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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors of the Company that, based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 and the financial information currently available, it is expected that the Group will record a profit for the year attributable to owners of the Company of approximately RMB57.6 million for the year ended 31 December 2022 as compared with a loss for the year attributable to owners of the Company of approximately RMB30.1 million in the same corresponding period last year.

The profit is mainly attributable by: (1) the increase in revenue of approximately RMB232.1 million coupled with the increase in the profit margin from 2.0% the same corresponding period last year to 7.8% for the year ended 31 December 2022; and (2) the increase in other income of approximately RMB11.5 million which was attributable by, among others, compensation income and consultancy fee income of approximately RMB3.3 million and RMB9.6 million, respectively, recognised in 2022, which was partly offset by (I) the increase of administrative expenses of approximately RMB24.7 million which was mainly attributable to research and development expenses incurred in 2022 amounting to approximately RMB25.1 million, and (II) the effect of appreciation of HKD against RMB mainly on the Group's bonds denominated in HKD, resulting in net foreign exchange loss of approximately RMB6.8 million compared to net foreign exchange gain of approximately RMB13.2 million in the same corresponding period last year.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Add New Energy Investment Holdings Group Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

Reference is made to the circular issued by the Company dated 17 February 2023 in relation to, among other matters, the Share Consolidation, the Rights Issue, the Underwriting Agreement, the Offset, the Placing Agreement and the Whitewash Waiver (the “**Circular**”). Unless otherwise defined herein, capitalised terms used in this section of this announcement shall have the same meanings as those defined in the Circular.

The Board hereby informs the Shareholders and potential investors of the Company that, based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 and the financial information currently available, it is expected that the Group will record a profit for the year attributable to owners of the Company of approximately RMB57.6 million for the year ended 31 December 2022 as compared with a loss for the year attributable to owners of the Company of approximately RMB30.1 million in the same corresponding period last year.

The profit is mainly attributable by: (1) the increase in revenue of approximately RMB232.1 million coupled with the increase in the profit margin from 2.0% the same corresponding period in last year to 7.8% for the year ended 31 December 2022; and (2) the increase in other income of approximately RMB11.5 million which was attributable by, among others, compensation income and consultancy fee income of approximately RMB3.3 million and RMB9.6 million, respectively, recognised in 2022, which was partly offset by (I) the increase of administrative expenses of approximately RMB24.7 million which was mainly attributable to research and development expenses incurred in 2022 amounting to approximately RMB25.1 million, and (II) the effect of appreciation of HKD against RMB mainly on the Group’s bonds denominated in HKD, resulting in net foreign exchange loss of approximately RMB6.8 million compared to net foreign exchange gain of approximately RMB13.2 million in the same corresponding period last year.

As at date of this announcement, the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2022. The information contained in this announcement is only based on the preliminary review of the information currently available, which has not considered other potential assets impairment or reversal of impairment and has not been audited or reviewed by the auditor of the Company. The above information may be subject to further adjustments upon further review. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2022, which is expected to be published on 30 March 2023.

Following the publication of the Circular, the profit estimate (the “**Profit Alert**”) included in this announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the Company’s auditors and financial advisers pursuant to Rule 10.4 of the Takeovers Code. The Profit Alert has been reported on by Crowe (HK) CPA Limited (“**Crowe**”), the auditors of the Company, and Red Sun Capital Limited (“**Red Sun Capital**”), the financial adviser to the Company in relation to Share Consolidation, Rights Issue and Whitewash Waiver. Crowe has reported that, so far as the accounting policies and calculations are concerned, the Profit Alert has been properly complied in accordance with the bases adopted by the directors as set out in this announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published consolidated financial statements for the year ended 31 December 2021 included in the 2021 annual report of the Company dated 30 March 2022, and those relevant amendments to Hong Kong Financial Reporting Standards mandatorily effective and adopted by the Group for the year ended 31 December 2022 as set out in the published consolidated financial statements for the six months ended 30 June 2022 included in the 2022 interim report of the Company dated 30 August 2022. Red Sun Capital is satisfied that the Profit Alert has been made by the Board with due care and consideration. The reports from Crowe and Red Sun Capital have been lodged with the Executive (as defined in the Takeovers Code) and the text of which are set out in the appendices to this announcement.

Each of Crowe and Red Sun Capital has given and has not withdrawn its consent to the issue of this announcement with the inclusion of its report and references to use its name in the form and context in which they appear in this announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 27 March 2023

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.

27 March 2023

The Board of Directors
Suite 3105, 31/F
Tower 6, The Gateway
Harbour City, 9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Dear Sirs,

Re: Add New Energy Investment Holdings Group Limited (the “**Company**”)

LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT ESTIMATE

Profit Estimate for the year ended 31 December 2022

We refer to the estimate of the consolidated profit attributable to owners of the Company for the year ended 31 December 2022 (the “**Profit Estimate**”) set forth in the profit alert announcement of the Company dated 27 March 2023 (the “**Profit Alert Announcement**”).

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) based on the consolidated management accounts of the Group for the year ended 31 December 2022.

The Company’s directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Profit Alert Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published consolidated financial statements for the year ended 31 December 2021 included in the 2021 annual report of the Company dated 30 March 2022, and those relevant amendments to Hong Kong Financial Reporting Standards mandatorily effective and adopted by the Group for the year ended 31 December 2022 as set out in the published consolidated financial statements for the six months ended 30 June 2022 included in the 2022 interim report of the Company dated 30 August 2022.

Yours faithfully
Crowe (HK) CPA Limited
Certified Public Accountants
Leung Chun Wa
Practising Certificate Number: P04963

APPENDIX II – REPORT FROM RED SUN CAPITAL LIMITED

27 March 2023

Add New Energy Investment Holdings Group Limited

Suite 3105, 31/F, Tower 6,
The Gateway, Harbour City,
9 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

Attention: the Board of Directors

Dear Sirs,

We refer to the announcement dated 27 March 2023 (the “**Profit Alert Announcement**”) issued by Add New Energy Investment Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Capitalised terms used in this letter shall have the same meanings as defined in the Profit Alert Announcement unless otherwise specified.

We also refer to the statement (the “**Profit Alert Statement**”) made by the Directors in the Profit Alert Announcement, that, based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (which have not been confirmed, reviewed or audited by the Company’s auditors or audit committee) and the financial information currently available, it is expected that the Group will record a profit for the year attributable to owners of the Company of approximately RMB57.6 million for the year ended 31 December 2022 as compared with a loss for the year attributable to owners of the Company of approximately RMB30.1 million in the same corresponding period last year. The Profit Alert Statement is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

The Profit Alert Statement has been prepared by the Directors based on the Group’s unaudited consolidated management accounts for the year ended 31 December 2022 (which have not been confirmed, reviewed or audited by the Company’s auditor or audit committee) and other information currently available to the Group.

We have reviewed the Profit Alert Statement and other relevant information and documents which you as the Directors are solely responsible for and discussed with you and the senior management of the Company the key bases upon the which the Profit Alert Statement has been made. In addition, we have considered, and relied upon, the report on the Profit Alert Statement from Crowe (HK) CPA Limited addressed to the Directors dated 27 March 2023 regarding the accounting policies and calculations upon which the Profit Alert Statement has been made.

Based on the above, we are of the opinion that the Profit Alert Statement, for which the Directors are solely responsibility, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
RED SUN CAPITAL LIMITED
Robert Siu
Managing Director