

### **Information of the Assignor**

The Assignor is a businessman experienced in international business development, market strategy planning and project market management. The Assignor served as the sales director of international business department of Jiangsu Sopo Group Shanghai Company Limited\* (江蘇索普集團上海有限公司) from 2009 to 2015. He has also served as a senior strategic advisor at Zhengzhou Maochen Electronic Technology Co., Ltd.\* (鄭州市茂辰電子科技有限公司) and the chief market development consultant at Henan Zhongshuai New Energy Technology Co., Ltd.\* (河南中帥新能源科技有限公司) since 2000. He started to serve as a senior consultant Inspur Co., Ltd.\* (浪潮智能終端有限公司) from 2024.

### **Information of Eagoal**

Eagoal is a corporation established under the law of the PRC that integrates manufacturing, operation, service, and investment in the renewable energy sector. In particular the development and production of new lithium batteries and materials, battery management for new energy vehicles, the construction and operation of integrated energy stations, commercial and industrial energy storage design and manufacturing, battery swapping operations for electric bicycles, high-value utilization technologies, and automated technology research.

## **REASONS FOR AND BENEFITS OF THE ASSIGNMENT**

The Group is principally engaged in (i) provision of electronic manufacturing services (“EMS”); (ii) marketing and distribution of communication products; (iii) real estate supply chain services and energy storage products, (iv) money lending; and (v) the securities and other assets investment. The Group’s products under the EMS business and the business segment of marketing and distribution of communication products, include but not limited to corded and cordless residential telephones, vacuum cleaner, printed circuit board of renewable energy charging solutions for electric vehicles and beauty care equipment.

As mentioned in the 2024 interim report of the Company, China is already the world leader in renewable energy capacity and is expected to expand its lead in the coming years. With foreseeable installed capacity continuing to increase, the industry’s prospects continue to be promising. To leverage China’s leading position in the field of renewable energy, the Group aims to enhance its product portfolio, particularly in the energy storage and clean energy sectors. In 2023, the Group commenced its energy storage products business to capitalise on this growth and the Board believes the Assignment is in line with this initiative, given Eagoal has extensive track record in the field of renewable energy, particularly in the design, manufacturing and technological research of energy storage systems.

The Board views the Assignment as a strategic move that aligns with the Company’s long-term objectives of enhancing market presence, operational efficiency, and shareholder value. By acquiring the exclusive distribution rights under the Agency Distribution Agreement, the Company gains direct control over a critical aspect of its supply chain, enabling streamlined operations, enhanced customer engagement, and improved alignment of marketing strategies

\* For identification purposes only

with operational goals. Further, in accordance with the Agency Distribution Agreement, the Agent will collaborate with industry partners and Eagoal to build cooperative platforms such as tiered and battery recycling centers. This integration is expected to generate significant synergies, allowing the Company to capitalize on untapped market opportunities and diversify its revenue streams.

## **LISTING RULES IMPLICATIONS**

### **The Assignment**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Deed of Assignment is more than 25% but less than 100%, the Assignment and the transactions contemplated thereunder constitutes a major transaction on the part of the Company and is subject to the and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has any material interest in the Assignment and the transactions contemplated thereunder, none of the Directors is required to abstain from voting on the board resolutions approving the Assignment and the transactions contemplated thereunder.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Assignment and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the resolution at the EGM to approve the Assignment and the transactions contemplated thereunder.

## **GENERAL**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing and the Assignment. For the purpose of determining the Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 22 January 2025 to Tuesday, 28 January 2025 (both days inclusive).

A circular containing, among other things, (i) further details of the Rights Issue, the Placing, the Change in Board Lot Size and the Assignment and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in relation to the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; (iv) the valuation report in respect of the value of the rights under the Agency Distribution Agreement; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 8 January 2025.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Thursday, 13 February 2025. The Company will despatch the Prospectus (without the PAL) to the Excluded Shareholders (if any) for their information only to the extent permitted under the relevant laws and regulations and reasonably practicable.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings when used herein:

“2023 AGM”	the annual general meeting of the Company held on 8 June 2023
“2024 AGM”	the annual general meeting of the Company held on 3 June 2024
“Agency Distribution Agreement”	the agency distribution agreement entered between Eagoal and the Assignor, pursuant to which Eagoal appointed the Assignor as (i) its exclusive agency within the Exclusive Territory and granted the Assignor the exclusive right to distribute the Products and the right for after-sale service in the Exclusive Territory; and (ii) its non-exclusive agency in the Non-Exclusive Territory and granted the agency the non-exclusive right to distribute the Products and the right for providing after-sale services in the Non-Exclusive Territory
“Assignee”	Link-Asia International Electronic Technology Limited (環亞國際電子科技有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Assignment”	the proposed assignment by the Assignor of all his rights, obligations, title, interests, and benefit in and to the Agency Distribution Agreement to the Assignee free from any Encumbrance, in accordance with the terms and conditions set out in the Deed of Assignment
“Assignor”	Mr. Lu Zhongming (陸忠明)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business

“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares to 8,000 Shares
“CIDL”	CES Investment Development Limited (formerly known as China New Retail Holding Group Limited), a company incorporated in Hong Kong with limited liabilities, is wholly-owned by Mr. Chen Dechu and a substantial Shareholder who is directly holding 51,760,000 Shares (approximately 23.1% of the issued share capital of the Company) as at the date of this announcement
“Company”	China Energy Storage Technology Development Limited (中國儲能科技發展有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (Stock Code: 1143)
“Compensatory Arrangements”	the compensatory arrangements made pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“Completion”	completion of the Assignment contemplated under the Deed of Assignment
“Consideration”	HK\$45,000,000, being the consideration for the Deed of Assignment
“CSIHL”	China Southern International Holdings Ltd., a company owned as to approximately 33% by Mr. Wang Qi, an executive Director, approximately 34% by Mr. Zhang Zhikui and approximately 33% by Ms. Sun Lingling as at the date of this announcement
“Deed of Assignment”	A deed of assignment dated 13 December 2024 entered into between the Assignor, as the assignor, the Assignee, as the assignee, and the Company pursuant to which the Assignee agreed to accept and the Assignor agreed to assign all his obligations, title, interest, and benefit in and to the Agency Distribution Agreement
“Director(s)”	the director(s) of the Company

“Eagoal”	Anhui Eagoal New Energy Group Co. Ltd (安徽巡鷹新能源集團有限公司), a corporation established under the laws of the PRC
“Effective Date”	the thirtieth Business Day after the last of the Conditions Precedent (or such other date as agreed between the parties) has been satisfied
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Rights Issue, the Placing and the Assignment
“Encumbrances”	being liens, charges, security interests, encumbrances, adverse claims, options and third party rights
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exclusive Territory”	Hong Kong and Macau
“FRC”	the Accounting and Financial Reporting Council
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors to be established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue

“Independent Shareholder(s)”	any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and not connected with any of them or their respective associates
“Joint Placing Agents”	Gransing Securities Co., Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities; and Patrons Securities Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) type 4 (advising on securities), regulated activities
“Last Trading Day”	Friday, 13 December 2024, last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 27 February 2025, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 18 March 2025 or such later date as the Company and the Joint Placing Agents may agree in writing, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling six months after the date of the Deed of Assignment (or such other date as the Parties thereto may agree in writing)
“Macau”	the Macau Special Administrative Region of the PRC
“Net Gain”	the premium paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Joint Placing Agents
“No Action Shareholder(s)”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed

“Non-Exclusive Territory”	Territory other than the Exclusive Territory
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	institutional, corporate or individual investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Joint Placing Agents and/or their sub-placing agents to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Joint Placing Agents and/or their sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agreement”	the placing agreement dated 13 December 2024 entered into between the Company and the Joint Placing Agents in relation to the Placing
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which is expected to be Friday, 7 March 2025, and ending at 4:00 p.m. on Monday, 17 March 2025
“PRC”	the People’s Republic of China
“Product(s)”	a list of energy storage related products, including but not limited to energy storage integrated machine and centralised energy storage system
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 13 February 2025 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders

“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 12 February 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to participate in the Rights Issue will be determined
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	The proposed issue of the Rights Shares by way of rights on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	up to 448,578,370 new Shares (assuming no change in the number of issued Shares on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary shares of HK\$0.2 each in the share capital of the Company
“Specified Event”	an event occurring or matter arising on or after the date of execution of the Placing Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Placing Agreement, would have rendered any of the warranties contained therein untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.21 per Rights Share under the Rights Issue
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers



“Territory”	countries and territories worldwide except for the mainland of China
“Unsubscribed Rights Share(s)”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

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

Hong Kong, 13 December 2024

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

## **APPENDIX I — REPORT FROM MCMILLAN WOODS (HONG KONG) CPA LIMITED**

*The following is the text of the report from McMillan Woods (Hong Kong) CPA Limited, for inclusion in this announcement.*

The Board of Directors  
China Energy Storage Technology Development Limited  
Flat 5, 19/F, Tower 3,  
China Hong Kong City,  
33 Canton Road, Tsim Sha Tsui,  
Kowloon, Hong Kong

Dear Sirs,

**China Energy Storage Technology Development Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”)**

**Assurance report on the calculation of cash flow forecast in connection with the valuation of the Agency Distribution Agreement entered between Anhui Egoal New Energy Group Co. Ltd and Mr. Lu Zhongming (the “Agency Agreement”) and the deed of assignment entered between Mr. Lu Zhongming and the Company (the “Deed of Assignment”)**

We have engaged to report on the arithmetical accuracy of the calculations of the cash flow forecast (the “**Forecast**”) on which the valuation (the “**Valuation**”) prepared by International Valuation Limited in respect of (i) the exclusive right to distribute a list of energy storage related products, including but not limited to energy storage integrated machine and centralised energy storage system (the “**Product**”) and the right for after-sale service in the Hong Kong and Macau and (ii) the non-exclusive right to distribute the Product and the right for after-sale service in the regions of other than the Hong Kong and Macau as at 31 October 2024 is based.

The Valuation is set out in the announcement of the Company dated 13 December 2024 (the “**Announcement**”). The Valuation based on Forecast is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### **Directors’ Responsibilities**

The directors of the Company are solely responsible for the preparation of Forecast in according with the bases and assumptions (the “**Assumptions**”) determined by the directors and as set out in the section headed “Valuation” of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the Forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants’ Responsibilities**

It is our responsibility to report, as required by paragraph 14.60A(2) of the Listing Rules, on the calculations of the Forecast based on our work. We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast is based, and our work does not constitute any valuation of the Agency Agreement and the Deed of Assignment.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, has been properly compiled in accordance with the Assumptions as set out in the section headed “Valuation” of the Announcement. We reviewed the arithmetical calculations and the compilation of the Forecast in accordance with the Assumptions.

The Forecast do not involve the adoption of accounting policies. The Forecast depends on future events and on a number of Assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work or arising out of or in connection with our work.

## **Opinion**

In our opinion, based on the foregoing, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions made by the directors of the Company as set out in the section headed “Valuation” of the Announcement.

Yours faithfully,

**McMillan Woods (Hong Kong) CPA Limited**  
*Certified Public Accountants*  
*Hong Kong*

## APPENDIX II — LETTER FROM RAINBOW CAPITAL

*The following is the text of the letter from Rainbow Capital, for inclusion in this announcement.*

13 December 2024

The Board of Directors  
**China Energy Storage Technology Development Limited**  
Flat 5, 19/F, Tower 3  
China Hong Kong City  
33 Canton Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

Dear Sirs,

We refer to the valuation report prepared by International Valuation Limited (the “**Valuer**”) in respect of the appraisal of the value of the rights under the agency distribution agreement entered into between Anhui Eagoal New Energy Group Co. Ltd and Mr. Lu Zhongming (the “**Intangible Assets**”) as at 31 October 2024 (the “**Valuation**”).

We noted that the Valuation has been developed based on the multi-period excess earnings method under the income approach which is regarded as a profit forecast (the “**Forecast**”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and this letter is issued in compliance with the requirement under Rule 14.60A(3) of the Listing Rules.

Details of the Valuation are set out in the announcement of the Company dated 13 December 2024 (the “**Announcement**”), of which this letter forms part.

We have reviewed the underlying Forecast of the Valuation, for which you as the directors of the Company (the “**Directors**”) are solely responsible. We have discussed with the management of the Company and the Valuer in respect of the bases and assumptions upon which the Forecast and the Valuation have been made. We have also considered the letter addressed solely to and for the sole benefit of the Directors from McMillan Woods (Hong Kong) CPA Limited (the “**Reporting Accountant**”) dated 13 December 2024 regarding the calculations upon which the Forecast have been made.

The Forecast has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be valid or expected to occur and, as such, the Forecast do not represent forecasts of the actual cash flows to be generated from the Intangible Assets and the Forecast may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Forecast since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Valuer's determination of the value of the Intangible Assets. We have had no role or involvement and have not provided and will not provide any assessment of the value of the Intangible Assets and, accordingly, we take no responsibility and express no views therefor. The assessment, review and discussions carried out by us as described in this letter are based on financial, economic, market and other conditions in effect, and the information made available to us, as at the date of this letter and we have, in arriving at our views, relied on information and materials supplied to us by the Company and the Valuer, and opinions expressed by, and representations of, the employees and/or management of the Company and the Valuer, and the Reporting Accountant's letter. We have assumed, without independent verification, that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which you as Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations referred to or contained in the Announcement, and we have not assumed any responsibility or liability therefor. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the Forecast, for which you as the Directors are solely responsible, have been made by you after due and careful enquiry.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**

**Larry Choi**  
*Managing Director*