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Add New Energy Investment Holdings Group Limited **愛德新能源投資控股集團有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02623)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Placing Agent



中國通海證券有限公司
CHINA TONGHAI SECURITIES LIMITED

THE PLACING

On 16 September 2019 (after trading hours), the Company entered into the Placing Agreement with the Sole Placing Agent in relation to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Sole Placing Agent on a best effort basis, of up to 982,000,000 Placing Shares at the Placing Price of RMB0.081 (equal to HK\$0.09) per Placing Share, subject to the Top-Up Placing Option.

495,000,000 Placing Shares represent (i) approximately 10.08% of the existing issued share capital of the Company of 4,910,609,920 Shares; (ii) approximately 9.16% of the issued share capital of the Company of 5,405,609,920 Shares as enlarged by the Placing (without considering the Top-Up Placing Option). Assuming the Top-Up Placing Option is fully exercised, the maximum number of Placing Shares of up to 982,000,000 Placing Shares represent (a) approximately 20% of the issued share capital of the Company of 4,910,609,920 Shares; and (b) approximately 16.66% of 5,892,609,920 Shares as enlarged by the Placing (assuming the exercise in full of the Top-Up Placing Option).

The Placing Price represents (i) a premium of approximately 3.45% to the closing price of HK\$0.087 per Share as quoted on the Stock Exchange on 16 September 2019, being the date of the Placing Agreement; (ii) a premium of approximately 2.27% to the average closing price of HK\$0.088 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Placing Agreement; and (iii) a premium of approximately 2.27% to the average closing price of HK\$0.088 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares (subject to the Top-Up Placing Option).

The gross proceeds and net proceeds from the Placing will be approximately (i) RMB40.22 million (equal to HK\$44.55 million) and RMB38.91 million (equal to HK\$43.10 million) respectively, or (ii) RMB79.79 million (equal to HK\$88.38 million) and RMB77.28 million (equal to HK\$85.60 million) if the Top-Up Placing Option is exercised in full, which will be used for general working capital of the Group and for funding investment opportunities as may be identified from time to time.

COMPENSATION ARRANGEMENT

Mr. Li (the Chairman, an executive Director and the controlling shareholder of the Company) is expected to enter into the Compensation Agreement with each of the Placees, pursuant to which Mr. Li will agree to compensate the Placees in cash if on the Reference Date, the closing market value per Share falls below the Compensation Price (on the terms and subject to the conditions as set out in the Compensation Agreement).

Shareholders and potential investors should note that the completion of the Placing is subject to condition under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

16 September 2019 (after trading hours)

Parties

- (a) The Sole Placing Agent; and
- (b) The Company

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Sole Placing Agent and its ultimate beneficial owners are third parties independent of and not connected persons of the Company.

The Placing

The Sole Placing Agent has conditionally agreed with the Company to place the Placing Shares (through itself or its agent) to not less than six Placees on a best effort basis.

Placees

The Placees (and their respective ultimate beneficial owners) are not connected person(s) of the Company and are third parties independent of and not connected with the Company and its connected persons. No Placees will become substantial Shareholders (as defined in the Listing Rules) as a result of the Placing.

Placing Shares

As at the date of this announcement, the Company has 4,910,609,920 Shares in issue.

495,000,000 Placing Shares represent (i) approximately 10.08% of the existing issued share capital of the Company of 4,910,609,920 Shares; (ii) approximately 9.16% of the issued share capital of the Company of 5,405,609,920 Shares as enlarged by the Placing (without considering the Top-Up Placing Option). Assuming the Top-Up Placing Option is fully exercised by the Sole Placing Agent, the maximum number of Placing Shares of up to 982,000,000 of Placing Shares represent (a) approximately 20% of the issued share capital of the Company of 4,910,609,920 Shares, and (b) approximately 16.66% of 5,892,609,920 Shares as enlarged by the Placing (assuming the exercise in full of the Top-Up Placing Option). The aggregate nominal value of the Placing Shares will be HK\$990,000 (without considering the Top-Up Placing Option) or HK\$1,964,000 (assuming the exercise in full of the Top-Up Placing Option).

The Placing Shares will rank, upon issue, *pari passu* in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Pursuant to the Placing Agreement, the Company granted the Top-Up Placing Option to the Sole Placing Agent, exercisable by the Sole Placing Agent (for itself and on behalf of any of its agent) whereby the Sole Placing Agent can exercise the Top-Up Placing Option during the Placing Period at the Sole Placing Agent's sole discretion. In the event that the Sole Placing Agent exercised the Top-Up Placing Option in full, the Company will be required to allot and issue up to an aggregate of 982,000,000 new Shares to the Placees as procured by the Sole Placing Agent (together with any of its agent) at the Placing Price. Any new Shares so allotted and issued by the Company following the exercise of the Top-Up Placing Option by the Sole Placing Agent will be regarded as, and form part of, the Placing Shares under the Placing.

Placing Price

The Placing Price represents (i) a premium of approximately 3.45% to the closing price of HK\$0.087 per Share as quoted on the Stock Exchange on 16 September 2019, being the date of the Placing Agreement; (ii) a premium of approximately 2.27% to the average closing price of HK\$0.088 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Placing Agreement; and (iii) a premium of approximately 2.27% to the average closing price of HK\$0.088 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Placing Agreement.

The estimated expenses for the Placing are approximately (i) RMB1.31 million (equal to HK\$1.45 million) (without considering the Top-Up Placing Option) or (ii) RMB2.51 million (equal to HK\$2.78 million) if the Top-Up Placing Option is exercised in full, comprising placing commission, and other professional fees and expenses. Assuming that all the Placing Shares could be successfully placed out, the net price to the Company of each Placing Share is approximately RMB0.079 (equal to HK\$0.087) per Placing Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Sole Placing Agent with reference to current market conditions, prevailing market price and liquidity of the Shares.

The Board also considers that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Commission

The Sole Placing Agent will be entitled to a commission of 3% of the amount equivalent to the Placing Price multiplied by the number of Placing Shares actually placed. Such placing commission was arrived at after arm's length negotiation between the Company and the Sole Placing Agent by reference to the size and the current market condition. The Directors are of the view that the placing commission payable under the Placing is fair and reasonable.

Condition Precedent of the Placing Agreement

The Placing is conditional upon the fulfillment of the following conditions:

- (1) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares (subject to the Top-Up Placing Option); and
- (2) the obligations of the Sole Placing Agent under the Placing Agreement have not been terminated pursuant to the terms of the Placing Agreement.

If the foregoing condition is not fulfilled on or prior to 30 September 2019 (or such later date as may be agreed between the Company and the Sole Placing Agent), the Placing Agreement shall be terminated and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Termination of the Placing

Notwithstanding anything contained in the Placing Agreement, if, at any time prior to 9:00 a.m. on the Placing Completion Date:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Sole Placing Agent, acting reasonably, materially and adversely affect the business or financial condition or prospects of the Group as a whole;
 - (ii) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *ejusdem generis* with the foregoing), which may or may be expected to, in the opinion of the Sole Placing Agent, acting reasonably, adversely affect the business or financial or trading position or prospects of the Group as a whole or prejudices the success of the Placing of the Shares or otherwise makes it inexpedient or inadvisable for the Company or the Sole Placing Agent to proceed with the Placing; or
 - (iii) any significant change (whether or not permanent) in local, regional, national or international market conditions (including without limitation suspension or material restriction on trading in securities or any conditions affecting a sector of the market) which may reasonably or may be reasonably expected to adversely affect the success of the Placing or otherwise in the opinion of the Sole Placing Agent, acting reasonably, makes it inexpedient or inadvisable or inappropriate for the Company or the Sole Placing Agent to proceed with the Placing;
- (b) the Company commits any material breach of or any material omission to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (c) trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of any announcements or circulars relating to the Placing; or
- (d) any breach of any of the warranties as set out in the Placing Agreement which in the opinion of the Sole Placing Agent, acting reasonably, is material in the context of the Placing, comes to the knowledge of the Sole Placing Agent or there has been a breach by the Company of any other provision of the Placing Agreement which in the opinion of the Sole Placing Agent, acting reasonably, is material in the context of the Placing,

then and in any such case, the Sole Placing Agent may, acting reasonably, terminate the Placing Agreement without liability to the Company (save the liabilities for any antecedent breach of the Placing Agreement by the Sole Placing Agent) by giving notice in writing to the Company, which notice may be given at any time prior to the Placing Completion Date.

Completion of the Placing

Completion of the Placing shall take place on the Placing Completion Date.

Mandate to Issue the New Shares

The Placing Shares will be issued pursuant to the General Mandate which a maximum of 982,121,984 Shares may be issued. As at the date of this announcement, no part of the General Mandate has been utilised. Therefore, the Company is allowed to issue up to 982,121,984 Shares under the General Mandate. Accordingly, the Placing and the issue of Placing Shares are not subject to Shareholders' approval.

Reason for the Placing and Use of Net Proceeds

The principal activities of the Group are iron ore and ilmenite ore exploration, mining, processing to produce iron concentrates and titanium concentrates and sell iron concentrates and titanium concentrates, finance lease activities and wind power electricity generation in Shandong Province, China.

The Company actively responds to the government's call to seize the opportunities arising from national policies by developing clean energy such as wind power, photovoltaic power and solar thermal power as new sources of economic growth. In order to better reflect the Company's strategic business plan and expanding into new business including (but not limited to) clean energy business, water pollution treatment business and soil pollution treatment business, sticking to the development of iron and titanium concentrates business, deepening and expanding the building of whole industrial chain of titanium products including sponge titanium and high purity titanium.

The gross proceeds and net proceeds from the Placing will be approximately (i) RMB40.22 million (equal to HK\$44.55 million) and RMB38.91 million (equal to HK\$43.10 million) respectively, or (ii) RMB79.79 million (equal to HK\$88.38 million) and RMB77.28 million (equal to HK\$85.60 million) if the Top-Up Placing Option is exercised in full, which will be used for general working capital of the Group and for funding investment opportunities as may be identified from time to time.

The Directors have considered various fund raising methods and believe that under the prevailing market conditions, the Placing represents a good opportunity to raise additional funds as working capital of the Group. In addition, the Placing will broaden the Company's capital base and shareholders base without any interest burden. Moreover, the net proceeds of the Placing will strengthen the Group's financial position for future development of the Group. Accordingly, the Directors consider that the Placing is in the interest of the Company and its Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing ((a) without considering the Top-Up Placing Option, and (b) assuming the exercise of the Top-Up Placing Option in full) are set out below:

Name of Shareholder	As at the date of this announcement		Immediately after the completion of the Placing (without considering the Top-Up Placing Option)		Immediately after the completion of the Placing (assuming the exercise of the Top-Up Placing Option in full)	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
		%		%		%
Mr. Li Yunde (Note 1)	2,170,196,660	44.19	2,170,196,660	40.15	2,170,196,660	36.83
Mr. Geng Guohua	18,604,000	0.38	18,604,000	0.34	18,604,000	0.32
Mr. Lang Weiguo (Note 2)	18,700,000	0.38	18,700,000	0.34	18,700,000	0.32
Placees	-	-	495,000,000	9.16	982,000,000	16.66
Public Shareholders	2,703,109,260	55.05	2,703,109,260	50.01	2,703,109,260	45.87
Total	4,910,609,920	100.00	5,405,609,920	100.00	5,892,609,920	100.00

Notes:

- These include (i) 2,048,138,660 Shares held through Hongfa Holdings Limited, a company wholly and beneficially owned by Mr. Li Yunde, the Chairman and an executive Director, and (ii) 122,058,000 Shares personally held by Mr. Li.
- These include 650,000 Shares held through Novi Holdings Limited and 18,050,000 Shares held through All Five Capital Limited, both companies are wholly and beneficially owned by Mr. Lang Weiguo, an executive Director.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any fund raising activities during the past 12 months immediately preceding the date of this announcement.

COMPENSATION ARRANGEMENT

Mr. Li (the Chairman, an executive Director and the controlling shareholder of the Company) is expected to enter into the Compensation Agreement with each of the Placees, pursuant to which Mr. Li will agree to compensate the Placees in cash if:-

- following the Lock-up Period, the Placee beneficially owns any of the Placing Shares immediately before the date of the agreement of sale of respective amount of the Placing Shares by the Placee to third parties (who/which is not related to Placee) (the “**Reference Date**”); and

- (b) the volume weighted average price of the last five trading days (“**five-day VWAP**”) of each of the Shares (as quoted on the Stock Exchange) before the Reference Date (including the Reference Date, if it is a trading day) is lower than the Compensation Price per Placed Share, provided that the five-day VWAP shall not take into account any restructuring, alteration or change of share capital of the Company.

The amount of compensation per Placing Share will be the difference between the Compensation Price per Placing Share and the Placing Price per Placing Share which is calculated with reference to the terms of the Compensation Agreement

Mr. Li shall compensate the Placee in cash within 14 working days from the submission of the relevant monthly statement(s) in relation to the Placing Shares by the Placee(s).

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the completion of the Placing is subject to condition under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“10-month Period”	the 10-month period from the Placing Completion Date
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Add New Energy Investment Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“Compensation Agreement(s)”	agreement(s) to be entered into between Mr. Li and each of the Placee(s)
“Compensation Price”	the compensation price as set out in the Compensation Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 18 June 2019 to allot, issue and deal with up to 20% of the then total number of issued Shares of the Company as at the date of such meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Lock-Up Period”	the 6 months lock-up period upon completion of the Placing
“Mr. Li”	Mr. Li Yunde, the Chairman, an executive Director and the controlling Shareholder (as defined under the Listing Rules) of the Company
“Placee(s)”	any individual(s), corporation(s) and/or institutional or professional investor(s) procured by the Sole Placing Agent to subscribe for any of the Placing Shares

“Placing”	the placing of the Placing Shares to not less than six Placees on a best effort basis by the Sole Placing Agent (by itself or through its agent) pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 16 September 2019 entered into between the Company and the Sole Placing Agent in respect of the Placing
“Placing Completion Date”	a date within five Business Days immediately after the fulfilment of the conditions precedent of the Placing and the conclusion of the list of Placees (or such later date as the Company and the Sole Placing Agent shall agree in writing)
“Placing Price”	RMB0.081 (equal to HK\$0.09) per Placing Share
“Placing Share(s)”	up to 982,000,000 new Shares (comprising 495,000,000 new Shares initially available to be subscribed by the Placees at the Placing Price under the Placing, and the additional 487,000,000 new Shares in the event of the Top-Up Placing Option being exercised in full by the Sole Placing Agent in accordance with the terms of the Placing Agreement)
“PRC”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	existing ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Sole Placing Agent”	China Tonghai Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing Option”	the option granted by the Company under the Agreement to the Sole Placing Agent, exercisable by the Sole Placing Agent (for itself and on behalf of any of its agents) at its sole discretion, pursuant to which the Company may be required to allot and issue additional 487,000,000 new Shares (regarded as part of the Placing Shares) at the Placing Price
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“%”

per cent.

By order of the Board
Add New Energy Investment Holdings Group Limited
Li Yunde
Chairman

Hong Kong, 16 September 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo; and three independent non-executive Directors, namely Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Mr. Leung Nga Tat.