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CHINA ANCHU ENERGY STORAGE GROUP LIMITED

中國安儲能源集團有限公司

(formerly known as China Fordoo Holdings Limited 中國虎都控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2399)

ISSUE OF 8% CONVERTIBLE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF HK\$26,205,300 DUE 2025

The Board is pleased to announce that on 22 May 2023 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK\$26,205,300.

Based on the initial Conversion Price of HK\$0.66 per Conversion Share and assuming there is no other change in the issued share capital of the Company between now and the full conversion of the Convertible Bonds, 39,705,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 1.79% of the existing issued share capital of the Company; and (b) approximately 1.76% of the issued share capital of the Company as enlarged by the issue of the 39,705,000 Conversion Shares.

The initial Conversion Price of HK\$0.66 per Share: (i) represents a premium of approximately 26.92% to the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreements; and (ii) represents a premium of approximately 27.41% to the average closing price of HK\$0.518 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the Subscription Agreements.

The gross proceeds and net proceeds from the Subscription amount to approximately HK\$26,205,300 and HK\$25,935,300, respectively. The Company intends to apply the net proceeds from the Subscription for the future business development, repayment of debts and general working capital.

Shareholders and potential investors of the Company should note that Completion is conditional upon the satisfaction of certain conditions precedent and therefore may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action should consult their professional advisers.

I. THE SUBSCRIPTION

The Board is pleased to announce that on 22 May 2023 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK\$26,205,300.

The Subscription Agreements

Date: 22 May 2023 (after trading hours of the Stock Exchange)

Parties: (1) the Company; and
(2) the Subscribers.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owner(s), if any, is an Independent Third Party.

Consideration

The subscription price of the Convertible Bonds in an amount of HK\$22,779,900 and HK\$3,425,400 shall be remitted by Mr. Tao and Mr. Song to the account designated by the Company before / upon the signing of the respective Subscription Agreements.

Conditions Precedent

Completion of the Subscription Agreements shall be subject to and conditional upon:

- (a) the obtaining by each of the Subscribers of all necessary approvals in relation to the Subscription in compliance of laws and regulations in the PRC (if any);
- (b) the obtaining by the Company of the approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares and such approval not having been revoked or cancelled prior to the Completion of the Subscription; and
- (c) there having been no event of default, and no event of default would result from the proposed issue of the Convertible Bonds to the Subscribers.

The Subscribers shall use their reasonable endeavours to procure that Condition (a) above is satisfied on or before 15 June 2023 (the "**Long Stop Date**"). The Company shall use its reasonable endeavours to procure that Conditions (b) and (c) above are satisfied by on or before the Long Stop Date. None of the Conditions above may be waived by any party in any event.

If any of the Conditions is not fulfilled on or before the Long Stop Date, then unless the Company and the Subscribers mutually agree to further extend to Long Stop Date to such later time and date, (i) the Subscription Agreements shall lapse and become null and void; (ii) the Company shall return the subscription price, plus interest of 8% per annum calculated from the date of issue up to and including

the date of refund, in one lump sum to each of the Subscribers; and (iii) the parties shall be released from all obligations thereunder save for liabilities for any antecedent breaches thereof.

Completion

Completion of the Subscription shall take place within five Business Days after the day on which the last Condition is fulfilled or such other date as the parties may agree in writing.

II. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

- Issuer:** The Company
- Subscribers:** (a) Mr. Tao
(b) Mr. Song
- Principal amount:** (a) Mr. Tao: HK\$22,779,900
(b) Mr. Song: HK\$3,425,400
- Interest:** Eight per cent. (8%) per annum, payable on the anniversary of the date of issue.
- Maturity Date:** The day falling on the second anniversary of the date of issue (the “**Issue Date**”) (or if such date is not a Business Day, the next Business Day).
- Conversion Period:** The period commencing on the date of issue and ending on, and including, the earlier to occur of:
- (i) 5:00 p.m. on the day which is five (5) Business Days before the Maturity Date; and
 - (ii) If such Convertible Bonds have been called for redemption before the Maturity Date upon occurrence of an event of default, 5:00 p.m. on the date of default redemption notice.
- Conversion Rights:** The holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.66 per Conversion Share at any time during the Conversion Period.
- Conversion Restrictions:** If the conversion by the holders of the Convertible Bonds would trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the exercising bond holders or parties acting in concert with them, or reduce the public float of the Company to less than the relevant shareholding percentage as prescribed by the Listing Rules, then the conversion by the relevant bond holders shall be restricted until

and unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with.

Conversion Shares:

Based on the initial Conversion Price of HK\$0.66 per Conversion Share and assuming there is no other change in the issued share capital of the Company between now and the full conversion of the Convertible Bonds, 39,705,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 1.79% of the existing issued share capital of the Company; and (b) approximately 1.76% of the issued share capital of the Company as enlarged by the issue of the 39,705,000 Conversion Shares. The aggregate nominal value of the 39,705,000 Conversion Shares is HK\$99,262.50.

Conversion Price:

The initial Conversion Price of HK\$0.66 per Share: (i) represents a premium of approximately 26.92% to the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreements; and (ii) represents a premium of approximately 27.41% to the average closing price of HK\$0.518 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the Subscription Agreements. The initial Conversion Price is subject to adjustments upon occurrence of share consolidation or subdivision or capital distribution (collectively referred to as the “**Adjustment Events**”).

Transferability:

The Convertible Bonds are freely transferable, provided that no transfer of the Convertible Bonds to any connected person of the Company shall neither be made without prior written notice to and agreed by the Company.

Redemption:

Redemption at maturity:

Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem all the outstanding Convertible Bonds held by the Subscribers on the Maturity Date at an amount equal to the aggregate principal amount of the outstanding Convertible Bonds and any accrued but unpaid interest on such outstanding Convertible Bonds.

Redemption at the request of the Subscriber:

After the first anniversary of the Issue Date and before the Maturity Date, the Subscribers have the right to hold the Convertible Bonds until the Maturity Date or require the Company to redeem the Convertible Bonds.

Default redemption:

Upon the occurrence of an Event of Default (as defined hereinafter), the Subscribers may elect to require the Company to redeem such Convertible Bonds held by the Subscriber at an amount equal to the aggregate principal amount of the outstanding Convertible Bonds and any accrued but unpaid interest on such outstanding Convertible Bonds.

The events of default includes, among others, (i) the Company defaults in the performance or observance of any term of any Transaction Documents which is binding on it, or of its other obligations under or in respect of the Convertible Bonds or any Transaction Documents and the breach cannot be remedied or the Subscribers reasonably believe that the Company cannot remedy such a breach within 28 days after a notice of default is given; (ii) a repossession by a mortgagee or a receiver or administrator is appointed to take over all or part of their businesses, properties, assets or interests of the Group; (iii) any member of the Group is going to face liquidation or becomes unable to repay its debts when they become due or a member of the Group applies for, agrees to or accepts an appointment of administrator, liquidator or receiver in relation to their all or part of their businesses, properties, assets or interests or any legal action taken by a member of the Group seeking to delay performance of its obligations or a member of the Group entering into a debt restructuring agreement or an arrangement with creditors; and (iv) an order is made or an effective resolution is passed for the winding up of the Group, unless such a winding up is caused by an internal reorganisation or is voluntary in nature (the “**Event(s) of Default**”).

Redemption by the Company:

The Company may voluntarily redeem all or any part of the Convertible Bonds at any time following the Issue Date and prior to the Maturity Date by repaying the Subscribers the principal amount of all or part of the Convertible Bond to be redeemed as may be determined by the Company together with the accrued but unpaid interest after serving at least seven (7) Business Days’ prior written notice on the Subscribers with the total amount proposed to be redeemed from the Subscribers specified therein.

Voting:

The Convertible Bonds shall not confer on the holders the right to vote at any general meetings of the Company before conversion of the Convertible Bonds.

Listing:

No application will be made for the listing of the

Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

Ranking of the Conversion Shares:

The Conversion Shares will, when issued and allotted, rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue.

General Mandate

Based on an aggregate principal amount of HK\$26,205,300 of the Convertible Bonds and the initial Conversion Price of HK\$0.66, the Company will issue up to 39,705,000 Conversion Shares upon exercise of the conversion right attaching to the Convertible Bonds. Accordingly, the maximum aggregate nominal value of the Conversion Shares will be HK\$99,262.50.

The Conversion Shares will be issued and allotted under the General Mandate granted to the Directors at the 2022 AGM. As at the date of this announcement, 120,000,000 Shares have been allotted and issued pursuant to the General Mandate. The remaining balance of the General Mandate as at date of this announcement is 298,403,600 Shares. For further details of the previous subscriptions, please refer to the announcements of the Company dated 13 July 2022 and 29 July 2022.

III. INFORMATION ON THE COMPANY AND THE SUBSCRIBERS

The Group is principally engaged in (i) the sales of industrial products to customers located in Saudi Arabia; (ii) the sales of menswear apparel and brand licensing in the PRC; and (iii) the sales of energy storage battery in the PRC.

Mr. Tao is a merchant and is familiar with the barium ore mining industry and trading of apparel and bulk commodity industry such as billet, coal, coke, pig iron and iron ore powder. He has more than 30 years of investment experience, including but not limited to investing in stock and forming joint venture in the mining and commodity industry.

Mr. Song is a merchant and is familiar with the trading of coal, class III hazardous chemicals and electronic components industry. He has more than 30 years of investment experience, including but not limited to investing in stock and forming joint venture in the electronic components trading industry.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENTS, THE ISSUE OF THE CONVERTIBLE BONDS AND THE USE OF PROCEEDS

The Directors consider the entering into of the Subscription Agreements and the issue of the Convertible Bonds by the Company represents a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost.

The gross proceeds of the issue of the Convertible Bonds are estimated to be approximately HK\$26,205,300. The net proceeds of the issue of the Convertible Bonds (after deduction of relevant expenses) will be approximately HK\$25,935,300. The net proceeds from the Subscription will be used by the Group for future business development, repayment of debts and general working capital.

The Directors (including independent non-executive Directors) consider that the Transaction Documents and the Subscription contemplated thereunder are on normal commercial terms determined after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as whole.

V. EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company has not conducted any other fund raising exercise in the past twelve months immediately before the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
8 June 2022	Issue of 8% convertible bond under General Mandate in the principal amount of HK\$60 million due 2024	Approximately HK\$58.32 million	For future business development, repayment of debts and general working capital	The amounts of HK\$51.32 million and HK\$7.0 million were fully utilised for future business development and general working capital, respectively.
13 July 2022	Issue of 120,000,000 new Shares under general mandate at the subscription price of HK\$0.550 per subscription share for a total amount of HK\$66 million	Approximately HK\$65.86 million	For future business development and general working capital	The amounts of HK\$32.0 million, and HK\$12.4 million were utilised for future business development and general working capital, respectively. It is expected that the remaining proceeds will be fully utilised by end of 2023.

VI. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure immediately before and after the exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.66 per Share, assuming the outstanding aggregate principal amount of the Convertible Bonds is HK\$26,205,300.

Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Bond at the initial Conversion Price of HK\$0.66	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Ms. Wang Xiu Hua ⁽¹⁾	362,396,000	16.38	362,396,000	16.09
Everkept Limited ⁽²⁾	321,950,000	14.55	321,950,000	14.30
Equal Plus Limited ⁽³⁾	193,852,000	8.76	193,852,000	8.61
Mr. Lu Ke ⁽⁴⁾	103,090,000	4.66	103,090,000	4.58
Mr. Tao	—	—	34,515,000	1.53
Mr. Song	—	—	5,190,000	0.23
Other Shareholders	1,230,730,000	55.65	1,230,730,000	54.66
Total	<u>2,212,018,000</u>	<u>100.00</u>	<u>2,251,723,000</u>	<u>100.00</u>

Notes:

- (1) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director and the direct beneficial owner of 362,396,000 Shares.
- (2) Everkept Limited (“**Everkept**”) is the direct beneficial owner of 321,950,000 Shares. Everkept is owned as to 70% by Mr. Kwok Kin Sun, the chairman of the Board and an executive Director. By virtue of SFO, Mr. Kwok Kin Sun is deemed to be interested in all the Shares held by Everkept. Under the SFO, Ms. Wong Tung Yam, the spouse of Mr. Kwok Kin Sun, is deemed to be interested in all the Shares in which Mr. Kwok Kin Sun is interested. As at the date of this announcement, Everkept pledged a total of 311,950,000 Shares to Donghai International Financial Holdings Company Limited (“**Donghai International**”). 東海證券股份有限公司, being the controlling shareholder of Donghai International, is deemed to be interested in all the Shares in which Donghai International is interested by virtue of the SFO.
- (3) Equal Plus Limited (“**Equal Plus**”) is the direct beneficial owner of 193,852,000 Shares. Equal Plus is wholly-owned by Mr. Kwok Hon Fung, an executive Director, the chief executive officer of the Group and the son of Mr. Kwok Kin Sun. By virtue of SFO, Mr. Kwok Hon Fung, is deemed to be interested in all the Shares held by Equal Plus.
- (4) Mr. Lu Ke is an executive Director and the direct beneficial owner of 103,090,000 Shares.
- (5) On 21 June 2022, a convertible bond in the aggregate principal amount of HK\$60,000,000 was issued to Asia Glory International Development Limited (“**Asia Glory**”). Based on the initial conversion price of HK\$0.60 per Share, Asia Glory will receive 100,000,000 Shares upon full conversion of the convertible bond. As at the date of this announcement, no conversion Share was issued to Asia Glory. For details of the convertible bond, please refer to the announcements of the Company dated 8 June and 21 June 2022.

VII. GENERAL

Shareholders and potential investors of the Company should note that Completion is conditional upon the satisfaction of certain conditions precedent and therefore may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action should consult their professional advisers.

VIII. DEFINITIONS

Unless the context otherwise requires, the following expression used in this announcement shall have the following meanings:

“2022 AGM”	the annual general meeting of the Company held on 9 June 2022 at which, among other things, the General Mandate was granted to the Directors
“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday or Sunday or public holiday or a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted at 10 a.m. on that day) on which licensed banks in Hong Kong are generally open for normal banking business
“Company”	China Anchu Energy Storage Group Limited (中國安儲能源集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2399)
“Completion”	the completion of the Subscription
“Conditions”	the conditions precedent to Completion, as more particularly set out in the paragraph headed “Conditions Precedent” of this announcement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Conversion Shares”	the Shares in aggregate to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds to be issued by the Company to the Subscribers in an aggregate principal amount of HK\$26,205,300 pursuant to the Subscription Agreements
“Convertible Bonds Instrument”	the convertible bonds instrument executed by the Company pursuant to the Subscription Agreements constituting the Convertible Bonds
“Director(s)”	the director(s) of the Company
“General Mandate”	the existing general mandate from the shareholders of the Company granted to the Directors at the 2022 AGM to allot and issue Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) up to an aggregate number of Shares not exceeding 20% of the number of Shares in issue as at 9 June 2022, in accordance with the relevant provisions of the Listing Rules

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, not a connected person of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the second anniversary of the Issue Date, or if such date is not a Business Day, the Business Day immediately following such date
“Mr. Tao”	Tao Xubin (陶绪斌), a Subscriber
“Mr. Song”	Song Maolin (宋茂林), a Subscriber
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Mr. Tao and Mr. Song
“Subscription”	the subscription for the Convertible Bonds by the Subscribers on the terms and subject to the conditions of the Subscription Agreements
“Subscription Agreements”	the conditional subscription agreements entered into on 22 May 2023 (after trading hours of the Stock Exchange) between the Company and each of the Subscribers in relation to the Subscription
“substantial Shareholders”	having the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transaction Documents”	collectively, the Subscription Agreements and the Convertible Bonds Instrument
“%”	per cent

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

Hong Kong, 22 May 2023

As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke and Mr. Peng Zuncheng; the non-executive Director is Mr. Wang Yan; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.

Website: www.fordoo.cn