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CM Energy Tech Co., Ltd.
华商能源科技股份有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 206)

**(1) CONNECTED TRANSACTION IN RELATION TO THE
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

Financial Adviser to the Company



**Independent Financial Adviser to the Takeovers Code Independent Board Committee
and the Listing Rules Independent Board Committee and the Independent Shareholders**



THE SHARE SUBSCRIPTION

On 30 December 2024 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and allot, and the Subscriber has conditionally agreed to subscribe for, 1,621,717,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share for a total consideration of HK\$324,343,400 in cash.

The Subscription Shares which will be issued upon Completion represent:

- (a) approximately 50% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 33.33% of the issued share capital of the Company as enlarged by the issuance and allotment of the Subscription Shares, assuming there is no other change to the share capital of the Company from the date of this announcement up to the Completion Date.

The Subscription Shares shall be issued and allotted pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement:

- (a) the Subscriber (a wholly-owned subsidiary of CM Group) does not hold any Shares;
- (b) Prime Force Investment Corporation (an indirect wholly-owned subsidiary of CM Group) holds 1,530,372,000 Shares, representing approximately 47.18% of the issued share capital of the Company; and
- (c) CIMC(HK), a party acting in concert with the Subscriber, holds 185,600,000 Shares, representing approximately 5.72% of the issued share capital of the Company.

Upon Completion, assuming there is no other change to the share capital and shareholding structure of the Company, the shareholding of the Subscriber and parties acting in concert with it (including the Trustee) will increase from approximately 55.08% to approximately 70.05% of the issued share capital of the Company.

Following consultation with the Executive, as the total shareholding of the China Merchants Group would increase from approximately 47.18% to approximately 64.79% after Completion (excluding Shares held by the Trustee), the issuance and allotment of the Subscription Shares under the Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber and CM Group to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive (on behalf of itself and CM Group) for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Share Subscription, respectively, at the EGM.

The Subscriber and CM Group, and their respective associates, and any parties acting in concert with them, and any other party who is interested in or involved in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

LISTING RULES IMPLICATIONS

The Subscriber is a wholly-owned subsidiary of CM Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction of the Company and will be subject to announcement, reporting and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

ESTABLISHMENT OF THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND THE LISTING RULES INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all non-executive Directors who are not interested or involved in the Share Subscription and the Whitewash Waiver, namely Mr. Zhang Xizheng, Mr. Zhang Menggui, Morgan, Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong) has been formed to advise the Independent Shareholders on the terms of, and voting in respect of, the Share Subscription and the Whitewash Waiver.

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription, namely Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong) has been formed to advise the Independent Shareholders on the terms of, and voting in respect of, the Share Subscription from the Listing Rules perspective.

Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver and to make recommendations as to voting.

GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate); and (ii) the Whitewash Waiver.

Resolutions approving the Share Subscription (including the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver will be proposed at the EGM for approval by the Independent Shareholders. The Share Subscription and the Whitewash Waiver are subject to the approval by more than 50% and at least 75% of the votes cast by the Independent Shareholders either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

Since Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Subscription Agreement, the Share Subscription may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among other things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Share Subscription, respectively, at the EGM. Completion of the Share Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

THE SHARE SUBSCRIPTION

On 30 December 2024 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and allot, and the Subscriber has conditionally agreed to subscribe for, 1,621,717,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share for a total consideration of HK\$324,343,400 in cash.

The principal terms of the Subscription Agreement are set out below.

The Subscription Agreement

Date	30 December 2024
Parties	(a) the Company (as issuer) (b) the Subscriber (as subscriber)
Subscription Price per Subscription Share	HK\$0.20
Aggregate Subscription Price	HK\$324,343,400
Aggregate nominal value of Subscription Shares	HK\$162,171,700

The Subscription Shares

The Subscription Shares which will be issued upon Completion represent:

- (a) approximately 50% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 33.33% of the issued share capital of the Company as enlarged by the issuance and allotment of the Subscription Shares, assuming there is no other change to the share capital of the Company from the date of this announcement up to the Completion Date.

The Subscription Shares shall be issued and allotted pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Ranking

The Subscription Shares, when issued and allotted, shall rank pari passu in all respects among themselves and with the Shares in issue.

The Subscription Price

The Subscription Price represents:

- (a) a premium of 25.00% over the closing price of HK\$0.160 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) a premium of approximately 25.79% over the average closing price of approximately HK\$0.159 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (c) a premium of approximately 16.28% over the average closing price of approximately HK\$0.172 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (d) a premium of approximately 11.11% over the average closing price of approximately HK\$0.180 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (e) a discount of approximately 52.49% to the audited consolidated net asset value per Share as at 31 December 2023 of approximately HK\$0.421 per Share, calculated based on the audited consolidated net assets of the Group of approximately US\$175,824,000 as at 31 December 2023 as extracted from the 2023 annual report of the Company and 3,243,433,914 Shares then in issue (adopting the exchange rate of HK\$1:US\$0.1288 for illustration purposes); and
- (f) a discount of approximately 52.83% to the unaudited consolidated net asset value per Share as at 30 June 2024 of approximately HK\$0.424 per Share, calculated based on the unaudited consolidated net assets of the Group of approximately US\$177,091,000 as at 30 June 2024 as extracted from the 2024 interim report of the Company and 3,243,433,914 Shares then in issue (adopting the exchange rate of HK\$1:US\$0.1288 for illustration purposes).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to (i) the historical market prices of the Shares; (ii) the trading liquidity of the Shares; (iii) the Company's future development plans and related funding needs; and (iv) the reasons for and benefits of the Share Subscription as referred to in the section headed "Reasons for and Benefits of the Share Subscription and Use of Proceeds" below.

Conditions precedent

Completion of the Share Subscription is conditional upon satisfaction or (if applicable) waiver of the following conditions:

- (a) the approval at the EGM of (i) the issuance and allotment of the Subscription Shares to the Subscriber; and (ii) the Whitewash Waiver;
- (b) the granting of the Whitewash Waiver by the Executive and such waiver not having been subsequently revoked or withdrawn;
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval not having been subsequently revoked or withdrawn;
- (d) all necessary internal and external approvals, authorisations, consents, filings and reports for the implementation or completion of the Share Subscription having been obtained or duly filed (as applicable) by the Company and such approvals and consents remaining in full force and effect;
- (e) all necessary approvals, authorisations, consents, filings and reports for the implementation or completion of the Share Subscription having been obtained or duly filed (as applicable) by the Subscriber and such approvals and consents remaining in full force and effect, including but not limited to approval of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC in respect of the Share Subscription;
- (f) on the Completion Date, (i) the representations, warranties and undertakings given by the Company under the Subscription Agreement being true, accurate and correct in all material respects and not misleading; and (ii) the Company having performed or satisfied all of its agreements, undertakings and obligations under the Subscription Agreement to be performed on or before the Completion Date in all material respects; and

- (g) on the Completion Date, (i) the representations, warranties and undertakings given by the Subscriber under the Subscription Agreement being true, accurate and correct in all material respects and not misleading; and (ii) the Subscriber having performed or satisfied all of its agreements, undertakings and obligations under the Subscription Agreement to be performed on or before the Completion Date in all material respects.

As at the date of this announcement and based on information available to the Company, other than those specifically set out in conditions (a), (b), (c) and (e) above, the Company is not aware of any other approvals, authorisations, consents, filings and reports which are required as set out in the conditions in paragraphs (d) and (e) above.

The Subscriber may waive any of the conditions as set out in paragraphs (e) and (f) above. The Company may waive any of the conditions as set out in paragraphs (d) and (g) above. The conditions as set out in paragraphs (a) to (c) are not capable of being waived. As at the date of this announcement, none of the conditions as set out above has been satisfied or (if applicable) waived.

Completion of the Share Subscription

Completion of the Share Subscription shall take place within five Business Days (or such other date as agreed to in writing between the Company and the Subscriber) upon the satisfaction or waiver of the conditions under the Subscription Agreement, upon which the Company shall issue and allot the Subscription Shares to the Subscriber and the Subscriber shall pay to the Company the aggregate Subscription Price.

Termination of the Subscription Agreement

The Subscription Agreement may be terminated by the Subscriber if:

- (a) the Company is in material breach of its obligations under the Subscription Agreement;
- (b) the Company is in breach of any representations, warranties or undertakings given by it under the Subscription Agreement in any material respect;
- (c) there is a suspension of dealings in the Shares or listing of the Shares on the Stock Exchange for a consecutive period of 15 trading days or more;

- (d) a statute, rule, regulation, order, decree, ruling or injunction has been enacted, entered, promulgated, endorsed, threatened or is pending by or before any governmental entity or regulatory authority which in any material respect restricts, prohibits or threatens to restrict or prohibit the consummation of any of the transactions contemplated by the Subscription Agreement;
- (e) there is any change which gives rise to a condition, development or circumstance which would (i) have a material adverse effect on the condition (financial or otherwise), prospects, results of operations, general affairs or assets of the Group; or (ii) adversely affect the ability of the Company to perform any of its obligations under the Subscription Agreement; or
- (f) there is (i) a suspension or material limitation in trading in securities generally on the Stock Exchange; or (ii) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong.

In the event Completion does not take place on or before the date which is 180 calendar days after the date of the Subscription Agreement, i.e. 28 June 2025, either the Company or the Subscriber may terminate the Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription).

Information on the Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding. As at the date of this announcement, the Subscriber is a wholly-owned subsidiary of CM Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. As at the date of this announcement, CM Group is interested in 1,530,372,000 Shares through Prime Force Investment Corporation (an indirect wholly-owned subsidiary of CM Group), representing approximately 47.18% of the issued share capital of the Company.

CM Group is a large integrated state-owned conglomerate which is principally engaged in core industries such as transportation, finance, comprehensive development and operation of cities and parks and technology and innovation related businesses.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Subscriber confirms that:

- (a) save for the Subscription Agreement, none of the Subscriber or parties acting in concert with it has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to and including the date of this announcement;
- (b) save as disclosed in the section headed “Effects on Shareholding Structure of the Company” in this announcement, none of the Subscriber or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (c) save for the Subscription Agreement, none of the Subscriber or parties acting in concert with it has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the shares of the Company or the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (d) none of the Subscriber or parties acting in concert with it has received any irrevocable commitment to vote for or against the resolutions relating to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (e) save for the conditions of the Subscription Agreement, none of the Subscriber or parties acting in concert with it has any agreements or arrangements which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (f) none of the Subscriber or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) the Share Subscription does not involve any sale of Shares; and
- (h) save for the Subscription Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(1) the Subscriber and parties acting in concert with it; or (2) the Company, its subsidiaries or associated companies.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

The Company is principally engaged in investment holding. The Group is principally engaged in building a “Hydrogen, Machinery, Electricity” industrial layout focused on areas of hydrogen-based fuel equipment production and application (hydrogen), ocean energy equipment (machinery), and electric power drive and control (electricity), with a commitment to creating industry leading products and being an industry leading provider of technologically innovative green energy and equipment services.

The gross proceeds from the Share Subscription will be approximately HK\$324,343,400. The net proceeds (after deducting relevant costs and expenses) from the Share Subscription will be approximately HK\$320,343,400 and the net Subscription Price will be approximately HK\$0.1975 per Share.

The net proceeds from the Share Subscription are intended to be used for the development of hydrogen, machinery and electricity related businesses, including progressing the Company’s green energy equipment development and manufacturing, electric drive and control and other aspects, which will enhance the Company’s manufacturing capabilities to create competitive products. The net proceeds will also be used to supplement the Company’s general liquidity.

Upon Completion, CM Group will become interested in more than 50% of the issued share capital of the Company. The Share Subscription will allow the China Merchants Group more flexibility and higher efficiency in supporting the long-term business development of the Company, which in turn facilitates the Company to realise its own long-term development strategy. CM Group’s increase in shareholding in the Company also indicates its confidence in the continued long-term growth of the Company.

The Share Subscription will also allow the consolidation of resources in the science and technology fields within the China Merchants Group. This will allow the Company to further focus on the synergistic development of green energy technology and assist the Company in becoming a successful platform for high-end green energy equipment manufacturing. This will be a key aspect in the Company achieving its medium and long term goals of being an industry leading provider of technologically innovative green energy and equipment services.

The Directors (excluding the members of the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee whose views will be stated in the circular in respect of the Share Subscription and the Whitewash Waiver, after considering the advice of the independent financial adviser) consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

CM Group and the Subscriber intend to continue with the existing principal businesses of the Group. CM Group and the Subscriber also intend to maintain the listing of the Shares on the Stock Exchange following the Completion.

As at the date of this announcement, other than a possible change in Board composition which will be effected and announced in compliance with the Takeovers Code and Listing Rules in due course, there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had not conducted any fund-raising activities involving the issuance of equity securities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after Completion, assuming there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the Completion Date, are set out below:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
The Subscriber and parties acting in concert with it	1,786,471,000	55.08%	3,408,188,000	70.05%
Prime Force Investment Corporation ⁽¹⁾	1,530,372,000	47.18%	1,530,372,000	31.46%
The Subscriber	–	–	1,621,717,000	33.33%
CIMC (HK) ⁽²⁾	185,600,000	5.72%	185,600,000	3.81%
Trustee ⁽³⁾	70,499,000	2.18%	70,499,000	1.45%
Director				
Zhang Menggui, Morgan ⁽⁴⁾	65,979,100	2.04%	65,979,100	1.36%
Public Shareholders	1,390,983,814	42.88%	1,390,983,814	28.59%
Total	3,243,433,914	100%	4,865,150,914	100%

Notes:

- (1) Prime Force Investment Corporation is an indirect wholly-owned subsidiary of CM Group as at the date of this announcement.
- (2) CIMC(HK) is a subsidiary of CIMC. CM Group is, through certain wholly-owned subsidiaries, interested in approximately 42.74% of the issued H shares and approximately 24.49% of the total issued shares of CIMC as at the date of this announcement.
- (3) Such Shares include 8,446,456 Shares held by the Trustee, the trustee of the share award plan adopted on 16 January 2015 and 62,052,544 Shares held by the Trustee, the trustee of the share award plan adopted on 31 October 2019. Pursuant to the rules of the share aware schemes and Rule 17.05A of the Listing Rules, the Trustee shall abstain from voting in respect of resolutions to be proposed at the EGM.
- (4) Mr. Zhang Menggui, Morgan was neither interested nor involved in the Share Subscription and the Whitewash Waiver.
- (5) The percentage figures as set out above are subject to rounding adjustments.

As at the date of this announcement, other than the 3,243,433,914 Shares in issue, the Company has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement:

- (a) the Subscriber (a wholly-owned subsidiary of CM Group) does not hold any Shares;
- (b) Prime Force Investment Corporation (an indirect wholly-owned subsidiary of CM Group) holds 1,530,372,000 Shares, representing approximately 47.18% of the issued share capital of the Company; and
- (c) CIMC(HK), a party acting in concert with the Subscriber, holds 185,600,000 Shares, representing approximately 5.72% of the issued share capital of the Company.

Upon Completion, assuming there is no other change to the share capital and shareholding structure of the Company, the shareholding of the Subscriber and parties acting in concert with it (including the Trustee) will increase from approximately 55.08% to approximately 70.05% of the issued share capital of the Company.

Following consultation with the Executive, as the total shareholding of the China Merchants Group would increase from approximately 47.18% to approximately 64.79% after Completion (excluding Shares held by the Trustee), the issuance and allotment of the Subscription Shares under the Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber and CM Group to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive (on behalf of itself and CM Group) for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Share Subscription, respectively, at the EGM.

The Subscriber and CM Group, and their respective associates, and any parties acting in concert with them, and any other party who is interested in or involved in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

As at the date of this announcement, the Company does not believe that the Share Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). Should any concern arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Share Subscription does not comply with other applicable rules and regulations.

LISTING RULES IMPLICATIONS

As described in the section headed “Information on the Subscriber” in this announcement, the Subscriber is a wholly-owned subsidiary of CM Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction of the Company and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As Mr. Mei Xianzhi, Mr. Liu Jiancheng and Mr. Tam Wing Tim hold positions with China Merchants Industry Holdings Co., Ltd. (a subsidiary of CM Group), each of them abstained from voting on the Board resolutions in relation to the Share Subscription.

ESTABLISHMENT OF THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND THE LISTING RULES INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all non-executive Directors who are not interested or involved in the Share Subscription and the Whitewash Waiver, namely Mr. Zhang Xizheng, Mr. Zhang Menggui, Morgan, Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong) has been formed to advise the Independent Shareholders on the terms of, and voting in respect of, the Share Subscription and the Whitewash Waiver. Mr. Mei Xianzhi, Mr. Liu Jiancheng and Mr. Tam Wing Tim, being non-executive Directors, are either appointed by CM Group or employees of the China Merchants Group and therefore do not form part of the Takeovers Code Independent Board Committee.

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription, namely Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong) has been formed to advise the Independent Shareholders on the terms of, and voting in respect of, the Share Subscription from the Listing Rules perspective.

Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver and to make recommendations as to voting.

GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate); and (ii) the Whitewash Waiver.

Resolutions approving the Share Subscription (including the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver will be proposed at the EGM for approval by the Independent Shareholders. The Share Subscription and the Whitewash Waiver are subject to the approval by more than 50% and at least 75% of the votes cast by the Independent Shareholders either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Share Subscription (including the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate); (ii) the Whitewash Waiver; (iii) a letter of advice from the Takeovers Code Independent Board Committee and a letter of advice from the Listing Rules Independent Board Committee; (iv) a letter of advice from the independent financial adviser to the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders on the Share Subscription and the Whitewash Waiver; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

The Company will seek the Executive's consent if it becomes clear that the circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the circular. Further announcement(s) will be made by the Company as and when appropriate.

Since Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Subscription Agreement, the Share Subscription may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among other things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Share Subscription, respectively, at the EGM. Completion of the Share Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“China Merchants Group”	CM Group and its subsidiaries
“CIMC”	China International Marine Containers (Group) Co., Ltd., a company incorporated in the PRC with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2039) and the Shenzhen Stock Exchange (stock code: 000039)
“CIMC(HK)”	China International Marine Containers (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of CIMC
“CM Group”	China Merchants Group Limited*(招商局集團有限公司), a company established in the PRC with limited liability. It is regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Company”	CM Energy Tech Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 206)
“Completion”	the completion of the Share Subscription and issuance of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement

“Completion Date”	the date on which the Completion takes place pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving, among other things, the Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than: (i) the Subscriber and CM Group and their respective associates and any parties acting in concert with them; and (ii) any other Shareholder who is interested or involved in the Share Subscription and/or the Whitewash Waiver (if any)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription (namely Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong), which is formed in accordance with the Listing Rules to advise the Independent Shareholders on the Share Subscription

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the issuance and allotment of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Merchants Innovation and Technology (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by CM Group and thus a connected person of the Company
“Subscription Agreement”	the conditional subscription agreement dated 30 December 2024 and entered into between the Company and the Subscriber in relation to the Share Subscription
“Subscription Price”	HK\$0.20 per Subscription Share
“Subscription Shares”	1,621,717,000 new Shares to be issued by the Company to the Subscriber pursuant to the Share Subscription
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time)
“Takeovers Code Independent Board Committee”	an independent board committee of the Company comprising all the non-executive Directors who are not interested or involved in the Share Subscription and the Whitewash Waiver (namely Mr. Zhang Xizheng, Mr. Zhang Menggui, Morgan, Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong), which is formed in accordance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on the Share Subscription and the Whitewash Waiver
“Trustee”	Treasure Maker Investments Limited, a wholly-owned subsidiary of the Company that is not otherwise connected with any of the directors, chief executives or substantial shareholders of the Company
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United State dollars, the lawful currency of the United States
“Whitewash Waiver”	the whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber (and CM Group) to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) which might otherwise arise as a result of the Share Subscription
“%”	per cent.

* *For identification purpose only*

By order of the Board
CM Energy Tech Co., Ltd.
Mei Xianzhi
Chairman

Hong Kong, 30 December 2024

As of the date of this announcement, the Board comprises one (1) executive Director, namely Mr. Zhan Huafeng; five (5) non-executive Directors, namely Mr. Mei Xianzhi, Mr. Liu Jiancheng, Mr. Tam Wing Tim, Mr. Zhang Xizheng and Mr. Zhang Menggui, Morgan; and three (3) independent non-executive Directors, namely Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

For the purposes of this announcement, unless the context otherwise requires, conversion of United States dollars into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to US\$0.1288. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or United States dollars have been, could have been or may be converted at such or any other rate or at all.