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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Reference is made to the annual report of China Energy Storage Technology Development Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2023 published on 29 April 2024 (the "**2023 Annual Report**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2023 Annual Report.

FUNDRAISING — USE OF PROCEEDS

Further to the information provided in the 2023 Annual Report, the Company would like to provide the shareholders of the Company and potential investors with the following supplemental information in relation to the use of proceeds of the fundraising activities below:

(a) Placing on 30 June 2021

Date of announcement	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds as 31 December 2023
15 June 2021 and 30 June 2021	HK$22.21 million	(i) approximately HK$10 million for developing the Group's assisted reproduction medical technology business, and (ii) approximately HK$12.21 million for general working capital of the Group.	Approximately HK$10.0 million was used for developing the Group's assisted reproduction medical technology business, and approximately HK$12.21 million was used for general working capital, which approximately HK$2.3 million was used for office rental expenses and approximately HK$11.91 million was used for staff cost.

The breakdown of net proceeds utilised from the date of the placing completed on 30 June 2021 up to 31 December 2022, net proceeds utilised for the year ended 31 December 2023 and net proceeds unutilised as of 31 December 2023 are set out as follows:

	Net proceeds utilised from the date of the Listing up to 31 December 2022 *HK$'million (approximately)*	**Net proceeds utilised for the year ended 31 December 2023** *HK$'million (approximately)*	**Net proceeds unutilised as of 31 December 2023** *HK$'million (approximately)*	**Expected timeline for utilising the unutilised net proceeds**
Developing the Group's assisted reproduction Medical technology business	5.9	10.0	—	—
General working capital	12.21	12.21	—	—
	18.11	22.21	—	—

(b) Right Issue in 2021

In the 2023 Annual Report, the Company disclosed on page 27 that the remaining net proceeds of HK$17.1 million from the rights issue completed on 23 November 2021 which was intended for the funding of potential merger and acquisition opportunities of assisted reproductive services licensed providers located in regions in the PRC. Reference to the announcement on 19 December 2023, due to Covid-19 pandemic outbreak in the past few years, the financial conditions of most enterprises in the market have not yet been recovered and the Target Group's business has not resume to the best financial situation. In addition, the Group's administrative expenses still in high value for maintaining the daily operation. The Company's administrative expenses for the year ended 31 December 2022 and for the six months ended 30 September 2023 was approximately HK$105.0 million and HK$51.1 million respectively.

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

The revised unutilised net proceeds are expected to be fully utilised by the end of 2024.

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

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

	Revised allocation of the unutilised original net proceeds as disclosed in the Right Issue Prospectus *HK$'million (approximately)*	**Actual use of utilised original net proceeds up to the date of change of use proceeds as at 19 December 2023** *HK$'million (approximately)*	**Unutilised Net Proceeds as at the date of change of use proceeds as at 19 December 2023** *HK$'million (approximately)*	**Revised allocation of the original net proceeds** *HK$'million (approximately)*	**Net proceeds utilised as of 31 December 2023** *HK$'million (approximately)*	**Net proceeds unutilised as of 31 December 2023** *HK$'million (approximately)*	**Expected timeline for utilising the unutilised Net Proceeds** *HK$'million (approximately)*
Expansion on EMS and Distribution Products Business	34.2	34.2	—	—	34.2	—	—
Potential merger and acquisition opportunities of ARS-licensed providers	17.1	—	17.1	—	—	—	—
General working capital *(note 1)*	7.4	7.4	—	17.1	12.2	12.3	Fully utilised by 31 March 2024
	58.7	41.6	17.1	17.1	46.4	12.3	

Note 1:

The proceeds were used as general working capital, which approximately HK$4.4 million was used for office rental expenses and approximately HK$7.8 million was used for staff cost, from the completion of the Right issues up to 31 December 2023.

(c) Subscription of New Shares under Specific Mandate in February 2023

In the 2023 Annual report, the Company disclosed on page 28 and 29, the Company stated that approximately HK$14 million was used for the repayment of borrowings and the remaining proceeds will be fully used as intended by 31 December 2023. The Company would clarify that the proceeds allocated for the repayment of borrowings were fully used as intended by 31 December 2023.

The intended use of the remaining unutilised net proceeds of approximately HK$20.0 million for upgrading the equipment of the EMS and Distribution Business will be fully utilised as intended by 30 September 2024.

(d) Placing of new shares under General Mandate in October 2023

In the 2023 Annual report, the Company disclosed on page 29, the Company stated that approximately HK$19.1 million was used to the development of renewable energy charging solutions specialized for electric vehicles and the remaining proceeds will be fully used as intended by 30 September 2024.

The intended use of the remaining unutilised net proceeds of approximately HK$11.8 million for the development of renewable energy charging solutions specialized for electric vehicles and the remaining proceeds will be fully used as intended by 30 September 2024.

MONEY LENDING BUSINESS

Further to the information provided in the 2023 Annual Report, the Company would like to provide the shareholders of the Company and potential investors with the following supplemental information in relation to the money lending business under the section of Management Discussion and Analysis from page 9 to 13 below:

(a) The size of the loans and determination of Loan Terms

As at 31 December 2023, the size of the loan receivables from these four customers ranges from approximately HK$500,000 to HK$$800,000, and totaling approximately HK$2.4 million. These four loan receivables were granted in August 2022, the credit period for each was one year and repayable in August 2023, at the initial agreement, respectively. Each of the loan receivables complies with the credit assessment policy at the initial grant of the loans. The interest rate for the loan receivable was at market rate. In view of the assets proof provided by the borrowers, no security has been considered necessary. During the year ended 31 December 2023, each of the borrowers of these loan receivables requested an extension for 1 to 2 years, with the reasons of capital need, respectively. During the negotiating of the extension, the borrowers and the Group mutually agreed to maintain the interest rate, as a result of careful assessment of the historical repayment records and assets proofs. As of the year ended 31 December 2023 and up to the date of this announcement, there were no accrued interests overdue.

(b) Borrowers' natures and their credit assessment

Each of the borrowers of the loan receivables is an independent third party. Credit assessments have been performed on each of the borrowers and complied with the Company's credit rating policy.

(c) Loan Renewal

These four loan receivables were granted in August 2022, the credit period for each was one year and repayable in August 2023, at the initial agreement, respectively. During the year ended 31 December 2023, each of the borrowers of these loan receivables requested an extension for 1 to 2 years, with the reasons of capital need, respectively.

The management has prudently considered each of the extension requests with all the information obtained at the application, the repayment records of the borrowers, and the assets proof. In view of the assets proof provided by the borrowers, no security has been considered necessary. The management has then decided to grant a one-year extension for each loan receivables.

(d) The loan impairment policies and the basis of impairment assessments

The Group adopted the requirements in respect of the expected credit loss ("**ECL**") assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loan receivables. The Group regularly perform impairment assessment on each of the loan and interest receivables under money lending business. The Group's impairment losses relate primarily to the ECL allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

For the purpose of impairment assessment, loans of the Group are classified as stage 1, 2 and 3 according to the prevailing accounting standard.

Stage 1 are loans with no significant increase in credit risk of the financial instrument since their initial recognition.

Stage 2 are loans with increase in credit risk of the financial instrument since their initial recognition.

Stage 3 loans has significant increase in credit risk of the financial instrument since initial recognition and considered as credit-impaired. Impairment was assessed for each of the loans and the ECL model for internal impairment assessment has taken into account the following:

(1) expected life and contractual terms of a financial instrument

(2) market probability of default

(3) market loss given default or discounted recovery rate and

(4) forward-looking market data.

(e) The discussion of the movements of impairments or write-offs of loan receivables and the reasons for the substantial impairment

For the year ended 31 December 2023, the Group recorded an accumulated impairment loss on loans and interest receivable for the money lending business of approximately HK$748,000 (2022: approximately HK$53,000), which covers all four loan receivables. The impairment loss increased by approximately HK$695,000 during the year ended 31

December 2023, which reflects the loan receivables have increased credit risk due to the extended loan period and are classified as stage 2 for impairment assessment according to the prevailing accounting standard, which represents the loans with the increase in credit risk of the financial instrument since their initial recognition. No event that will have a significant impact on the creditworthiness has been noted during the extension period and up to this announcement date.

Save for the considered increased credit risk from extended credit period in prudence's sake, the Group has not been aware of any event which would significantly impact the borrowers' credit rating, and no default events have occurred up to the day of this announcement.

The Board is of the view that the increased impairment loss was due to increased credit risk from the extended loan period under the expected credit loss assessment, and no internal control deficiencies were noted in this regard.

(f) Loan collection

The management will continuously monitor the credit quality of each borrower regularly.

In order to minimise the Group's exposure to credit risk and follow up closely with its customers as to the deadlines in payment of interest and principal of the loans, (i) the relevant staff of Be Smart is responsible for monitoring the status of loan repayment and keeping accounting records for monthly audit of the loan balance to ensure that all borrowers have made repayment on time in accordance with the terms of the relevant loan agreement; (ii) the relevant staff of Be Smart will communicate regularly with the borrowers regarding their financial positions and credit profile to have an up-to-date understanding of their repayment ability and creditworthiness; (iii) the relevant staff is required to report to the directors of Be Smart immediately in the event of late repayment, material change to the repayment ability or creditworthiness of the borrowers or any other events which indicate the recovery of the loan may be at risk; and (iv) the management is required to report the repayment status of all the Group's loans to the Directors on a quarterly basis so that the Directors can review the loan portfolio and discuss actions to be taken. In any case if it may think fit, legal action will be taken aginst the borrowers to minimise any possible credit losses.

SHARE AWARD PLAN

Further to the information provided in the 2023 Annual Report, the Company would like to provide the shareholders of the Company and potential investors with the following supplemental information in relation to the share award plan of the Company (the "**Share Award Plan**") pursuant to Rules 17.09 of the Listing Rules:

(a) Eligible Participants

Eligible participants include any (i) Employee Participant; (ii) Related Entity Participant; and (iii) Service Provider.

(b) The maximum entitlement of each participant

The maximum number of shares issued or to be issued in respect of all options and awards granted to a participant at any one time or in aggregate under the 2023 Share Award Plan and all other share schemes (excluding any options and awards lapsed in accordance with the terms of the respective share schemes) in any 12-month period up to and including the date of such relevant grant should not exceed 1% of the issued share capital of the Company (the "**Individual Limit**") Where any award to a participant may result in exceeding the Individual Limit, the Company shall not grant such Options unless it is separately approved by the Shareholders in general meeting, with such Selected Participant and his close associates (or Associates if the Selected Participant is a Connected Person) abstaining from voting.

Where any award to an independent non-executive Director or substantial shareholder of the Company, or any of his associates would result in the shares issued and to be issued in respect of all options and awards granted to such person under the 2023 Share Award Plan and all other share schemes (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such award must be approved by the Shareholders in general meeting, with such Selected Participant, his associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

(c) The remaining life of the Share Award Plan

Subject to any early termination determined by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme is valid and effective for a term of 10 years commencing on its adoption date (i.e. 8 June 2023 to 7 June 2033).

The above addition information does not affect other information contained in the 2023 Annual Report. Save as disclosed above, all other information in the 2023 Annual Report remains unchanged.

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

Hong Kong, 4 July 2024

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