

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Add New Energy Investment Holdings Group Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee, or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "17. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of Add New Energy Investment Holdings Group Limited may be settled through CCASS and you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on The Stock Exchange of Hong Kong Limited 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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC. Settlement of transactions between participants of The Stock Exchange of Hong Kong Limited on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

Shareholders with registered addresses in any jurisdiction outside Hong Kong or beneficial owners of the Shares who are residents outside Hong Kong should refer to the important information set out in the section headed "Notices" and the paragraph headed "Rights of the Overseas Shareholders (if any)" under the section headed "Letter from the Board" in this prospectus.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.



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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) SHARES HELD ON RECORD DATE

Financial adviser to the Company and Placing Agent of the Rights Issue



紅日資本有限公司

RED SUN CAPITAL LIMITED

Terms in this cover page have the same meanings as defined in this prospectus.

The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Monday, 5 June 2023. The procedures for application and payment for the Rights Shares are set out on pages 22 and 23 of this prospectus.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company served prior to 4:00 p.m. on Tuesday, 13 June 2023 to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this prospectus. If the Underwriter terminates the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

It should be noted that the Shares have been dealt in on an ex-rights basis from Wednesday, 10 May 2023. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 23 May 2023 to Wednesday, 31 May 2023 (both days inclusive). Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 23 May 2023 to Wednesday, 31 May 2023 (both days inclusive) will accordingly bear the risk that if the Underwriter terminates the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

19 May 2023

NOTICE

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

The Shares have been dealt in on an ex-rights basis from Wednesday, 10 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 23 May 2023 to Wednesday, 31 May 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the 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 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 until 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 if the Underwriter terminates the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

DISTRIBUTION OF THE PROSPECTUS DOCUMENTS

Distribution of the Prospectus Documents (including this prospectus) in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) in possession of the Prospectus Documents should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

None of the Prospectus Documents will be registered under the securities laws of any jurisdiction other than Hong Kong and none of the Prospectus Documents will qualify for distribution under any of the relevant securities laws of any of the jurisdictions other than Hong Kong (save for any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions other than Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

NOTICE

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions other than Hong Kong should refer to the paragraph headed “Rights of the Overseas Shareholders (if any)” under the section headed “Letter from the Board” in this prospectus. For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares in jurisdictions other than Hong Kong, please see the notices below.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

CONTENT

	<i>Page</i>
Notice	i
Definitions	1
Expected timetable	10
Termination of the Underwriting Agreement	12
Letter from the Board	14
Appendix I – Financial Information of the Group	I-1
Appendix II – Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III – General Information	III-1

DEFINITIONS

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

“acting in concert”	shall have the meaning ascribed thereto under the Takeovers Code
“All Five Capital”	All Five Capital Ltd., a company incorporated in the BVI with limited liability, which in turn beneficially holds 902,500 Shares as at the Latest Practicable Date, and is wholly and beneficially owned by Mr. Lang
“Announcement”	the announcement of the Company dated 11 January 2023 in relation to, among other things, the Share Consolidation; the Rights Issue; the Underwriting Agreement, the Offset; the Placing Agreement and the Whitewash Waiver
“Associate(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“BVI”	British Virgin Islands
“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”	the circular of the Company dated 17 February 2023 in relation to, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Waiver
“Companies Act”	the Companies Act (as amended) of the Cayman Islands

DEFINITIONS

“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
“Controlling Shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the adjourned extraordinary general meeting of the Company held at 11:00 a.m. on Friday, 5 May 2023 and the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver were approved
“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 Monday, 5 June 2023 or such later date as determined by the Company
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“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\$3.1 million as at the date of the Circular which is owned by an individual Independent Third Party who is not Shareholders
“Hongfa”	Hongfa Holdings Limited, a company incorporated in the BVI with limited liability, which in turn beneficially holds 102,406,933 Shares as at the Latest Practicable Date, and is wholly and beneficially owned by Mr. Li
“Independent Shareholder(s)”	<p>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; (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;</p> <p>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</p>
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective Associates

DEFINITIONS

“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 “The Irrevocable Undertakings” in this prospectus
“Last Trading Day”	11 January 2023, being the last full trading day for the Shares before the release of the Announcement
“Latest Placing Time”	4:00 p.m. on Monday, 12 June 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
“Latest Practicable Date”	9 May 2023, being the latest practicable date before the printing of this prospectus for the purpose of ascertaining certain information contained herein
“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 Tuesday, 13 June 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
“Main Board”	the main board of 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

DEFINITIONS

“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 32,500 Shares as at the Latest Practicable Date, and is wholly and beneficially owned by Mr. Lang
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“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
“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 Agreement”	the offset agreement dated 11 January 2023 (as amended by the Supplemental Offset Agreement) entered into between the Company, Mr. Li and the Underwriter in relation to the Offset
“Offset/Repayment”	the Offset or the Repayment

DEFINITIONS

“Old Share(s)”	the ordinary share(s) of par value of HK\$0.002 each in the share capital of the Company as existed immediately prior to the Share Consolidation taking effect
“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)”	(i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be the Independent Third Parties; (ii) such that no placee shall become a substantial Shareholder immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing, 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 (as amended by the Supplemental Placing Agreement) entered into between the Company and the Placing Agent in relation to the Placing

DEFINITIONS

“Placing Share(s)”	a maximum number of 50,791,988 Unsubscribed Rights Shares
“Posting Date”	19 May 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
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus Documents”	This 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”	18 May 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
“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
“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) Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	up to 87,588,332 new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.04 each in the issued share capital of the Company
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Old Shares of par value of HK\$0.002 each into one (1) Share of par value of HK\$0.04 each
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loans”	the amount due from the Group to Mr. Li and Hongfa from time to time, which amounted to approximately HK\$71.2 million as at the Latest Practicable Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.14 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Announcement”	the supplemental announcement of the Company dated 8 February 2023 in relation to (i) the change in use of proceeds from the Rights Issue; (ii) the Supplemental Placing Agreement; and (iii) the Supplemental Offset Agreement
“Supplemental Offset Agreement”	the supplemental agreement to the Offset Agreement entered into between the Company, Mr. Li and the Underwriter dated 8 February 2023
“Supplemental Placing Agreement”	the supplemental agreement to the Placing Agreement entered into between the Company and the Placing Agent dated 8 February 2023
“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

DEFINITIONS

“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 prospectus
“Whitewash Waiver”	a waiver granted by the Executive on 9 March 2023 pursuant to Note 1 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

For the purpose of this prospectus, unless otherwise indicated, amounts in RMB are translated into HK\$ on the basis of RMB1.00 = HK\$1.10. Such 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.

If there is any inconsistency in this prospectus between the Chinese and English versions, the English version shall prevail.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is indicative only and may be 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 2023
First day of dealings in nil-paid Rights Shares	Tuesday, 23 May
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Tuesday, 23 May
Latest time for splitting of the PAL	4:30 p.m. on Thursday, 25 May
Last day of dealings in nil-paid Rights Shares	Wednesday, 31 May
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:30 p.m. on Monday, 5 June
Latest time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 5 June
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 7 June
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	Thursday, 8 June
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on Monday, 12 June
Latest time for Termination	Tuesday, 13 June
Designated broker ceases to provide matching services for odd lots of the Shares	4:00 p.m. on Tuesday, 13 June

EXPECTED TIMETABLE

- Temporary counter for trading in the Shares
in the board lot size of 100 Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Tuesday, 13 June
- Parallel trading in Shares (represented by both existing share
certificates and new share certificates) ends 4:10 p.m. on
Tuesday, 13 June
- 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). Monday, 19 June
- Despatch of certificates for fully-paid Rights Shares and refund
cheques, if any, in respect of wholly or partially unsuccessful
applications Tuesday, 20 June
- Expected first day of dealings in fully-paid Rights Shares 9:00 a.m. on
Wednesday, 21 June
- Payment of Net Gain to relevant No Action Shareholders (if any) Wednesday, 5 July

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 “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region 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 Monday, 5 June 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 Monday, 5 June 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 Monday, 5 June 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.

TERMINATION OF THE UNDERWRITING AGREEMENT

Pursuant to 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, in the reasonable opinion of the Underwriter:

1. the success of the Rights Issue is or will be or likely to 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 in the opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group 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;
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;
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;

TERMINATION OF THE UNDERWRITING AGREEMENT

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;
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;
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;
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;
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 be 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;
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 the 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Li Yunde (*Chairman*)

Geng Guohua (*Chief Executive Officer*)

Lang Weiguo

Independent non-executive Directors:

Leung Nga Tat

Li Xiaoyang

Zhang Jingsheng

Registered office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Principal place of business in
Hong Kong:*

Suite 3105, 31/F

Tower 6, The Gateway

Harbour City, 9 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

19 May 2023

*To the Qualifying Shareholders and,
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) SHARES HELD ON RECORD DATE

INTRODUCTION

References are made to the Announcement, the Supplemental Announcement, the Circular and the announcement of the Company dated 5 May 2023 in relation to, among other matters, the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver.

LETTER FROM THE BOARD

At the adjourned EGM held on Wednesday, 5 May 2023, the necessary resolutions for approving, among other things, the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver were duly passed by the Independent Shareholders. The Share Consolidation has become effective on 9 May 2023.

The purpose of this prospectus is to provide you with among other things, further details of the Rights Issue, including the information on procedures for application and payment and certain financial information and other information in respect of the Group.

RIGHTS ISSUE

The Board proposes to implement the Rights Issue, on the basis of one (1) Rights Share for every three (3) 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) 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)

LETTER FROM THE BOARD

Rights Issue Statistics

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 Shares in issue as at the Latest Practicable Date:	262,764,996 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	87,588,332 Rights Shares
Number of Shares in issue upon completion of the Rights Issue:	350,353,328 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 Issue 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 102,406,933 Shares held through Hongfa, a company incorporated in the BVI with limited liability and Mr. Li holds 6,102,900 Shares personally, which in aggregate amounted to 108,509,833 Shares, representing approximately 41.3% of the total 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

As at the Latest Practicable Date, the Company had no other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Shares.

LETTER FROM THE BOARD

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 issued Shares as at the Latest Practicable Date; and (ii) 25.0% of the total number of issued 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 1.7% to the closing price of HK\$1.16 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.6% to the adjusted closing price of approximately HK\$1.32 per Share based on the closing price of HK\$0.0660 per Old Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 13.0% to the adjusted average closing prices of approximately HK\$1.31 per Share based on the average closing price of approximately HK\$0.0654 per Old 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;
- (iv) a discount of approximately 14.3% to the adjusted average closing prices of approximately HK\$1.33 per Share based on the average closing price of approximately HK\$0.0664 per Old 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;
- (v) a discount of approximately 10.9% to the theoretical ex-entitlement price of approximately HK\$1.28 per Share based on the closing price of approximately HK\$0.0660 per Old 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;
- (vi) 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 Share to the benchmarked price of approximately HK\$1.32 per Share (as defined under Rule 7.27B of the Listing

LETTER FROM THE BOARD

Rules, taking into account the higher of (i) the closing price of the Old Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Old Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of Announcement and adjusted for the effect of the Share Consolidation);

- (vii) a discount of approximately 10.5% to the adjusted unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$1.27 per 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 Old Shares as at the date of Announcement after adjusted for the effect of the Share Consolidation; and
- (viii) a discount of approximately 23.1% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 of approximately HK\$1.48 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB353,984,000 (or approximately HK\$389,382,400) as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022 by the number of Shares in issue as at the Latest Practicable Date.

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 Old Share since the beginning of 2022 which decreased from HK\$0.129 (being the closing price of the Old Share as quoted on the Stock Exchange on 5 January 2022) to HK\$0.050 (being the closing price of the Old 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\$0.050 (being the closing price of the Old Share as quoted on the Stock Exchange on 12 October 2022) to HK\$0.072 (being the closing price of the Old Share as quoted on the Stock Exchange on 29 December 2022) and to HK\$0.066 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 prospectus.

LETTER FROM THE BOARD

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 prospectus, the Directors 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 Thursday, 11 May 2023.

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.

LETTER FROM THE BOARD

Basis of provisional allotments

The basis of the provisional allotments shall be one (1) Rights Share (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 (if any)

The Prospectus Documents to be issued in connection with the Rights Issue are not intended to 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 as at as at the Latest Practicable Date, as well as to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there were three Overseas Shareholders directly or indirectly holding a total of approximately 103.3 million Shares with registered addresses located to BVI.

The total shareholding of the Overseas Shareholders represents approximately 39.3% of total issued Shares as at the Latest Practicable Date.

Having made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses (as shown in the register of members of the Company) in the jurisdictions set out above in compliance with Rule 13.36(2)(a) of the Listing Rules and taken into account the legal advice provided by the respective legal advisers of the BVI engaged by the Company as at the Latest Practicable Date, the Directors are of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the BVI from the Rights Issue, and the Rights Issue will be offered to the Overseas Shareholders in those jurisdictions.

As at the Latest Practicable Date, there were no Non-Qualifying Shareholders. Should there be any Non-Qualifying Shareholders that appear on the register of members of the Company on the Record Date, the Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

LETTER FROM THE BOARD

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, and if they are in any doubt about their position, they should consult their own professional advisers.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements for the Non-Qualifying Shareholders Rights Shares

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.

For the nil-paid Rights Shares that are sold in the market by the Company as described above, if the buyer(s) of such nil-paid Rights Shares does/do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

The Company reserves the right to permit any Overseas Shareholder to take up Rights Shares if the Board, based on the legal advice from the legal advisers to the Company, is satisfied that the extending of the Rights Issue to such Overseas Shareholder is exempted from or not subject to the laws and regulations in the relevant place of his/her/its registered address which would otherwise give rise to restrictions in that place

LETTER FROM THE BOARD

upon the offer or take-up of the Rights Shares and 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.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Monday, 5 June 2023. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **TRICOR INVESTOR SERVICES LIMITED – A/C NO. 007** and crossed “**Account Payee Only**”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Monday, 5 June 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Thursday, 25 May 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of the rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

LETTER FROM THE BOARD

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

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, 20 June 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, 20 June 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

If the Underwriting Agreement is terminated or not becoming unconditional, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Tuesday, 20 June 2023.

Fractional entitlement to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders 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 aggregated (rounded down to the nearest share) and, if a premium (net of expenses) can be obtained, shall be sold in the market by the Company for its own benefit.

LETTER FROM THE BOARD

Odd lots matching arrangement

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Cinda International Securities Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. Leung Siu Wa of Cinda International Securities Limited at (852) 2235 7801 during the period from 9:00 a.m. on Tuesday, 23 May 2023 to 4:00 p.m. on Tuesday, 13 June 2023 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

The Irrevocable Undertakings

As at the Latest Practicable Date, (i) Mr. Li is interested in 102,406,933 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 6,102,900 Shares personally, which in aggregate amounted to 108,509,833 Shares, representing approximately 41.3% of the total issued Shares; (ii) Mr. Geng is interested in 944,200 Shares, representing approximately 0.4% of the total issued Shares; and (iii) Mr. Lang is interested in 32,500 Shares and 902,500 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 935,000 Shares, representing approximately 0.4% of the total issued 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:

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 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 Shares beneficially held by Mr. Geng under the Rights Issue;

LETTER FROM THE BOARD

- (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 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 Shares comprising the current shareholding in the Company owned by each of them, and such 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 Latest Practicable Date, 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 has been 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.

LETTER FROM THE BOARD

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

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 Issue 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 Monday, 12 June 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.

LETTER FROM THE BOARD

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 : According to the Placing Agreement (as amended by the Supplemental Placing Agreement), the Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be the Independent Third Parties; and (ii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

The Placing Agent will ensure it will, and will procure the sub-placing agent(s) to, place the Unsubscribed Rights Shares to the placee(s) to the extent that upon completion of the Placing, at least 25% of the total issued Shares of the Company will be held by the public (within the meaning under the Listing Rules) such that the public float requirement under Rule 8.08 of the Listing Rules will be complied with by the Company.

LETTER FROM THE BOARD

- 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 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 Thursday, 8 June 2023 up to 4:00 p.m. on Monday, 12 June 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 the Announcement or Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue; or

LETTER FROM THE BOARD

- (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 placees 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.

LETTER FROM THE BOARD

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 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; and (2) Hongfa as the Underwriter
Underwriter	:	As at the Latest Practicable Date, Hongfa is wholly and beneficially owned by Mr. Li. Mr. Li is interested in 102,406,933 Shares held through Hongfa, a company incorporated in the BVI with limited liability and Mr. Li holds 6,102,900 Shares personally, which in aggregate amounted to 108,563,833 Shares, representing approximately 41.3% of the total Shares. It is not in the ordinary course of business of Hongfa to underwrite securities. The Underwriter confirmed that it has complied with Rule 7.19(1)(b) of the Listing Rules.
Number of Rights Shares to be underwritten by the Underwriter:	:	Up to 50,791,988 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.

LETTER FROM THE BOARD

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 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 Rights Issue, the Placing, the Underwriting Agreement, the Offset, the Placing Agreement and the transactions contemplated thereunder (more than 50% of the Independent Shareholders 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 all the Rights Shares by no later than the first day of their dealings;
- (iii) compliance with and performance of all the undertakings and obligations of 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) compliance by the Company with all its obligations under the Underwriting Agreement in respect of its delivery of documents to the Underwriter under clauses 4.1, 4.2, 8.1 and 8.2 of the Underwriting Agreement; and

LETTER FROM THE BOARD

- (v) the delivery to the Stock Exchange, filing and 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 authorized in writing) as having been approved by resolution of the Directors in compliance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (and all other documents required to be attached thereto) not later than the Prospectus Posting Date 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);
- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date 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;
- (vii) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (viii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (ix) there being no specified event (an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in clause 11.1 of the Underwriting Agreement untrue or incorrect in any material respect) occurring on or before the Latest Time for Termination;
- (x) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (xi) the Irrevocable Undertakings with, inter alia, each of Mr. Li, the Underwriter, Mr. Geng and Mr. Lang has irrevocably and unconditionally undertaken to the Company, among other things:
 - (1) Mr. Li will subscribe for 2,034,300 Rights Shares, and will procure the Underwriter to subscribe for 34,135,644 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of the 108,509,833 Shares beneficially held by Mr. Li and the Underwriter under the Rights Issue;
 - (2) Mr. Geng will subscribe for 314,733 Rights Shares which comprise the full acceptance of the provisional entitlement in respect of the 944,200 Shares beneficially held by Mr. Geng under the Rights Issue;

LETTER FROM THE BOARD

- (3) 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 Shares beneficially held by Mr. Lang under the Rights Issue;
- (4) Mr. Li, the Underwriter, Mr. Geng and Mr. Lang will not, and will procure companies controlled by them (including the Underwriter, Novi and All Five Capital) not to, dispose of any of Shares comprising the current shareholding in the Company owned by each of them, and such 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; and
- (5) The total number of Rights Shares that have been undertaken by Mr. Li, Mr. Geng and Mr. Lang is 36,796,344 Right Shares which comprise the full acceptance of their provisional entitlement in respect of the total of 110,389,033 Shares beneficially held by them under the Rights Issue.

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 in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, 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 absolutely.

At the EGM held on Friday, 5 May 2023, the necessary resolutions for approving, among other things, the Rights Issue, the Offset, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver were duly passed by the Independent Shareholders.

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 have abstained from voting on the relevant resolution(s) at the EGM.

Save as the above, no other Shareholder was 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.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

Information on the Group

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. 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.

Information on the Underwriter

Hongfa is a Controlling Shareholder of the Company. The principal activity of Hongfa is investment holding. As at the Latest Practicable Date, (1) Mr. Li and Mr. Geng are the directors of Hongfa, and (2) Mr. Li, the chairman of the Board, an executive Director and a Controlling Shareholder of the Company, is interested in 102,406,933 Shares held through Hongfa, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Li, and he holds 6,102,900 Shares personally, which in aggregate represents approximately 41.3% of the total issued Shares.

Information on the Placing Agent

Red Sun Capital Limited, being the placing agent appointed by the Company pursuant to the Placing Agreement, is 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.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

During the 12 months immediately preceding this prospectus, 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

During the year ended 31 December 2022, the audited profit for the year of the Group was approximately RMB57.6 million. This is mainly due to (i) the increase in revenue of approximately RMB232.1 million coupled with the increase in the gross profit margin from approximately 2.0% for the same corresponding period last year to approximately 7.8% for the year ended 31 December 2022; and (ii) 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 (a) 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 (b) 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.

In order to maintain sufficient cash level for the Group's operating requirements, the Group had obtained certain borrowings from banks and Hong Kong Bonds and the total borrowings of the Group was approximately RMB68.0 million (the "**Borrowings**") as at 31 December 2022.

LETTER FROM THE BOARD

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 audited profit for the year ended 31 December 2022 was approximately RMB57.6 million.

As at 31 December 2022, the Group recorded the Borrowings of approximately RMB68.0 million, the Shareholder’s Loans of approximately RMB55.4 million, the trade payables of approximately RMB34.4 million and the cash and cash equivalents of approximately RMB124.7 million which was not sufficient to settle the Borrowings, Shareholder’s Loans and trade payables after considering the Group’s working capital requirements.

As at 31 December 2022, the Group has audited cash and cash equivalents of approximately HK\$139.6 million, of which HK\$131.1 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 audited cash and cash equivalents of the Group of approximately HK\$8.5 million was not sufficient to repay outstanding principal of the Borrowings of approximately HK\$74.8 million as at 31 December 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 Latest Practicable Date, the Shareholder’s Loans was approximately HK\$71.2 million and the outstanding principal of the Borrowings was approximately HK\$66.0 million.

The gearing ratio of the Group, being the Shareholder’s Loans and total borrowings with interest-bearing excluding lease liabilities to shareholders’ equity attributable to the owners of the Company, was approximately 34.9% as at 31 December 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.

LETTER FROM THE BOARD

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 73.1% (being approximately HK\$71.2 million) for Offset/Repayment of the outstanding Shareholder's Loan of the Group;
- (ii) approximately 3.2% (being approximately HK\$3.1 million) for settlement of the outstanding Borrowings and accrued interest of the Group;
- (iii) approximately 10.4% (being approximately HK\$10.1 million) for developing low-carbon project(s); and
- (iv) approximately 13.3% (being approximately HK\$13.0 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.

LETTER FROM THE BOARD

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. Pursuant to the Offset/Repayment under the Offset Agreement, the Company, Mr. Li and the Underwriter 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 remains 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 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.

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date up to the completion of the Rights Issue:

Shareholders	As at the Latest Practicable Date		Assuming full acceptance by all Shareholders under the Rights Issue		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	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Hongfa	102,406,933	39.0	136,542,577	39.0	187,334,565	53.4
Mr. Li (<i>Note 1</i>)	6,102,900	2.3	8,137,200	2.3	8,137,200	2.3
Mr. Geng (<i>Note 2</i>)	944,200	0.4	1,258,933	0.4	1,258,933	0.4
Mr. Lang (<i>Note 3</i>)	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	110,389,033	42.1	147,185,377	42.1	197,977,365	56.5
X. Mining Resources Group Limited	16,317,200	6.2	21,756,267	6.2	16,317,200	4.7
Other public Shareholders	136,058,763	51.7	181,411,684	51.7	136,058,763	38.8
Total	262,764,996	100.0	350,353,328	100.0	350,353,328	100.0

Note 1: As at the Latest Practicable Date, 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 102,406,933 Shares. For the purposes of the SFO, Mr. Li is deemed or taken to be interested in all the Shares held by Hongfa.

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

LETTER FROM THE BOARD

Note 3: As at the Latest Practicable Date, 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 32,500 Shares and 902,500 Shares, respectively. For the purposes of the SFO, Mr. Lang is deemed or taken to be interested in all the 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.

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 section headed “Termination of the Underwriting Agreement” in this prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Wednesday, 10 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 23 May 2023 to Wednesday, 31 May 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 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).

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

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

(1) FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of the four years ended 31 December 2019, 2020, 2021 and 2022 as extracted from the annual reports of the Company for the years ended 31 December 2019, 2020, 2021 and 2022, and the unaudited consolidated interim results of the Group for the six months ended 30 June 2021 and 2022 as extracted from the interim reports of the Company for the six months ended 30 June 2021 and 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June		For the year ended 31 December			
	2022 <i>RMB'000</i> <i>(unaudited)</i>	2021 <i>RMB'000</i> <i>(unaudited)</i>	2022 <i>RMB'000</i> <i>(audited)</i>	2021 <i>RMB'000</i> <i>(audited)</i>	2020 <i>RMB'000</i> <i>(audited)</i>	2019 <i>RMB'000</i> <i>(audited)</i>
Revenue	521,101	886,491	1,865,892	1,633,758	965,975	323,341
Cost of sales	(457,087)	(838,058)	(1,720,793)	(1,600,310)	(887,744)	(322,048)
Gross profit	64,014	48,433	145,099	33,448	78,231	1,293
Operating profit/(loss)	23,779	25,021	78,135	(25,103)	82,139	(56,713)
Net finance costs	(7,097)	(8,715)	(9,293)	(18,156)	(18,193)	(14,677)
Profit/(loss) before income tax	16,682	16,306	61,992	(30,057)	(60,705)	(71,304)
Income tax expense	(1,741)	–	(4,357)	–	–	–
Net profit/(loss) for the year	14,941	16,306	57,635	(30,057)	60,705	(71,304)
Total comprehensive income/(loss)	17,095	15,811	66,774	(30,273)	61,785	(76,930)

	For the six months		For the year ended 31 December			
	ended 30 June		2022	2021	2020	2019
	2022	2021	2022	2021	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in RMB per share)						
Earnings/(loss) per share-basic and diluted	0.285	0.308	0.011	(0.006)	0.011	(0.014)

The management discussion and analysis of the Company for each of the financial years ended 31 December 2019, 2020, 2021 and 2022 and the six months ended 30 June 2021 and 2022 are disclosed in the annual reports of the Company for the financial years ended 31 December 2019, 2020, 2021 and 2022 and the interim reports of the Company for the six months ended 30 June 2021 and 2022 respectively.

For each of the four years ended 31 December 2019, 2020, 2021 and 2022 and the six months ended 30 June 2021 and 2022, no dividend or dividend per share has been declared by the Group.

Save as disclosed above, there were no material items of income or expense for each of the four years ended 31 December 2019, 2020, 2021 and 2022 and for the six months ended 30 June 2021 and 2022.

Crowe (HK) CPA Limited is the auditor of the Group for the four years ended 31 December 2022 and unqualified audit opinion was issued by Crowe (HK) CPA Limited for the consolidated financial statements of the Group for each of the four years ended 31 December 2022.

(2) AUDITED FINANCIAL INFORMATION

The Company is required to set out or refer to in this prospectus the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year

ended 31 December 2020 (the “**2020 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”); (iv) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”); (v) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”); and (vi) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”), together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 89 to 155 of the annual report of the Company for the year ended 31 December 2019, which was published on 14 May 2020 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051401302.pdf>

The 2020 Financial Statements are set out on pages 62 to 125 of the annual report of the Company for the year ended 31 December 2020, which was published on 27 April 2021 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042701389.pdf>

The 2021 Financial Statements are set out on pages 64 to 131 of the annual report of the Company for the year ended 31 December 2021, which was published on 28 April 2022 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801657.pdf>

The 2022 Financial Statements are set out on pages 111 to 181 of the annual report of the Company for the year ended 31 December 2022, which was published on 27 April 2023 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701015.pdf>

The 2021 Interim Financial Statements are set out on pages 3 to 23 of the interim report of the Company for the six months ended 30 June 2021, which was published on 29 September 2021 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0929/2021092900473.pdf>

The 2022 Interim Financial Statements are set out on pages 3 to 23 of the interim report of the Company for the six months ended 30 June 2022, which was published on 29 September 2022 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0929/2022092900727.pdf>

(3) MATERIAL CHANGE

Save as disclosed in the annual report of the Company for the year ended 31 December 2022 that (a) the Group recorded the revenue of approximately RMB1,865.9 million for the year ended 31 December 2022, representing an increase of approximately RMB232.1 million or 14.2% as compared to approximately RMB1,633.8 million for the year ended 31 December 2021; (b) the Group recorded the gross profit margin of approximately 7.8% for the year ended 31 December 2022 as compared to approximately 2.0% for the year ended 31 December 2021; and (c) the Group recorded the net profit for the period of approximately RMB57.6 million for the year ended 31 December 2022, representing an increase of approximately RMB87.7 million as compared to net loss of approximately RMB30.0 million for the year ended 31 December 2021 and save that the Company proposed to conduct the Rights Issue to raise estimated net proceeds of approximately HK\$97.4 million, in which (i) approximately HK\$71.2 million for Offset/Repayment of the outstanding Shareholder's Loan of the Group; (ii) approximately HK\$3.1 million for settlement of the outstanding Borrowings and accrued interest of the Group; and (iii) approximately HK\$13.0 million as general working capital of the Group, the Directors confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date.

(4) INDEBTEDNESS

As at 31 March 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had the following indebtedness: (i) the Shareholder's Loan which amounted to approximately RMB64.7 million; (ii) the bank borrowings which amounted to approximately RMB60.0 million; and (iii) the lease liabilities which amounted to approximately RMB2.6 million.

Saved as disclosed above, the Group did not have any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees, debt securities, term loans, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or other material contingent liabilities as at the close of business on 31 March 2023.

(5) SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its requirements for at least the next twelve months from the date of this prospectus.

(6) BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

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. The sudden outbreak of COVID-19 pandemic in early 2020 has brought unprecedented challenges to the global economy. The Group recorded revenue of approximately RMB1,865.9 million for the year ended 31 December 2022, representing an increase of approximately 14.2% over the revenue of approximately RMB1,633.8 million for the year ended 31 December 2021. The increase in revenue of the Group was primarily due to the increase in turnover of processing service income and trading of mineral commodities by approximately RMB149.8 million and RMB101.9 million, respectively.

In fact the COVID-19 prevention and control measures have been gradually eased in various region in the PRC since January 2023. Adapting the market changes by reason of COVID-19, the Company positively seized the opportunities provided by national policies in relation to the development of clean energy, such as wind power, photovoltaic power and solar thermal power into new economic growth points, which have made substantial progress. As regards the abovementioned, the Group intends to continue expanding into new business including but not limited to clean energy business, development of iron and titanium concentrates business, deepening and expanding the building of whole industrial chain of titanium products including sponge titanium and high purity titanium.

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.

Upon completion of such Rights Issue, the Group will continue to develop low-carbon project(s). The second phase construction of the comprehensive utilization of green and low-carbon resources project, namely Shangyu Ilmenite Mine, is expected be completed before the end of 2025, and that an additional 600,000 tons of iron ore will be processed annually, resulting in an annual output of 300,000 tons of 65% iron concentrates. Upon completion of the construction of the two phases, it is expected that it will bring an annual turnover of RMB2.8 billion as set out in the circular of the Company dated 30 March 2022. Considering the Group will further explore to new projects, the Group will continue Its effort in the current and upcoming financial years.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of Add New Energy Investment Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed rights issue of up to 87,588,332 new shares of the Company (“**Right Shares**”) at the subscription price of HK\$1.14 each and on the basis of one new share for every three shares held by the qualifying shareholders (hereinafter collectively referred to as the “**Rights Issue**”) on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2022.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared on the basis set out on the notes below for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 31 December 2022 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 (Note 1) HK\$	Estimated net proceeds from the Rights Issue (Note 2) HK\$	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 upon completion of the Rights Issue HK\$	Unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 December 2022 prior to the completion of the Rights Issue (Note 3) HK\$	Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 December 2022 immediately after completion of the Rights Issue (Note 4) HK\$
Based on					
87,588,332					
Rights Shares at subscription price of HK\$1.14 per Rights Share less expenses	396,266,000	97,451,000	493,717,000	1.508	1.409

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 are based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2022 of approximately RMB353,984,000, equivalent to approximately HK\$396,266,000.
2. The estimated net proceeds from the Rights Issue are based on 87,588,332 Rights Shares at the subscription price of HK\$1.14 each, totaling approximately HK\$99,851,000, and after deduction of the estimated professional fees and other share issue related expenses payable by the Company of approximately HK\$2,400,000.
3. Based on 262,764,996 shares of the Company, representing number of shares of the Company in issue as at 9 May 2023, being the latest practicable date prior to the printing of the prospectus (the “**Latest Practicable Date**”) before completion of the Rights Issue.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share immediately after completion of the Rights Issue is calculated based on the pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$493,717,000 and on 350,353,328 shares in issue and issuable, comprising 262,764,996 shares of the Company in issue as at the Latest Practicable Date, and 87,588,332 Rights Shares to be issued.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022.

**B. INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants’ assurance report, received from Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information of the Group, prepared for the purpose of inclusion in this prospectus.

**Independent Reporting Accountant’s Assurance Report On The Compilation Of Pro
Forma Financial Information*****To the Directors of Add New Energy Investment Holdings Group Limited***

We have completed our assurance engagement to report on the compilation of pro forma financial information of Add New Energy Investment Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2022, and related notes (the “Unaudited Pro Forma Financial Information”) as set out in Appendix II to the prospectus dated 19 May 2023 issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited Pro Forma Financial Information are described in Notes 1 to 5 to the unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue on the Group’s consolidated net tangible assets as at 31 December 2022 as if the proposed rights issue had taken place at 31 December 2022. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the directors from the Group’s consolidated financial statements for the year ended 31 December 2022, on which an auditor report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, 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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the specific date would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors

in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 19 May 2023

Leung Chun Wa
Practising Certificate Number: P04963

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company, assuming there is no further change in the number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue (i) as at the Latest Practicable Date; (ii) immediately following the Share Consolidation becoming effective but before the completion of the Rights Issue; and (iii) immediately following the allotment and issue of the Rights Shares will be as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
750,000,000	Shares of HK\$0.04 each	30,000,000.00
<i>Issued and paid-up share capital:</i>		
262,764,996	Shares of HK\$0.04 each	10,510,599.84

(ii) Immediately after the completion of the Rights Issue (assuming no further change in the number of issued Shares from the Latest Practicable Date up to completion of the Rights Issue):

<i>Authorised:</i>		<i>HK\$</i>
750,000,000	Shares of HK\$0.04 each	30,000,000.00

Issued and paid-up share capital:

262,764,996	Shares of HK\$0.04 each	10,510,599.84
<u>87,588,332</u>	Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>3,503,533.28</u>
<u>350,353,328</u>	Shares of HK\$0.04 each in issue immediately after completion of the Rights Issue	<u>14,014,133.12</u>

All of the Shares and the Rights Shares when allotted, issued and fully paid, will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, the Company had no other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Shares, as the case may be.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii)

which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules; or (iv) which were to be disclosed under the Takeovers Code, were as follows:

Interests or short positions in Shares, underlying Shares of the Company

Name of director	Capacity	Number of Shares held	Approximate percentage of the Company’s issued share capital
Mr. Li	Interest of controlled corporation	102,406,933 (<i>Note 1</i>)	38.97%
	Beneficial Owner	6,102,900	2.32%
Mr. Geng	Beneficial Owner	944,200	0.36%
Mr. Lang	Interest of controlled corporations	935,000 (<i>Note 2</i>)	0.36%

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 102,406,933 Shares. For the purposes of the SFO, Mr. Li is deemed or taken to be interested in all the Shares held by Hongfa.

Note 2: Mr. Lang beneficially holds the entire issued share capital of Novi and All Five Capital, both of which were incorporated in the BVI with limited liability, which in turn beneficially hold 32,500 Shares and 902,500 Shares, respectively. For the purposes of the SFO, Mr. Lang is deemed or taken to be interested in all the Shares held by Novi and All Five Capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or as required to be disclosed under the Takeovers Code.

Interests and short positions of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, the following person(s) (other than the Directors and the chief executive of the Company) has, or is deemed to have, interests or short positions in the Shares or underlying Shares, (a) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (b) who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such securities, details of which are set out as follows:

Long positions in the Shares and underlying Shares of the Company

Name of shareholder	Capacity	Number of Existing Shares held	Approximate percentage of the Company's issued share capital
Hongfa	Beneficial owner	102,406,933	38.97%
Ms. Zhang Limei (<i>"Ms. Zhang"</i>)	Interest of spouse	108,509,833 (<i>Note 1</i>)	41.30%
X. Mining Resources Group Limited	Beneficial owner	16,317,200 (<i>Note 2</i>)	6.21%
Mr. Wu Pun Yan (<i>"Mr. Wu"</i>)	Interest of controlled corporation	16,317,200 (<i>Note 2</i>)	6.21%

Note 1: Ms. Zhang is the spouse of Mr. Li. For the purpose of the SFO, Ms. Zhang is deemed or taken to be interested in all the Shares in which Mr. Li is interested.

Note 2: Mr. Wu beneficially holds the entire issued share capital of X. Mining Resources Group Limited which in turn beneficially holds 16,317,200 Shares. For the purposes of SFO, Mr. Wu is deemed or taken to be interested in all the Shares held by X. Mining Resources Group Limited.

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

Particulars of the relevant Directors' service contracts in relation to their positions as Directors are set out below:

Director	Position	Term of the service contract	Amount of remuneration HK\$
Mr. Li	Executive Director and chairman	Three years from 27 April 2021 to 26 April 2024	HK\$832,000 per annum
Mr. Geng	Executive Director and chief executive officer	Three years from 27 April 2021 to 26 April 2024	HK\$780,000 per annum
Mr. Lang	Executive Director	Three years from 27 April 2021 to 26 April 2024	HK\$312,000 per annum
Mr. Leung Nga Tat	Independent non-executive Director	Two years from 18 June 2021 to 17 June 2023	HK\$312,000 per annum
		Two years from 18 June 2023 to 17 June 2025	HK\$312,000 per annum
Mr. Li Xiaoyang	Independent non-executive Director	Two years from 27 April 2022 to 26 April 2024	HK\$156,000 per annum
Mr. Zhang Jingsheng	Independent non-executive Director	Two years from 27 April 2022 to 26 April 2024	HK\$156,000 per annum

As at the Latest Practicable Date, none of the aforementioned Director had entered into any other service contracts/appointment letters with the Group and no earlier service contracts or appointment letters have been replaced or amended and none of them are entitled to variable remuneration (such as commission on profits) under their respective service contract.

Save as disclosed above, as at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including continuous and fixed term contracts) had been entered into or amended during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACTS AND ARRANGEMENT

As at the Latest Practicable Date, save for the Offset, the Underwriting Agreement and the Irrevocable Undertakings, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. EXPERT AND CONSENT

The following sets out the qualification of the expert who has given opinion, letter or advice included in this prospectus:

Name	Qualification
Crowe (HK) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor

Crowe (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letter or report and the reference to its name in the form and context in which it appear.

As at the Latest Practicable Date, Crowe (HK) CPA Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Crowe (HK) CPA Limited did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (a) the Underwriting Agreement;
- (b) the Placing Agreement;
- (c) the Offset Agreement;
- (d) the Supplemental Offset Agreement; and
- (e) the Supplemental Placing Agreement.

11. EXPENSES

The expenses in connection with the Share Consolidation, Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$2.4 million, which are payable by the Company.

12. CORPORATE INFORMATION

Registered office	Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	Suite 3105, 31/F Tower 6, The Gateway Harbour City, 9 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
Authorised representatives	Geng Guohua Chan Yuen Ying, Stella
Company secretary	Chan Yuen Ying, Stella
Legal adviser to the Company	<i>As to Cayman Islands law:</i> Appleby
Financial adviser	Red Sun Capital Limited Room 310, 3/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Reporting accountant	Crowe (HK) CPA Limited 9/F Leighton Centre 77 Leighton Road, Causeway Bay Hong Kong

Placing agent**Red Sun Capital Limited**

Room 310, 3/F
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Underwriter**Hongfa Holdings Limited***Registered address:*

Vistra Corporate Services Centre
Wickhams Cay II, Road Town
Tortola, VG1110
British Virgin Islands

Correspondence address in Hong Kong:

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

The principal members of the concert group of the Underwriter are listed below:

Mr. Li

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

Mr. Geng

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

Mr. Lang

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

Principal share registrar

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong branch share registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal bankers

Agricultural Bank of China Limited
Yishui Branch

China Construction Bank Corporation
Yishui Branch

Bank of China Limited
Yishui Branch

**Industrial and Commercial Bank of
China Limited**
Yishui Branch

**Rural Commercial Bank of Shandong
Yishui Linshang Bank**
Yishui Branch

**Shanghai Pudong Development Bank
Co., Ltd.**
Yishui Branch

Ping An Bank Co., Ltd.
Linyi Branch

Industrial Bank Co., Ltd.
Linyi Branch

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Li

Mr. Li, aged 56, was appointed as a Director on 8 February 2011 and redesignated as an executive Director on 9 April 2012. Mr. Li is also the chairman of the Board, and a director of certain subsidiaries of the Group. He is also the chairman of the nomination committee of the Company (the “Nomination Committee”) and a member of the remuneration committee of the Company (the “Remuneration Committee”). He is primarily responsible for the Group’s overall strategic planning, business development and management. Mr. Li has over 20 years of experience in iron ore exploration, mining and processing in Shandong Province, the PRC. Mr. Li graduated from Shandong University (山東大學) in July 2002, majoring in marketing (市場行銷). He has also completed the China Private Enterprise Entrepreneur Training (中國民營企業總裁研修) held by Tsinghua University (清華大學) in March 2005. He has been the chairman of the Board of the Association of Industry and Commerce of Linyi City, Yishui County, Shandong Province (沂水縣工商業聯合會). Mr. Li was awarded the “Outstanding Member of the National People’s Congress of Linyi City (臨沂市優秀人大代表)” in February 2007 by the Standing Committee of the National People’s Congress of Linyi City and the “Model Worker of Shandong Province (山東省勞動模範)” in April 2008 by the People’s Government of Shandong Province. He has also been the Standing Director of the Chinese Enterprises Investment Association since 2013. Mr. Li has also been selected as 2017-2018 National Excellent Entrepreneur by China Enterprise Confederation, China Enterprise Directors Association and China Enterprise Management Science Foundation. He is the sole director of Hongfa, a company which has disclosable interests in the Shares under the provisions in Divisions 2 and 3 of Part XV of the SFO.

Mr. Geng

Mr. Geng, aged 53, was appointed as an executive Director and the Chief Operating Officer of the Company on 9 April 2012. He was appointed as the Chief Executive Officer of the Company on 14 May 2013 and resigned as the Chief Operating Officer of the Company with effect from 2 May 2014. Mr. Geng was the chief operating officer of Shandong Ishine Mining Industry Co., Ltd (“**Shandong Ishine**”) from 2007 to 2 May 2014, an indirect wholly-owned subsidiary of the Company, and has been a director of Shandong Ishine since November 2010 during which he has acquired relevant experience in the operation of iron and ilmenite mines. He is primarily responsible for the Group’s overall operation. Mr. Geng began his career in 1989 and worked at different managerial levels in Shandong Liahed Chemical Industry Co., Ltd. (山東聯合化工股份有限公司). From 1999 to 2003, he worked as a management person of Shandong Fuyuan Leather Group Ltd. (山東富源皮革集團有限公司) and was responsible for its technical services, production and sales management. He had been the deputy general manager in charge of production of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司) (formerly known as Beijing Huiyuan Juice Group Limited (北京匯源果汁集團有限公司), a company listed on the Stock Exchange; Stock code: 1886) from 2003

to 2007 and was responsible for its general management. Mr. Geng graduated at Correspondence Institute of the Party School of Central Committee of Communist Party of China (中共中央黨校函授學院) majoring in Law in December 2001. Mr. Geng was accredited as a Human Resources Developments and Project Technician (Enterprise Human Resource Management) (人力資源開發管理工程技術人員(企業人力資源管理人員)) in October 2003 by the Occupational Skill Testing Authority (職業技能鑒定(指導)中心) of Shandong Province, the PRC.

Mr. Lang

Mr. Lang, aged 64, was appointed as an executive Director on 9 April 2012. He joined the Group in 2010 and has been the vice chairman of the board of directors of Shandong Ishine since November 2010. He is primarily responsible for the Group's business development and investment. Mr. Lang is also a director of Fortuneshine Investment Ltd. and Shine Mining Investment Limited, both of which are the subsidiaries of the Group. He received a bachelor degree in Engineering from Agriculture University of Heilongjiang (黑龍江八一農墾大學) in July 1982 and further obtained his master degree in Science and doctorate degree in Philosophy from University of Saskatchewan in Canada in May 1989 and May 1993, respectively. From 1999 to 2004, he had been the president and a director of Q-Net Technologies Co., Ltd., a company which was quoted on the Over-The-Counter Bulletin Board Trading System ("OTCBB") (symbol: QNTI) in the United States of America, responsible for its general management and business development. From 2004 to 2005, he became the chairman of the board of directors of Savoy Resources Co., Ltd., a company quoted on the National Association of Securities Dealers Over-The-Counter Bulletin Board (symbol: SVYR) in the United States of America, responsible for its business development. From 2003 to 2008, he acted as a director of Vendtek Systems Inc., a company listed on Toronto Stock Exchange Venture (symbol: VSI) in Canada, responsible for its business development. From 2007 to 2011, Mr. Lang had also been a director of Zhongrun (Tianjin) Mining Development Co., Ltd (中潤(天津)礦業開發有限公司), a PRC company principally engaged in the development and exploration of metal mines and resources, and relevant consultancy services, responsible for its business development. Since 2015, Mr. Lang has become the Director, CEO & President of Ultra Resources Inc., a company listed on Toronto Stock Exchange Venture (symbol: ULT.V) in Canada.

Independent non-executive Directors

Mr. Li Xiaoyang ("Mr. Li XY")

Mr. Li XY, aged 67, was appointed as an independent non-executive Director on 9 April 2012. He is a member of each of the audit committee of the Company (the "Audit Committee") and the Nomination Committee. Mr. Li XY graduated from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University (中南大學)) in September 1985, majoring in Metallurgical Analytical Chemistry (冶金分析化學). He also obtained a master's degree of Regional Economics Management (區域經濟管理) granted by Beijing Normal University (北京師範大學) in December 2002. From 1980

to 2000, he worked in Kunming Institute of Metallurgy (昆明冶金研究院) and was appointed as an engineer, and a senior engineer in 1986 and 1996, respectively, focusing on the research and technical development of metallurgy.

Mr. Leung Nga Tat (“Mr. Leung”)

Mr. Leung, aged 41, was appointed as an independent non-executive Director on 18 June 2019. He is the chairman of each of the Audit Committee and the Remuneration Committee. Mr. Leung graduated from The Hong Kong Polytechnic University, majoring in Accountancy. He is also a member of Hong Kong Institute of Certified Public Accountants starting from January 2010. He had been employed under an international auditing firm, KPMG for more than 8 years. He worked in Landsea Green Management Limited (formerly known as Landsea Green Properties Co., Ltd.) (a company listed on the main board of the Stock Exchange; stock code: 106) as the deputy financial controller, mainly responsible for financing, financial reporting, legal and compliance during February 2014 and July 2018 and has been an independent non-executive director of Xinhua News Media Holdings Limited (a company listed on the main board of the Stock Exchange; stock code: 309) since 1 November 2021. He started his own serviced apartment business in June 2018. With over 16 years of working experiences in the industry, Mr. Leung is equipped with comprehensive knowledge of accounting, financing, compliance and merger and acquisition.

Mr. Zhang Jingsheng (“Mr. Zhang”)

Mr. Zhang, aged 77, was appointed as an independent non-executive Director on 9 April 2012. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He has been an independent director of Shandong Ishine since 2008. He worked as an engineer, manager, deputy dean and dean of Changsha Research Institute of Mining and Metallurgy (長沙礦冶研究院) (currently known as the Changsha Research Institute of Mining and Metallurgy Limited (長沙礦冶研究院有限公司)) from 1981 to 2007, and was primarily responsible for human resources and financials. Mr. Zhang has been awarded various prizes in relation to ore dressing which include (among others):

1. the second prize of science and technology advancement regarding “Research on Reasonable Ore Processing Process for Lean Hematite in Qidashan District (齊大山貧紅鐵礦合理選礦工藝流程)” awarded by the Metallurgy Ministry in December 1992;
2. the third prize of science and technology advancement regarding “Research on the Techniques for Ocean Polymetallic Nodules Special Ore Processing (大洋多金屬結核特殊選礦工藝研究)” awarded by the Metallurgy Ministry in December 1996;
3. the first prize of science and technology advancement regarding “Research on Grading of Controlling Iron Ore Swirler, Spinning Clay, and Anti-flotation Process in East Anshan District (東鞍山鐵礦石旋流器控制分級-脫泥-反浮選流程研究)” awarded by the Metallurgy Ministry in 1998;

4. “95” outstanding individual on national scientific and technological achievement and advancement (“九五”國家重點科技攻關計劃先進個人) awarded by the Scientific and Technological Ministry, Ministry of Economic Trade, Finance Ministry, and State Development Planning Commission of the PRC in 2001;
5. the first prize for science and technology advancement progress regarding “Research on Equipment and Technology for Ore Processing Process for Panzhihua Micro-fine Ilmenite (攀枝花微細粒級鈦鐵礦選礦工程技術及選鈦裝備研究)” awarded by the People’s Government of Sichuan in 2002; and
6. the special award of Metallurgy technology awarded by the Metallurgy Ministry in October 2003 regarding “Research on Technical Use of New Techniques, New Medicine and New Equipment for Ore Processing of Lean Hematite (Magnetic) in Anshan District (鞍山貧赤(磁)鐵礦選礦新工藝、新藥劑、新設備研究及工藝應用)”

Senior Management

Ms. Chan Wing Ki Michele (“Ms. Chan”)

Ms. Chan, aged 42, was appointed as the Financial Controller of the Company on 9 April 2012 and was redesignated as the Chief Financial Officer of the Company on 25 August 2016. Ms. Chan graduated from Macquarie University, Sydney, Australia with Bachelor of Commerce (Accounting). She also obtained a Postgraduate Diploma, majoring in Commerce, granted by the University of Sydney, Sydney, Australia in October 2006. Ms. Chan was admitted as a Certified Practising Accountant of the Certified Practising Accountants, Australia in December 2009. Ms. Chan began her career in Dell Australia Ltd as an accountant and was primarily responsible for preparing daily and monthly reports of assets, liabilities and inventories from 2006 to 2007. From 2007 to 2008, she was appointed as an assistant accountant in BEA System Pty Ltd, and was responsible for accounts receivable and payable function as well as supporting the senior accountant and finance function. From 2008 to 2010, she was appointed as a fund accountant in ING Real Estate Fund Investment Management Australia (INGREFIMA), and was primarily responsible for controlling and adjusting daily reports, and preparing cash, asset and liability forecasts. In 2010, she was appointed as a staff accountant of the Carlyle Management Hong Kong Limited and was responsible for assisting the establishment of a branch office in Australia and handling accounting duties for the branch offices located in Australia, Singapore and Korea.

Company Secretary***Ms. Chan Yuen Ying, Stella (“Ms. Stella Chan”)***

Ms. Stella Chan, aged 51, was appointed as the Company Secretary on 9 April 2012. Ms. Stella Chan is a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrator) and a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). She is also a member of the Hong Kong Institute of Directors. Ms. Stella Chan has over 25 years’ experience in handling listed company secretarial matters.

14. MISCELLANEOUS

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

15. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (<http://addnewenergy.com.hk/html/index.php>) and the Stock Exchange (www.hkexnews.hk) from the date of this prospectus for at least 14 days:

- (i) the annual reports of the Company for each of the years ended 31 December 2019, 2020, 2021 and 2022 and the interim reports of the Company for each of the six months ended 30 June 2021 and 30 June 2022;
- (ii) the accountants’ report on the unaudited pro forma financial information of the Group issued by Crowe (HK) CPA Limited, the text of which is set out in Appendix II to this prospectus;
- (iii) the written consent of the expert referred to in the paragraph headed “9. Expert and Consent” in this appendix;
- (iv) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix;
- (v) the Directors’ service contracts referred to in the section headed “4. Directors’ Service Contracts” in this appendix;
- (vi) the Irrevocable Undertakings; and
- (vii) this Prospectus Documents.

16. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. Expert and Consent” in this appendix, has been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).