

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **RENEWAL OF MINING RIGHTS**

#### **YANGZHUANG IRON ORE MINE MINING RIGHTS**

The Board announces that on 3 August 2020, Shandong Ishine Mining, an indirect wholly-owned subsidiary of the Company, entered into the Mining Rights Transfer Contract I with Linyi Municipal Natural Resources and Planning Bureau for renewal of the mining rights of Yangzhuang Iron Ore Mine.

#### **ZHUGE SHANGYU ILMENITE ORE MINE MINING RIGHTS**

The Board also announces that on 17 November 2022, Shandong Ishine Mining entered into the Mining Rights Transfer Contract II with Linyi Municipal Natural Resources and Planning Bureau for renewal of mining rights of Zhuge Shangyu Ilmenite Ore Mine.

#### **LISTING RULES IMPLICATIONS**

One or more of the percentage ratios for the respective Mining Rights Transfer Contract I and Mining Rights Transfer Contract II exceeds 25% in accordance with Rule 14.07 of the Listing Rules, and therefore the entering into of the respective Mining Rights Transfer Contract I and Mining Rights Transfer Contract II constituted a major acquisition of the Company and is subject to the reporting, announcement, circular and shareholder approval requirements under Chapter 14 of the Listing Rules.

## **REASONS FOR FAILURE TO COMPLY WITH LISTING RULES**

After reviewing the percentage ratios for the above transactions, the Board admitted that the Company had inadvertently failed to comply with the applicable requirements under the Listing Rules for the reasons set out in the paragraph below. The Company should have complied with the relevant reporting, announcement and shareholder approval obligations in accordance with Chapter 14 of the Listing Rules in connection with the Mining Rights Contracts when such obligations arose. Regrettably, the Company admitted that its delay in complying with the notification and announcement requirements under Chapter 14 of the Listing Rules in relation to Mining Rights Transfer Contracts was due to its inadvertent oversight.

When applying for the renewal of the Yangzhuang Iron Ore Mine Mining Rights and the Zhuge Shangyu Ilmenite Mine Mining Rights, the Company has considered the implications of the relevant Listing Rules, in particular whether the transaction constitutes a notifiable transaction under Chapter 14 of the Listing Rules. Given that (i) the Mining Rights Transfer Contracts are part of the renewal process, which is essentially an administrative process and the purpose is to renew the mining license in accordance with the applicable rules and regulations of China; (ii) there is no mechanism to allow Shandong Ishing Mining participating in the negotiations of the terms (including fee levels) of Mining Rights Transfer Contracts; and (iii) the fees are only determined by Linyi Municipal Natural Resources and Planning Bureau. Therefore, the Company does not consider that the entering into the Mining Rights Transfer Contracts (and the transactions contemplated thereunder) are deemed to be acquisitions under Chapter 14 of the Listing Rules.

The Company has no intention to ignore the relevant compliance requirements under the Listing Rules in relation to the Mining Rights Transfer Contract (and the transactions contemplated thereunder).

## **YANGZHUANG IRON ORE MINE MINING RIGHTS**

The Board announces that on 3 August 2020, Shandong Ishine Mining, an indirect wholly-owned subsidiary of the Company, entered into the Mining Rights Transfer Contract I with Linyi Municipal Natural Resources and Planning Bureau for renewal of the mining rights of Yangzhuang Iron Ore Mine.

### **Date**

3 August 2020

## **Parties**

- (i) Shandong Ishine Mining
- (ii) Linyi Municipal Natural Resources and Planning Bureau

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Linyi Municipal Natural Resources and Planning Bureau is a third party independent of the Company and connected persons of the Company.

## **Information on the mining rights**

Location: Qinjiazhuang Village, Yangzhuang Town, Yishui County

Resource reserves: 28.8 million tons

Area: 3.9093 square kilometers

Period: 10 years

## **Mining rights transfer amount**

The transfer amount of Yangzhuang Iron Ore Mine Mining Rights is RMB70,466,000. The first installment of the Mining Rights Transfer Amount I is RMB30,466,000, and the remaining Mining Rights Transfer Amount I of RMB40,000,000 shall be paid in eight instalments, with each installment of RMB5 million being paid annually. The mining rights license of Yangzhuang Iron Mine was granted on 20 August 2023. As of the date of this announcement, the Group has paid a mining rights transfer amount of RMB45,466,000.

The Mining Rights Transfer Amount I paid has been funded from the internal resources of the Group. The remaining Mining Rights Transfer Amount I of RMB25,000,000 will be financed by the internal resources of the Group.

## **ZHUGE SHANGYU ILMENITE ORE MINE MINING RIGHTS**

The Board announces that on 17 November 2022, Shandong Ishine Mining entered into the Mining Rights Transfer Contract II with Linyi Municipal Natural Resources and Planning Bureau for renewal of mining rights of Zhuge Shangyu Ilmenite Ore Mine.

## **Date**

17 November 2022

## **Parties**

- (i) Shandong Ishine Mining
- (ii) Linyi Municipal Natural Resources and Planning Bureau

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Linyi Municipal Natural Resources and Planning Bureau is a third party independent of the Company and connected persons of the Company.

## **Information on the mining rights**

Location: Yu Village, Zhuge Town, Yishui County

Resource reserves: 28.456 million tons

Area: 0.3560 square kilometers

Period: 5 years

## **Mining rights transfer amount**

The transfer amount of Zhuge Shangyu Ilmenite Ore Mine Mining Rights is RMB171,349,100. The first installment of the Mining Rights Transfer Amount II is RMB36,349,100, and the remaining Mining Rights Transfer Amount II of RMB135,000,000 will be paid in nine installments starting from 10 December of each year from 2023, with each installment of RMB15,000,000 being paid annually. As of the date of this announcement, the Group has paid the Mining Rights Transfer Amount II of RMB51,349,100.

The Mining Rights Transfer Amount II paid has been funded from the internal resources of the Group. The remaining Mining Rights Transfer Amount II of RMB120,000,000 will be financed by the internal resources of the Group.

The mining right licence of Zhuge Shangyu Ilmenite Mine was granted on 20 November 2023.

## **REASONS AND BENEFITS OF THE MINING RIGHTS TRANSFER CONTRACTS**

Shandong Ishine Mining is principally engaged in the mining of mineral resources. It has successfully obtained the mining rights of Yangzhuang Iron Ore Mine and the mining rights of Zhuge Shangyu Ilmenite Mine to promote the normal business operations of the Group and is in the best interests of the Company and its shareholders as a whole.

The Directors believe that as part of the procedures for renewing the Yangzhuang Iron Ore Mine Mining Rights and the Zhuge Shangyu Ilmenite Mine Mining Rights, the entering into of the Mining Rights Transfer Contracts was conducted in the ordinary and usual course of business of the Group, and the transactions were in the best interest of the Company and the shareholders as a whole. The entering into of the Mining Rights Transfer Contract is fair and reasonable, and reflects the standard terms generally adopted by the Natural Resources and Planning Bureau for mining license renewal cases, any failure to enter into Mining Rights Transfer Contracts or failure to pay fees under the Mining Rights Transfer Contracts may result in the Group being unable to operate without obtaining a valid mining rights license, which would have a material adverse impact on the Group's business.

## **INFORMATION OF THE PARTIES**

The Company is an exempted company with limited liability incorporated under the laws of the Cayman Islands and its shares are listed on the Stock Exchange. The principal activities of the Group are the exploration, mining and processing of iron ore and ilmenite and the trading of iron concentrates and other minerals in Shandong Province, the PRC.

Shandong Ishine Mining is a limited company incorporated in China and is mainly engaged in the processing minerals in China.

Linyi Natural Resources and Planning Bureau is a government department of Shandong Province, China.

## **LISTING RULES IMPLICATIONS**

One or more of the percentage ratios for the respective Mining Rights Transfer Contract I and Mining Rights Transfer Contract II exceeds 25% in accordance with Rule 14.07 of the Listing Rules, and therefore the entering into of the respective Mining Rights Transfer Contract I and Mining Rights Transfer Contract II constituted a major acquisition of the Company and is subject to the reporting, announcement, circular and shareholder approval requirements under Chapter 14 of the Listing Rules.

### **Reasons for failure to comply with listing rules**

After reviewing the percentage ratios for the above transactions, the Board admitted that the Company had inadvertently failed to comply with the applicable requirements under the Listing Rules for the reasons set out in the paragraph below. The Company should have complied with the relevant reporting, announcement and shareholder approval obligations in accordance with Chapter 14 of the Listing Rules in connection with the Mining Rights Contracts when such obligations arose. Regrettably, the Company admitted that its delay in complying with the notification and announcement requirements under Chapter 14 of the Listing Rules in relation to Mining Rights Transfer Contracts was due to its inadvertent oversight.

When applying for the renewal of the Yangzhuang Iron Ore Mine Mining Rights and the Zhuge Shangyu Ilmenite Mine Mining Rights, the Company has considered the implications of the relevant Listing Rules, in particular whether the transaction constitutes a notifiable transaction under Chapter 14 of the Listing Rules. Given that (i) the Mining Rights Transfer Contracts are part of the renewal process, which is essentially an administrative process and the purpose is to renew the mining license in accordance with the applicable rules and regulations of China; (ii) there is no mechanism to allow Shandong Ishing Mining participating in the negotiations of the terms (including fee levels) of Mining Rights Transfer Contracts; and (iii) the fees are only determined by Linyi Municipal Natural Resources and Planning Bureau. Therefore, the Company does not consider that the entering into the Mining Rights Transfer Contracts (and the transactions contemplated thereunder) are deemed to be acquisitions under Chapter 14 of the Listing Rules.

The Company has no intention to ignore the relevant compliance requirements under the Listing Rules in relation to the Mining Rights Transfer Contracts (and the transactions contemplated thereunder). The information relating to the renewal of the Yangzhuang Iron Ore Mine Mining Rights and the Zhuge Shangyu Ilmenite Mine Mining Rights have been disclosed in the annual report of the Group for the years ended 31 December 2022 and 2023.

## **REMEDIAL MEASURES**

Given that the Mining Rights Transfer Contract I and the Mining Rights Transfer Contract II have been completed and all material information regarding the transactions is set out in this announcement, no circular is expected to be sent to the shareholders of the Company.

The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules for future notifiable transactions, including transactions to be carried out on renewal of mining rights of a similar nature.

In order to prevent similar incidents from happening again and ensure timely compliance with the relevant provisions of the Listing Rules in the future, the Company will take the following remedial measures:

- (a) The Company will arrange (i) regular department meetings to monitor notifiable transactions; (ii) strengthen the reporting system between departments and directors; and (iii) provide information to directors, senior management and financial personnel of the Group with more guidance materials and training on compliance matters on a regular basis to enhance their awareness and understanding of the Listing Rules; and
- (b) Strengthen the internal control system through, among others, all management (at the Company and subsidiary levels) are required to submit to the Finance Department for review before entering into any agreement whether it will constitute any notifiable transaction.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used herein shall have the following meanings:

“Board”	the board of Directors
“Company”	Add New Energy Investment Holdings Group Limited, a limited liability company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (stock code: 2623)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong special administrative region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mining Rights Transfer Amount I”	the mining rights transfer amount of RMB70,466,000 payable to Shandong Ishine pursuant to the Mining Rights Transfer Contract I
“Mining Rights Transfer Amount II”	the mining rights transfer amount of RMB171,349,100 payable to Shandong Ishine pursuant to the Mining Rights Transfer Contract II
“Mining Rights Transfer Contract I”	the mining rights transfer contract entered into between Shandong Ishine Mining and Linyi Municipal Natural Resources and Planning Bureau on 3 August 2020 for the renewal of the mining rights of Yangzhuang Iron Ore Mine
“Mining Rights Transfer Contract II”	the mining rights transfer contract entered into between Shandong Ishine Mining and Linyi Municipal Natural Resources and Planning Bureau on 17 November 2022 for the renewal of the mining rights of Zhuge Shangyu Ilmenite Mine
“Mining Rights Transfer Contracts”	collectively, the Mining Rights Transfer Contract I and the Mining Rights Transfer Contract II
“PRC”	The People’s Republic of China (for the purpose of this announcement, exclude Hong Kong, Macau special administrative region of the PRC and Taiwan)

“Shandong Ishine Mining”	山東盛泰礦業科技有限公司 (Shandong Ishine Mining Industry Co., Ltd.*), is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of par value of HK\$0.04 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangzhuang Iron Ore Mine”	an iron ore mine located in Qinjiazhuang Village, Yangzhuang Town, Shandong Province, China
“Yangzhuang Iron Ore Mine Mining Rights”	the mining rights licence granted to Shandong Ishine Mining pursuant to the terms and conditions of the Mining Rights Transfer Contract I
“Zhuge Shangyu Ilmenite Mine”	an ilmenite mine located in Yishui County, Shandong Province, China
“Zhuge Shangyu Ilmenite Mine Mining Rights”	the mining rights licence granted to Shandong Ishine Mining pursuant to the terms and conditions of the Mining Rights Transfer Contract II
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	the percentage

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

Hong Kong, 30 May 2024

*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.*

*\*translation for identification purpose only*