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)

RESPONSE TO THE QUALIFIED OPINION SET OUT IN THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Reference is made to the announcement of Add New Energy Investment Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 29 March 2019 (the "**Announcement**") relating to, among others, the qualified opinion set out in the Independent Auditor's Report as contained in the annual results for the year ended 31 December 2018 (the "**Qualified Opinion**").

The board (the "**Board**") of directors (the "**Directors**") makes the responses to the Qualified Opinion as follows.

In the course of the 2018 annual audit, the Company has disagreement with the auditor relating to the coal trading transactions. The Board has authorized independent non-executive Directors to establish an independent investigation committee and authorized it to engage external professional to conduct an independent investigation on the above transactions so as to improve management level.

The Company received from the auditor on 18 March 2019 questioned about the transactions nature, business rationale and commercial substance of the coal trading transactions, and requested the Audit Committee of the Company to consider engaging an independent investigation consultant to implement independent investigation of the coal trading transactions and related matters.

On 20 March 2019, the Audit Committee obtained from the management the background and circumstances of the coal trading transactions and, based on the information provided by the auditor on the coal trading transactions, considered the coal trading transactions:

1. have no evidence suggesting violation of any regulations

2. do not harm the interests of the shareholders of the Company

3. there is no fraudulent on the based on the cash inflow support

On 21 March 2019, the Audit Committee communicated with the auditor and reiterated the above three points and requested the auditor to continue the audit work for 2018 and provide the draft auditor's report to be issued by the auditor as soon as possible to evaluate the next steps that the Audit Committee should take. During the period ended on 28 March 2019, the Company actively discussed with the auditor and provided evidence of the coal trading transactions to resolve the auditor's suspicions.

The Board, including the independent non-executive Directors, received from the auditor on the morning of 29 March 2019 the draft auditor's report, and was informed of the specific content of the qualified opinion. After due and careful discussion by the Board, the Board was of the opinion that the qualified opinion as set in the independent auditor's report did not take into account and reflect the discussions and evidence provided since 18 March 2019 was not acceptable. Therefore, it was resolved to authorize all independent non-executive Directors to establish an independent investigation committee and authorize the independent investigation committee to appoint an independent professional to conduct an independent investigation on (i) the nature, business rationale and commercial substance of the coal trading transactions and the occurrence; and (ii) whether the coal trading transactions constitute related party transactions of the Group.

The Company will disclose the outcome of the independent investigation in due course.

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

Hong Kong, 29 March 2019

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 non-executive Director is Ms. Chau Ching; and the independent non-executive Directors are Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Mr. Lin Chu Chang.