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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)

- (1) PROPOSED SHARE CONSOLIDATION;**
- (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) CONSOLIDATED SHARES HELD ON RECORD DATE;**
- (3) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT AND OFFSET SHAREHOLDER'S LOANS; AND**
- (4) APPLICATION FOR WHITEWASH WAIVER**

Financial adviser to the Company



紅日資本有限公司

RED SUN CAPITAL LIMITED

Independent Financial Adviser

MESSIS 大有融資

Placing Agent



紅日資本有限公司

RED SUN CAPITAL LIMITED

SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.002 each will be consolidated into one (1) Consolidated Share of HK\$0.04 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

PROPOSED RIGHTS ISSUE

Subject to the Share Consolidation having become effective, the Board proposes to implement the Rights Issue, on the basis of one (1) Rights Share for every three (3) Consolidated Shares held as at the Record Date at the Subscription Price of HK\$1.14 per Rights Share, to raise gross proceeds of up to HK\$99,850,698 before the Offset and expenses by issuing 87,588,332 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date). The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every three (3) Consolidated Shares held on the Record Date, which is currently expected to be on Tuesday, 7 March 2023.

The estimated net proceeds from the Rights Issue before the Offset and after deducting all necessary expenses of approximately HK\$2.4 million will be approximately HK\$97.4 million by issuing 87,588,332 Rights Shares (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no change in the issued share capital of the Company on or before the Record Date).

The Group intends to apply the net proceeds for repayment of the Shareholder's Loan and the Hong Kong Bonds, implementation of business development plan and as general working capital of the Group, please refer to the section entitled "Reasons for and Benefits of the Rights Issue, the Offset, the Underwriting Agreement and Intended Use of Proceeds" for further information.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders by way of placing by the Placing Agent for the benefit of the relevant No Action Shareholders. After the trading hours of the Stock Exchange on 11 January 2023, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

THE IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, (i) Mr. Li is interested in 2,048,138,660 Existing Shares held through Hongfa, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Li, and he holds 122,058,000 Existing Shares personally, which in aggregate amounted to 2,170,196,660 Existing Shares, representing approximately 41.30% of the total issued Existing Shares; (ii) Mr. Geng is interested in 18,884,000 Existing Shares, representing approximately 0.40% of the total issued Existing Shares; and (iii) Mr. Lang is interested in 650,000 Existing Shares and 18,050,000 Existing Shares held through Novi and All Five Capital, respectively, both of which were incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Lang, which in aggregate amounted to 18,700,000 Existing Shares, representing approximately 0.40% of the total issued Existing Shares.

Pursuant to the Irrevocable Undertakings, each of Mr. Li, Hongfa, Mr. Geng and Mr. Lang has irrevocably and unconditionally undertaken to the Company, among other things:

- (a) Mr. Li will subscribe for 2,034,300 Rights Shares, and will procure Hongfa to subscribe for 34,135,644 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of the 108,509,833 Consolidated Shares beneficially held by Mr. Li and Hongfa under the Rights Issue;
- (b) Mr. Geng will subscribe for 314,733 Rights Shares which comprise the full acceptance of the provisional entitlement in respect of the 944,200 Consolidated Shares beneficially held by Mr. Geng under the Rights Issue;
- (c) Mr. Lang will procure Novi and All Five Capital to subscribe for 311,667 Rights Shares in aggregate and which comprise the full acceptance of their provisional entitlement in respect of the 935,000 Consolidated Shares beneficially held by Mr. Lang under the Rights Issue; and
- (d) Mr. Li, Hongfa, Mr. Geng and Mr. Lang will not, and will procure companies controlled by them (including Novi and All Five Capital) not to, dispose of any of Consolidated Shares comprising the current shareholding in the Company owned by each of them, and such Consolidated Shares will remain beneficially owned by each of them from the date of the Irrevocable Undertakings up to and including the date of completion of the Rights Issue.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

THE UNDERWRITING AGREEMENT

On 11 January 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Underwritten Shares up to 50,791,988 Rights Shares, being all the Underwritten Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained in the Underwriting Agreement. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

Subject to the terms and conditions set out in the Underwriting Agreement, if and to the extent that at the Latest Placing Time, there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 50,791,988 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be 50,791,988 Rights Shares.

THE OFFSET/REPAYMENT OF THE SHAREHOLDER’S LOANS

The Shareholder’s Loans owed by the Company to Mr. Li and Hongfa was in the principal of approximately HK\$61.2 million in aggregate as at the date of this announcement.

Pursuant to the Offset/Repayment under the Underwriting Agreement, the Underwriter, Mr. Li and the Company agreed that the total amount of subscription monies payable by Mr. Li and the Underwriter for the Rights Shares to which each of them is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, would be partially settled by cash and partially offset on a dollar-to-dollar basis against the equivalent amount of the Shareholder’s Loans thereon on the completion date of the Rights Issue. The exact amount of the Shareholder’s Loans to be offset depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the independent places pursuant to the Compensatory Arrangements. If there remain any balance of the Shareholder’s Loans after the Offset, the Company shall continue to assume its repayment obligations and settle the balance of the Shareholder’s Loans by use of the proceeds from Rights Issue. In circumstances that if there remain any outstanding subscription monies payable after the Offset, Mr. Li and the Underwriter shall settle the payments in accordance with the terms of the Rights Issue and the Underwriting Agreement.

Since Mr. Li is a Controlling Shareholder of the Company, the Offset and the Underwriting Agreement constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.

LISTING RULES IMPLICATIONS

1) Rights Issue

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertakings is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

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

2) Connected Transactions

Mr. Li is interested in 2,048,138,660 Existing Shares through Hongfa, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Li, and he holds 122,058,000 Existing Shares personally, which in aggregate represents approximately 41.30% of the total issued Existing Shares. Accordingly, the transactions contemplated under the Underwriting Agreement and the Offset constitute connected transactions for the Company under the Listing Rules which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Li, the chief executive officer of the Company and their respective Associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

TAKEOVERS CODE IMPLICATIONS

Application for Whitewash Waiver

Assuming (i) there is no change in the issued share capital of the Company from the date of this announcement up to and including the date of close of the Rights Issue; (ii) no Rights Shares are taken up by the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings); and (iii) no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, the aggregate shareholding of Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) in the Company upon the close of the Rights Issue will increase from the current level of approximately 42.1% to approximately 56.5% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, the Underwriter would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it, unless the Whitewash Waiver is granted.

An application will be made by Mr. Li and Hongfa to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder.

Therefore, the Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and passing of resolutions by the Independent Shareholders at the EGM by way of poll approving the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder, and the Whitewash Waiver. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Underwriting Agreement is not fulfilled, the Rights Issue will not proceed.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Leung Nga Tat, Mr. Li Xiaoyang and Mr. Zhang Jingsheng, has been established in compliance with Chapter 14A of the Listing Rules and Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, including the granting of the Whitewash Waiver are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the EGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver and the transactions contemplated thereunder having been approved by the Independent Shareholders at the EGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

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

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 27 February 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 10 March 2023 to Friday, 17 March 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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

GENERAL

The Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date and the Prospectus with the Overseas Letter for information only to the Non-Qualifying Shareholders (if any). A copy of the Prospectus will also be made available on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.addnewenergy.com.hk).

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.002 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.04 each. As at the date of this announcement, there are 5,255,299,920 Existing Shares in issue which are fully paid or credited as fully paid. As none of the Shareholders or their Associates would have material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$30,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.002 each, of which 5,255,299,920 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no further Existing Shares will be allotted and issued or repurchased prior thereto, the authorised share capital of the Company shall become HK\$30,000,000 divided into 750,000,000 Consolidated Shares of par value of HK\$0.04 each, of which 262,764,996 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses incurred and to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on 24 February 2023, being the second Business Day after the fulfilment of the above conditions.

Application of listing of the Consolidated Share

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made by the Company for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to the Consolidated Share

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period, submit share certificates for Existing Shares to Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of share certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on 30 March 2023, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in orange colour in order to distinguish them from the share certificates for the Existing Shares which are in green colour.

Other securities of the Company

As at the date of this announcement, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as the case may be.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Further details in respect of the odd lots matching arrangement will be set out in the Circular to be despatched by the Company to the Shareholders. Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited has further stated that (i) the market price of the Existing Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. In view of the fact that the share price of the Company has been trading at a price approaching or below HK\$0.1 for the past few months, and the closing price of the Existing Shares as at the date of this announcement was HK\$0.070 per Existing Share. The value of each existing board lot of 2,000 Existing Shares was HK\$140, which was less than HK\$2,000. Based on the above, the Board resolved to propose the Share Consolidation, resulting in HK\$1.40 per Consolidated Share and HK\$2,800 per board lot of 2,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules.

The Directors consider that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Furthermore, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

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

In view of the above reasons, the Company considers the Share Consolidation is justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

Subject to the Share Consolidation having become effective, the Board proposes to implement the Rights Issue, on the basis of one (1) Rights Share for every three (3) Consolidated Shares held as at the Record Date at the Subscription Price of HK\$1.14 per Rights Share, to raise gross proceeds of up to HK\$99,850,698 before the Offset and expenses by issuing 87,588,332 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date).

The estimated net proceeds from the Rights Issue before the Offset and after deducting all necessary expenses of approximately HK\$2.4 million will be approximately HK\$97.4 million by issuing 87,588,332 Rights Shares (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no change in the issued share capital of the Company on or before the Record Date).

The principal terms of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	: One (1) Rights Share for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$1.14 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	: Approximately HK\$1.11 per Rights Share
Gross proceeds from the Rights Issue (before the Offset and expenses):	: Approximately HK\$99,850,698 (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)
Net proceeds from the Rights Issue (before the Offset and after deducting the estimated expenses of approximately HK\$2.4 million)	: Approximately HK\$97.4 million (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)
Number of Existing Shares in issue as at the date of this announcement	: 5,255,299,920 Existing Shares

Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	: 262,764,996 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	: 87,588,332 Rights Shares
Number of Consolidated Shares in issue upon completion of the Rights Issue	: 350,353,328 Consolidated Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Right of excess applications	: As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issues as stipulated under Rule 7.21(2)(a) of the Listing Rules
Underwriter	: Hongfa is wholly and beneficially owned by Mr. Li. Mr. Li is interested in 2,048,138,660 Existing Shares held through Hongfa, a company incorporated in the BVI with limited liability and Mr. Li holds 122,058,000 Existing Shares personally, which in aggregate amounted to 2,170,196,660 Existing Shares, representing approximately 41.30% of the total existing Shares. It is not in the ordinary course of business of Hongfa to underwrite securities.
Number of Rights Shares underwritten	: 50,791,988 Rights Shares

Assuming no changes in the share capital of the Company on or before the Record Date, the 87,588,332 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 33.3% of the total number of Consolidated Shares in issue upon the Share Consolidation becoming effective; (ii) 25.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares immediately upon completion of the Rights Issue.

The Subscription Price

The Subscription Price of HK\$1.14 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 13.6% to the adjusted closing price of approximately HK\$1.32 per Consolidated Share based on the closing price of HK\$0.0660 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;

- (ii) a discount of approximately 13.0% to the adjusted average closing prices of approximately HK\$1.31 per Consolidated Share based on the average closing price of approximately HK\$0.0654 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 14.3% to the adjusted average closing prices of approximately HK\$1.33 per Consolidated Share based on the average closing price of approximately HK\$0.0664 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 10.9% to the theoretical ex-entitlement price of approximately HK\$1.28 per Consolidated Share based on the closing price of approximately HK\$0.0670 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares and adjusted for the effect of the Share Consolidation;
- (v) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 3.4%, represented by the theoretical diluted price of approximately HK\$1.28 per Consolidated Share to the benchmarked price of approximately HK\$1.32 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Existing Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement and adjusted for the effect of the Share Consolidation);
- (vi) a discount of approximately 5.2% to the adjusted audited consolidated net asset value per Consolidated Share attributable to the Shareholders as at 31 December 2021 of approximately HK\$1.20 per Consolidated Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB287,210,000 (or approximately HK\$315,931,000) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021 by the number of Shares as at the date of this announcement after adjusted for the effect of the Share Consolidation; and
- (vii) a discount of approximately 10.5% to the adjusted unaudited consolidated net asset value per Consolidated Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$1.27 per Consolidated Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB304,305,000 (or approximately HK\$334,735,500) as at 30 June 2022 as set out in the interim report of the Company for the six months ended 30 June 2022 by the number of Existing Shares as at the date of this announcement after adjusted for the effect of the Share Consolidation.

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$1.11 per Rights Share.

The Subscription Price and the subscription ratio of the Rights Issue were determined with reference to and having considered (i) the prevailing volatile market conditions of the Hong Kong stock market; (ii) the fluctuated downward trend of the prevailing market prices of the Existing Shares since the beginning of 2022 which decreased from HK\$0.129 (being the closing price of the Existing Share as quoted on the Stock Exchange on 5 January 2022) to HK\$0.05 (being the closing price of the Existing Share as quoted on the Stock Exchange on 12 October 2022), representing a decrease of approximately 61.2% and remained at a relatively low price level with the range from HK\$0.05 (being the closing price on 12 October 2022) to HK\$0.072 (being the closing price of the Share as quoted on the Stock Exchange on 29 December 2022) and to HK\$0.067 as at the Last Trading Day; (iii) the current financial position of the Group; (iv) the relatively large fund-raising size when compared with the market capitalisation of the Company as at the Last Trading Day, it would be reasonable to set the Subscription Price at a discount for attracting the Qualifying Shareholders to participate in the Rights Issue; and (v) the reasons for the Rights Issue and the use of proceeds as set out in the section headed “Reasons for and Benefits of the Rights Issue, the Offset, the Underwriting Agreement and Intended Use of Proceeds” in this announcement.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as disclosed in the section headed “Reasons for and Benefits of the Rights Issue, the Offset, the Underwriting Agreement and Intended Use of Proceeds” in this announcement, the Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

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

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 28 February 2023.

The Company will dispatch the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them. A copy of the Prospectus will also be made available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.addnewenergy.com.hk).

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

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

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 16 February 2023 to Wednesday, 22 February 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Wednesday, 1 March 2023 to Tuesday, 7 March 2023 (both days inclusive) for determining the entitlements to the Rights Issue.

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

Basis of provisional allotments

The basis of the provisional allotments shall be one (1) Rights Shares (in nil paid form) for every three (3) Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of the Overseas Shareholders

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

According to the register of members of the Company currently available to the Company, as well as to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there were two Overseas Shareholders holding a total of approximately 2,017.9 million Existing Shares with registered addresses located overseas including but not limited to BVI.

The Company will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), such Overseas Shareholder will become a Non-Qualifying Shareholder and therefore will not be entitled to participate in the Rights Issue. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only but will not send the PAL to them.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Arrangements for the Non-Qualifying Shareholders Rights Shares

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares and the nil-paid Rights Shares.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificate for the fully-paid Rights Shares are expected to be sent on or before Tuesday, 11 April 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or not becoming unconditional, or if the Rights Issue is otherwise terminated, refund cheques will be despatched on or before Tuesday, 11 April 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

On the basis of the provisional allotment of one (1) Rights Share for every three (3) Consolidated Shares held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

Odd lots matching arrangement

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots arising from the Rights Issue on a best effort basis. Further details in respect of the odd lots arrangement will be set out in the Circular to be despatched to the Shareholders in relation to, among others, the Rights Issue.

Holdings of odd lots arising from the Rights Issue should note that successful matching of the sale and purchase of odd lots arising from the Rights Issue is not warranted. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

The Irrevocable Undertakings

As at the date of this announcement, (i) Mr. Li is interested in 2,048,138,660 Existing Shares held through Hongfa, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Li, and Mr. Li holds 122,058,000 Existing Shares personally, which in aggregate amounted to 2,170,196,660 Existing Shares, representing approximately 41.30% of the total issued Existing Shares; (ii) Mr. Geng is interested in 18,884,000 Existing Shares, representing approximately 0.40% of the total issued Existing Shares; and (iii) Mr. Lang is interested in 650,000 Existing Shares and 18,050,000 Existing Shares held through Novi and All Five Capital, respectively both of which were incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Lang, which in aggregate amounted to 18,700,000 Existing Shares, representing approximately 0.40% of the total issued Existing Shares.

Pursuant to the Irrevocable Undertakings, each of Mr. Li, Hongfa, Mr. Geng and Mr. Lang has irrevocably and unconditionally undertaken to the Company, among other things:

- (a) Mr. Li will subscribe for 2,034,300 Rights Shares, and will procure Hongfa to, subscribe for 34,135,644 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of the 108,509,833 Consolidated Shares beneficially held by Mr. Li and Hongfa under the Rights Issue;

- (b) Mr. Geng will subscribe for 314,733 Rights Shares which comprise the full acceptance of the provisional entitlement in respect of the 944,200 Consolidated Shares beneficially held by Mr. Geng under the Rights Issue;
- (c) Mr. Lang will procure Novi and All Five Capital to subscribe for 311,667 Rights Shares in aggregate, and which comprise the full acceptance of their provisional entitlement in respect of the 935,000 Consolidated Shares beneficially held by Mr. Lang under the Rights Issue; and
- (d) Mr. Li, Hongfa, Mr. Geng and Mr. Lang will not, and will procure companies controlled by them (including Novi and All Five Capital) not to, dispose of any of the Consolidated Shares comprising the current shareholding in the Company owned by each of them, and such Consolidated Shares will remain beneficially owned by each of them from the date of the Irrevocable Undertakings up to and including the date of completion of the Rights Issue.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received from any other Shareholders any information of their intention to take up the Rights Shares to be provisionally allotted to them, or any other undertaking to take up their entitlements under the Rights Issue.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue, upon the Rights issue becoming effective.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 2,000) as their underlying Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter is a substantial shareholder of the Company, the Company must make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders by way of a placing for the benefit of the relevant No Action Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issues as stipulated under Rule 7.21(2)(a) of the Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 29 March 2023, acquirers who are not Shareholders for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

THE PLACING AGREEMENT

On 11 January 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are summarised as follows:

- Date : 11 January 2023 (after trading hours of the Stock Exchange)
- Placing agent : The Placing Agent was appointed to place, or procure the placing of, a maximum of 50,791,988 (assuming no change in the issue share capital of the Company on or before the Record Date), Unsubscribed Rights Shares, on a best effort basis, to the Placee(s)

- Placing commission payable to the Placing Agent : 1.0% of the gross proceeds, whichever is higher, from the successful placement of Unsubscribed Rights Shares
- Placing price of the Unsubscribed Rights Shares : the placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.
- Placees : the Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are not Shareholders and are Independent Third Party(ies) and not acting in concert with the Underwriter and its concert parties and/or any of the Company's connected persons.
- Ranking of Unsubscribed Rights Shares : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Consolidated Shares then in issue.
- Placing condition : The Placing is conditional upon the fulfillment of the following conditions on or before the Latest Time for Termination (or such later date as may be agreed in writing between the Placing Agent and the Company): (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares; (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.
- Placing Period : The period from Monday, 27 March 2023 up to 4:00 p.m. on Wednesday, 29 March 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

Termination of the Placing Agreement

The Placing Agent may terminate the Placing Agreement by a notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than ten (10) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of despatch of share certificates for fully-paid Rights Shares and refund cheques (if any), which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material adverse change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If: (i) prior to the Latest Time for Termination any such notice is given by the Placing Agent to the Company; and/or (ii) all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

Mr. Li and the Underwriter confirm that they and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) will not be involved in the solicitation, screening and selecting of places in relation to the Unsubscribed Rights Shares.

The Placing Agent confirms that it is an Independent Third Party, each of it and its ultimate beneficial owner(s) is independent of and not connected or acting in concert with Mr. Li, the Underwriter and any parties acting in concert with any of them (including Mr. Geng and Mr. Lang) and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares.

The terms of the Placing Agreement (including the Placing commission of 1% of the gross proceeds from the successful placement of Unsubscribed Rights Shares) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Rights Shares will be partially underwritten by Hongfa as the Underwriter in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

- Date : 11 January 2023 (after trading hours of the Stock Exchange)
- Parties : (1) The Company;
(2) Mr. Li; and
(3) Hongfa as the Underwriter
- Underwriter : Hongfa is wholly and beneficially owned by Mr. Li. Mr. Li is interested in 2,048,138,660 Existing Shares held through Hongfa, a company incorporated in the BVI with limited liability and Mr. Li holds 122,058,000 Existing Shares personally, which in aggregate amounted to 2,170,196,660 Existing Shares, representing approximately 41.30% of the total issued Existing Shares. It is not in the ordinary course of business of Hongfa to underwrite securities.

- Number of Rights Shares to be underwritten by the Underwriter : Up to 50,781,988 Rights Shares, being all the Underwritten Rights Shares excluding the 36,796,344 Shares under the Irrevocable Undertakings
- Underwriting commission : The Underwriter will not receive any underwriting commission

Subject to the terms and conditions set out in the Underwriting Agreement, if and to the extent that at the Latest Placing Time, there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 50,791,988 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be 50,791,988 Rights Shares.

The terms of the Underwriting Agreement were determined after arm's length negotiations between the parties with reference to the financial position of the Group, the size of the Rights Issue, the current and expected market conditions, taking into consideration the prevailing market rates of underwriting commission in rights issue exercises undertaken by Hong Kong listed issuers in the past six months, trading liquidity and risks associated with the underwriting, the intention of the Underwriter to facilitate the Company's fundraising efforts for its business development and working capital requirements, and the relationship between the Underwriter and Mr. Li. The Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment (or waiver, if applicable, by the Underwriter) of the following conditions:

- (i) the passing by the Independent Shareholders at the EGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Offset, the Placing Agreement, the Rights Issue and the transactions contemplated thereunder (more than 50% of the Independent Shareholders present at the EGM by way of poll); and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares by no later than the first day of their dealings;
- (iii) compliance with and performance of all undertakings and obligations by the Company in all material respects under the Underwriting Agreement and all representations and warranties thereunder remain to be true and accurate in all material respects;

- (iv) the delivery to the Stock Exchange, filing and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, not later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (vii) the obligations of the Underwriter becoming unconditional and that Underwriting Agreement is not terminated in accordance with its terms; and
- (viii) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

Save for condition (iii) which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions are not satisfied by the Latest Time for Termination, the Underwriting Agreement shall terminate and the Rights Issue would not proceed, and any costs incurred by the Underwriter in connection with the Rights Issues and the transactions contemplated thereunder shall be borne by the Company.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue is or will be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

2. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities and a change in currency conditions including without limitation a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States) occurs which in the opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
3. there is any material litigation or claim or proceedings being instigated or threatened against the Company or any of the members of the Group or any other change in the circumstances of the Company which in the opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
4. any event of force majeure including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared), declaration of a national or international emergency, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, terrorism, calamity, crisis, strike or lock-out (whether or not covered by insurance) which in the opinion of the Underwriter will materially and adversely affect the success of the Rights Issue and/or the prospects of the Company taken as a whole; or
5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or
6. there shall have occurred, developed, existed or come into effect any material breach by the Company of any representations, warranties, undertakings or any provisions of the Underwriting Agreement; or
7. there shall have occurred, developed, existed or come into effect any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or
8. the Circular or the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
9. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND THE OFFSET/REPAYMENT IN RELATION TO THE OFFSET/REPAYMENT

As at the date of this announcement, the principal amount of the Shareholder's Loans owed by the Company to Mr. Li and Hongfa was in the principal of approximately HK\$61.2 million in aggregate.

The Company decides to use part of the proceeds from the Rights Issue to Offset the Shareholder's Loans in light of (i) the Offset in the Rights Issue was one of the key factors affecting the willingness of Hongfa to act as the Underwriter for the Rights Issue and (ii) prevent material cash outflow in settlement for the Shareholder's Loans.

Pursuant to the Offset/Repayment under the Underwriting Agreement, Mr. Li and the Company agreed that the total amount of subscription monies payable by Mr. Li and the Underwriter for the Rights Shares to which each of them is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, would be partially settled by cash and partially offset on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loans thereon on the completion date of the Rights Issue. The exact amount of the Shareholder's Loans to be offset depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the independent places pursuant to the Compensatory Arrangements. If there remain any balance of the Shareholder's Loans after the Offset, the Company shall continue to assume its repayment obligations and settle the balance of the Shareholder's Loans by use of the proceeds from Rights Issue. In circumstances that if there remain any outstanding subscription monies payable after the Offset, Mr. Li and the Underwriter shall settle the payments in accordance with the terms of the Rights Issue and the Underwriting Agreement.

Since Mr. Li is a Controlling Shareholder of the Company, the Offset and the Underwriting Agreement constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.

Completion of the Offset/Repayment, which is subject to the same conditions as the Rights Issue, shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

During the 12 months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activities.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE, THE OFFSET, THE UNDERWRITING AGREEMENT AND INTENDED USE OF PROCEEDS

The principal activities of the Group are iron ore and ilmenite ore exploration, mining and processing as well as trading of iron concentrates and other minerals in the Shandong Province, the PRC.

During the year ended 31 December 2021, the audited loss for the year of the Group of approximately RMB30.1 million and the financial performance of the Group was adversely affected by (i) other income decreased by approximately RMB58.2 million as compared to that of the same period last year which included one-off compensation for unlawful encroachment of the Group's mining areas amounting to RMB50.0 million; and (ii) gross profit decreased by approximately RMB44.8 million as compared to that of the same period of 2020, resulted from significant drop in the market price of iron ores in the second half of 2021.

In order to maintain sufficient cash level for the Group's operating requirements, the Group had obtained certain of borrowings from banks and Hong Kong Bonds and the total borrowings of the Group was approximately RMB180.6 million (the "**Borrowings**") as at 31 December 2021.

It is not optimistic in the market under the background of the unprecedented changes in 2022. Taking into the consideration of the impact of economic trade activities have been volatile and reshaped to a large degree in 2022, attributable to the PRC government policies in relation to the containment of the COVID outbreak, these uncertainties in the market have an effect on trade activities and trade patterns in 2023. In adapting to the market changes, the Group continued to improve the protective mining, production, sales and service of iron and titanium mines as its traditional principal businesses, and strengthened the construction of new mine production lines in order to maintain its regional competitive edge. In particular, the Group made further efforts to expand the titanium industrial chain; strengthened the expansion of logistics, new energy and other investment businesses in Xinjiang; and speeded up the construction of the Zhuge Shangyu Ilmenite Mine* (諸葛上峪鈦鐵礦) ("**Zhuge Shangyu Ilmenite Mine**"), an ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC, comprehensive low carbon project and the Group's unaudited profit for the six months ended 30 June 2022 was approximately RMB14.9 million.

As at 30 June 2022, the Group recorded the Borrowings of approximately RMB117.8 million, the Shareholder's Loans of approximately RMB42.0 million, the trade payables of approximately RMB146.4 million and the cash and cash equivalents of approximately RMB311.7 million which was not sufficient to settle the Borrowings, Shareholder's Loans and trade payables.

As at 30 November 2022, the Group has unaudited cash and cash equivalents of approximately HK\$203.3 million, of which HK\$201.8 million is tied up in the PRC as investment capital and PRC operating cash requirements which is not practicable to be transferred back to Hong Kong. The remaining balance of unaudited cash and cash equivalents of the Group of approximately HK\$1.5 million was not sufficient to repay outstanding principal and interest of Hong Kong Bonds of approximately HK\$17.6 million as at 30 November 2022 and to maintain minimum operating cash level for the headquarters in Hong Kong. Therefore, Mr. Li provided the short-term financing in form of Shareholder's Loans to the Group for settlement of the principal and interest of the Borrowings and operating cash for the headquarters in Hong Kong since 2022.

As at the date of this announcement, the Shareholder's Loans was approximately HK\$61.2 million and the outstanding principal and accrued interest of Hong Kong Bonds was approximately HK\$9.3 million.

The gearing ratio of the Group, being the total borrowings with interest-bearing excluding lease liabilities to shareholders' equity attributable to the owners of the Company, significantly increased from approximately 3.7% as at 31 December 2021 to approximately 63.7% as at 30 June 2022. In view of (i) the Group has no sufficient available cash to fulfill the repayment obligations of the Shareholder's Loans after considering to maintain a minimum cash level to meet the Group's operating requirements and any unforeseen capital requirements from time to time; and (ii) it is appropriate to improve the gearing ratio while maintaining the size of the Group's operation, the Directors consider that it's necessary to conduct fund raising activities to strengthen the financial position of the Group.

Besides, the Company has focused on the carbon market projects for a long time as one of the first batch of green mines in the PRC, and has always adhered to the research and development of and investment in low-carbon and eco-friendly production processes and responded to the PRC government's call and seized the opportunities provided by national policies by developing clean energy such as wind power, photovoltaic power and solar thermal power into new economic growth points. Being participating in the Greater Bay Area Carbon Neutrality Association and its foundation since 2011, the Group has been actively seeking latest technology and to explore of business opportunities in sustainability and carbon neutrality. In 2022, the Group is working hard to get access to the national carbon emissions trading market, the Directors are of the view that it is necessary for the Group to maintain sufficient available cash for its development of low-carbon project such as the existing Zhuge Shangyu Ilmenite Mine comprehensive low-carbon project, and investment in other new low-carbon and eco-friendly project(s), given that the Group wants to seize the opportunity to develop and expend low-carbon projects, including but not limited to, (i) to seek cooperation with potential market players on new energy projects such as wind power and photovoltaics; (ii) to seek cooperation with scientific research institution(s) on transformation of new technology application in fields of low carbon, eco-friendly and new energy; (iii) to explore the hydrogen energy application for future development and investment of the Group.

Assuming all Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$97.4 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately 62.8% (being approximately HK\$61.2 million) for Offset/Repayment of the outstanding Shareholder's Loan of the Group;
- (ii) approximately 9.6% (being approximately HK\$9.3 million) for settlement of the outstanding Hong Kong Bonds and accrued interest of the Group;
- (iii) approximately 12.6% (being approximately HK\$12.3 million) for developing low-carbon project(s); and
- (iv) approximately 15.0% (being approximately HK\$14.6 million) as general working capital of the Group, including but not limited to daily operational expenses and staff cost of the Group.

The Directors consider that the above use of proceeds (i) may alleviate the financial burden of the Group; and (ii) are necessary for business operation and development of the Group.

The Directors had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares. The Directors are of the view that debt financing will result in additional interest burden and the interest rate is expected to be further increased in prevailing borrowing market. Besides, the debt financing will further increase the gearing ratio of the Group which is not beneficial to the Group.

The Directors consider that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate the subscription of new Shares. Instead of the placing or subscription of new Shares, the Rights Issue enables the Group to improve its financial position without increasing its debt or finance costs.

The Directors and Mr. Li agreed that the total amount of subscription monies payable by Mr. Li and the Underwriter for the Rights Shares to which each of them is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, would be partially settled by cash and partially offset on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loans thereon on the completion date of the Rights Issue, details please refer to the section under "Connected transactions in relation to the underwriting agreement and the Offset/Repayment in relation to the Offset/Repayment" in this announcement.

Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company and allow the Group fulfill the repayment obligations of the Shareholder's Loans without material cash outflow, the Directors consider that raising capital through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

INFORMATION ON THE UNDERWRITER

The Rights Issue will be underwritten by Hongfa who is a Controlling Shareholder of the Company. As at the date of this Announcement, Mr. Li, the chairman of the Board, an executive Director and a Controlling Shareholder of the Company, is interested in 2,048,138,660 Existing Shares held through Hongfa, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Li, and he holds 122,058,000 Existing Shares personally, which in aggregate represents approximately 41.30% of the total issued Existing Shares.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there is no change in the shareholding structure of the Company from the date of this announcement up to the completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after the Share Consolidation		Immediately after the Share Consolidation and upon the Rights Issue Completion assuming full acceptance by all Shareholders under the Rights Issue		Immediately after the Share Consolidation and upon the Rights Issue Completion assuming no subscription by the Shareholders; except for Mr. Li Hongfa, Mr. Geng and Mr. Lang pursuant to the Irrevocable Undertakings, none of the Unsubscribed Rights Shares are placed and all of the Underwritten Rights Shares are taken up by the Underwriter	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Hongfa Holdings Limited (“Hongfa”)	2,048,138,660	39.0	102,406,933	39.0	136,542,577	39.0	187,334,565	53.4
Mr. Li (Note 1)	122,058,000	2.3	6,102,900	2.3	8,137,200	2.3	8,137,200	2.3
Mr. Geng Guohua (“Mr. Geng”) (Note 2)	18,884,000	0.4	944,200	0.4	1,258,933	0.4	1,258,933	0.4
Mr. Lang Weiguo (“Mr. Lang”) (Note 3)	18,700,000	0.4	935,000	0.4	1,246,667	0.4	1,246,667	0.4
Sub-total of Mr. Li, the Underwriter and parties acting in concert with any of them	2,207,780,660	42.1	110,389,033	42.1	147,185,377	42.1	197,977,365	56.5
X. Mining Resources Group Limited	326,344,000	6.2	16,317,200	6.2	21,756,267	6.2	16,317,200	4.7
Other public Shareholders	2,721,175,260	51.7	136,058,763	51.7	181,411,684	51.7	136,058,763	38.8
Total	5,255,299,920	100.0	262,764,996	100.0	350,353,328	100.0	350,353,328	100.0

Note 1: Mr. Li beneficially holds the entire issued share capital of Hongfa, a company incorporated in the BVI with limited liability, which in turn beneficially holds 2,048,138,660 Existing Shares. For the purposes of the SFO, Mr. Li is deemed or taken to be interested in all the Existing Shares held by Hongfa.

Note 2: Mr. Geng is a the Director of the Company. Mr. Geng is a party acting in concert with Mr. Li by virtue of his capacity as a Director, pursuant to class 6 of the definition of acting in concert under the Takeovers Code, he will accept all of the 314,733 Rights Shares provisionally allotted to him under the Rights Issue and pursuant to the Irrevocable Undertakings.

Note 3: Mr. Lang is a Director of the Company and Mr. Lang beneficially holds the entire issued share capital of Novi and All Five Capital, which in turn beneficially holds 650,000 Existing Shares and 18,050,000 Existing Shares, respectively. For the purposes of the SFO, Mr. Lang is deemed or taken to be interested in all the Existing Shares held by Novi and All Five Capital. Mr. Lang is a party acting in concert with Mr. Li by virtue of his capacity as a Director, pursuant to class 6 of the definition of acting in concert under the Takeovers Code, and he will accept all of the 311,667 Rights Shares provisionally allotted to him under the Rights Issue and pursuant to the Irrevocable Undertakings.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Rights Issue, the Placing, the Offset, the Underwriting Agreement and the Whitewash Waiver will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and date (Hong Kong time)
Announcement of the Rights Issue	Wednesday, 11 January 2023
Despatch of circular in relation to the Share Consolidation and the Rights Issue together with the notice of EGM and proxy form for EGM.....	Wednesday, 1 February 2023
Latest time for lodging transfer documents of the Existing Shares to qualify for attendance and voting at the EGM	4:30 p.m., Wednesday, 15 February 2023
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Thursday, 16 February 2023 to, Wednesday, 22 February 2023 (both dates inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m., Monday, 20 February 2023
Record date for attendance and voting at the EGM.....	Wednesday, 22 February 2023
Expected date and time of the EGM to approve the Share Consolidation, the Rights Issue, the Placing and the Whitewash Waiver	11:00 a.m., Wednesday, 22 February 2023
Announcement of the poll results of the EGM	Wednesday, 22 February 2023
Register of members of the Company re-open.....	Thursday, 23 February 2023
Effective date of the Share Consolidation.....	Friday, 24 February 2023
Commencement of dealings in the Consolidated Shares	9:00 a.m., Friday, 24 February 2023

Original counter for trading in Existing Shares in the board lot size of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m., Friday, 24 February 2023
Temporary counter for trading in the Consolidated Shares in the board lot size of 100 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m., Friday, 24 February 2023
First day of free exchange of existing share certificates for new share certificates for Consolidated Share	Friday, 24 February 2023
Last day of dealings in Consolidated Shares on a cum-rights basis	Friday, 24 February 2023
First day of dealings in Consolidated Shares on an ex-rights basis	Monday, 27 February 2023
Latest time for lodging transfer of Consolidated Shares in order to qualify for the Rights Issue	4:30 p.m., Tuesday, 28 February 2023
Register of members of the Company closes for Rights Issue (both days inclusive)	Wednesday, 1 March 2023 to Tuesday, 7 March 2023 (both dates inclusive)
Record date for determining entitlements to the Rights Issue	Tuesday, 7 March 2023
Register of members of the Company re-opens	Wednesday, 8 March 2023
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 8 March 2023
First day of dealings in nil-paid Rights Shares	Friday, 10 March 2023
Original counter for trading in the Consolidated Shares in the board lot size of 2,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m., Friday, 10 March 2023
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m., Friday, 10 March 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m., Friday, 10 March 2023
Latest time for splitting of the PAL	4:30 p.m., Tuesday, 14 March 2023
Last day of dealings in nil-paid Rights Shares	Friday, 17 March 2023

Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:30 p.m., Wednesday, 22 March 2023
Latest time for Acceptance of and payment for the Rights Shares.	4:00 p.m., Wednesday, 22 March 2023
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements.	Friday, 24 March 2023
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent.	Monday, 27 March 2023
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent.	Wednesday, 29 March 2023
Latest time for Termination.	Thursday, 30 March 2023
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares.	4:00 p.m., Thursday, 30 March 2023
Temporary counter for trading in the Consolidated Shares in the board lot size of 100 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m., Thursday, 30 March 2023
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m., Thursday, 30 March 2023
Latest time for free exchange of existing share certificates for new share certificates	4:30 p.m., Monday, 3 April 2023
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent under the Compensatory Arrangements)	Thursday, 6 April 2023
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful applications.	Tuesday, 11 April 2023

Expected first day of dealings in fully-paid Rights Shares	9:00 a.m., Wednesday, 12 April 2023
Payment of Net Gain to relevant No Action Shareholders (if any)	Monday, 24 April 2023

All times and dates stated above refer to Hong Kong local times and dates.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 22 March 2023, being the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on Wednesday, 22 March 2023, being the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 22 March 2023, the dates mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

LISTING RULES IMPLICATIONS

1) Rights Issue

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertakings is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to the Shareholders’ approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

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

2) Connected Transactions

As Mr. Li is a substantial shareholder of the Company and the Underwriter is wholly and beneficially owned by Mr. Li therefore the Underwriter regarded as connected persons of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Offset constitute connected transactions for the Company under the Listing Rules which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS

Application for whitewash waiver

Assuming (i) there is no change in the issued share capital of the Company from the date of this announcement up to and including the date of close of the Rights Issue; (ii) none of the Qualifying Shareholders (other than Mr. Li who takes up or procure to take up the entitlements under the Irrevocable Undertakings); and (iii) none of the Unsubscribed Rights Shares have been taken up under the Compensatory Arrangements, the aggregate shareholding of Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) in the Company upon the close of the Rights Issue will increase from the current level of approximately 42.1% to approximately 56.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Underwriter will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code. **If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) as a result of the underwriting of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. The Underwriter may further increase its holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

An application will be made by Mr. Li and Hongfa to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset, and the transactions contemplated thereunder.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the EGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder, and the Whitewash Waiver. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) and any Shareholders who are involved in or interested in the Rights Issue, the Underwriting Agreement, the Offset, the Placing Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the EGM.

As at the date of this announcement, the Company believes that the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should 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 relating to, among others, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder, and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder and the Whitewash Waiver does not comply with other applicable rules and regulations.

INTERESTS IN AND DEALINGS OF THE SHARES BY MR. LI, THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH ANY OF THEM

As at the date of this announcement, Mr. Li, the Underwriter and any parties acting in concert with any of them (including Mr. Geng and Mr. Lang):

- (i) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for the Shares as set out in the section headed “Effects on the Shareholding Structure of the Company” in this announcement;
- (ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset, and/or the Whitewash Waiver;
- (iii) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Company in connection with the Rights Issue and the Underwriting Agreement, save for the Rights Shares to be subscribed and underwritten by the Underwriter and the Offset;
- (v) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement, the Offset, and/or the Whitewash Waiver, with any other persons, save for the Underwriting Agreement and the Irrevocable Undertakings therein given by Mr. Li;

- (vi) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Underwriting Agreement, the Offset, and/or the Whitewash Waiver, except that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by the Underwriter as set out in the sub-section headed “Conditions of the Underwriting Agreement” under the section headed “The Underwriting Agreement” of this announcement;
- (vii) have not dealt in any securities of the Company in the 6-month period preceding to and including the date of this announcement; and
- (viii) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement,

- (i) apart from the Underwriting Agreement and the Irrevocable Undertakings therein and the Offset/Repayment, there is no other understanding, arrangement or special deal between the Group on the one hand, and Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) on the other hand; and
- (ii) apart from the Underwriting Agreement and the Irrevocable Undertakings therein and the Offset/Repayment, there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang); or the Company, its subsidiaries or associated companies.

EGM

The register of members of the Company will be closed from Thursday, 16 February 2023 to Wednesday, 22 February 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

In accordance with the Listing Rules and the Takeovers Code, the Directors and the chief executive of the Company (but excluding the independent non-executive Directors) and their respective Associates; the Underwriter, its Associates and parties acting in concert with any of Mr. Li and the Underwriter (including Mr. Geng and Mr. Lang); any Shareholders with a material interest in the Rights Issue, the Underwriting Agreement, the Offset, the Placing Agreement and the transactions contemplated thereunder; and Shareholders who are involved in, or interested in (other than by being a Shareholder), the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and/or the Whitewash Waiver will be required to abstain from voting on the relevant resolution(s).

As Mr. Geng and Mr. Lang who is a party acting in concert with Mr. Li by virtue of their capacity as the Directors, pursuant to class 6 of the definition of acting in concert under the Takeovers Code, Mr. Li, the Underwriter and parties acting in concert with any of them, including Mr. Geng and Mr. Lang, were required to abstain from voting at the Board resolutions approving such matters.

Save as the above, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder and/or the Whitewash Waiver at the EGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, has been established in compliance with Chapter 14A of the Listing Rules and Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial term, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial term, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the EGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the EGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

DEFINITIONS

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

“All Five Capital”	All Five Capital Ltd., a company incorporated in the BVI with limited liability, which in turn beneficially holds 18,050,000 Existing Shares, and is wholly and beneficially owned by Mr. Lang
“Associate(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Business Day(s)”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	a circular of the Company containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver; (iii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) a notice convening the EGM to be despatched to the Shareholders
“Companies Act”	the Companies Act (as amended) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	Add New Energy Investment Holdings Group Limited (stock code: 2623), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.04 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Controlling Shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Existing Share(s)”	the 5,255,299,920 ordinary share(s) of par value of HK\$0.002 each in the share capital of the Company before the Share Consolidation
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue, which is currently scheduled to be on Wednesday, 22 March 2023 or such later date as determined by the Company
“Group”	the Company and its subsidiaries
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Hongfa”	Hongfa Holdings Limited, a company incorporated in the BVI with limited liability, which in turn beneficially holds 2,048,138,660 Existing Shares, and is wholly and beneficially owned by Mr. Li
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Bonds”	the unsecured bonds issued by the Company at an annual interest rate of 7.00%, the outstanding principal and accrued interest amounting to approximately HK\$9.3 million as at date of this announcement which are owned by three individual Independent Third Parties who are not Shareholders

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, which will be established to advise the Independent Shareholders on the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver
“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Offset, the Underwriting Agreement and the Whitewash Waiver
“Independent Shareholder(s)”	in respect of the Rights Issue, Shareholders other than (i) Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang); (ii) all Directors (excluding the independent non-executive Directors) and their respective Associates (as defined under the Listing Rules); (iii) those who are involved in or interested in the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver (as the case may be); and (iv) those who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the EGM;
	in respect of the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver, Shareholders other than (i) Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang); (ii) those who are involved in or interested in the Offset, the Underwriting Agreement, the Placing Agreement, the Whitewash Waiver and the Rights Issue (as the case may be); (iii) those who have a material interest in the Offset, the Underwriting Agreement, the Placing Agreement, the Whitewash Waiver and the Rights Issue; and (iv) those who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the EGM
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates

“Irrevocable Undertakings”	letter of irrevocable undertakings executed by each of Mr. Li, Hongfa, Mr. Geng and Mr. Lang in favour of the Company, the principal terms of which are disclosed in the section headed “Irrevocable Undertakings” in this announcement
“Latest Placing Time”	4:00 p.m. on Wednesday, 29 March 2023, or such later date and time as the Company may announce, being the latest date and time for the Placing Agent to effect the Compensatory Arrangements
“Last Trading Day”	10 January 2023, being the last full trading day for the Shares before the release of this announcement
“Latest Time for Acceptance”	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date
“Latest Time for Termination”	4:00 p.m. on Thursday, 30 March 2023, or such other time or date as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Geng”	Mr. Geng Guohua, an executive Director and the chief executive officer of the Company
“Mr. Lang”	Mr. Lang Weiguo, an executive Director of the Company
“Mr. Li”	Mr. Li Yunde, the chairman of the Board, an executive Director and a Controlling Shareholder of the Company
“Main Board”	the main board of the Stock Exchange
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Novi”	Novi Holdings Limited, a company incorporated in the BVI with limited liability, which in turn beneficially holds 650,000 Existing Shares, and is wholly and beneficially owned by Mr. Lang
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Offset”	the offset of the part amount of subscription monies payable by Mr. Li and the Underwriter for the Rights Shares to which each of them is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement respectively, against the equivalent amount of the Shareholder’s Loans thereon on a dollar-to-dollar basis on the completion date of the Rights Issue
“Offset/Repayment”	the Offset or the Repayment
“Overseas Letter”	the letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders (if any) are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies) and not acting in concert with Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 50,791,988 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement

“Placing Agent”	Red Sun Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the placing agent appointed by the Company
“Placing Agreement”	the placing agreement dated 11 January 2023 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the 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
“Posting Date”	8 March 2023 or such other date as the Company determines for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus with Overseas Letter for information only to the Non-Qualifying Shareholders (if any), as the case may be
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and PAL
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	7 March 2023, or on such other date as the Company may determine, being the date of reference to which the Shareholders’ entitlements to the Rights Issue are to be determine
“Repayment”	the settlement for any remaining balance of Shareholder’s Loans after the Offset will be made by use of the proceeds from the Rights Issue
“Rights Issue”	the proposed issue of 87,588,332 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every three (3) Consolidated Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	up to 87,588,332 new Consolidated Share(s) to be allotted and issued in respect of the Rights Issue
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“SFC”	the 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\$0.002 each in the issued share capital of the Company
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares of par value of HK\$0.002 each into one (1) Consolidated Share of par value of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares or Consolidated Shares, as the case may be
“Shareholder’s Loans”	the amount due from the Group to Mr. Li and Hongfa from time to time, which amounted to approximately HK\$61.2 million as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.14 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC
“Underwriter”	Hongfa
“Underwriting Agreement”	the underwriting agreement dated 11 January 2023 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Share(s)”	up to 50,791,988 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements” in this announcement
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by Mr. Li, the Underwriter, and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) as a result of the subscription of the Underwritten Shares by the Underwriter pursuant to the Underwriting Agreement
“%”	per cent

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 27 February 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 10 March 2023 to Friday, 17 March, 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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

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

Hong Kong, 11 January 2023

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1.00 = HK\$1.10. The conversion rate is for illustration purposes only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

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

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 identification purposes only