

## OFFSET AGREEMENT

**THIS OFFSET AGREEMENT** is made on the 11<sup>th</sup> day of January 2023 (this “**Offset Agreement**”) between:-

- (1) **Add New Energy Investment Holdings Group Limited**, a company incorporated in the Cayman Islands with limited liability whose registered office is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands, and principal place of business in Hong Kong is at Suite 3105, 31/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the “**Company**”);
- (2) **Li Yunde**, holder of People’s Republic of China Resident Identity Card numbered 372827196605256516 of 中國山東省沂水縣楊莊鎮秦家莊村 627 號 (“**Mr. Li**”); and
- (3) **Hongfa Holdings Limited**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and wholly and beneficially by Mr. Li, the chairman of the board of directors, an executive director and a controlling shareholder of the Company (the “**Underwriter**”, together with Mr. Li, the “**Controlling Shareholders**”).

(The Company and the Controlling Shareholders are collectively hereinafter referred to as the “**Parties**”, and each a “**Party**”).

### **RECITALS:-**

- (A) The Company and Mr. Li entered into a loan agreement on 23 March 2022 (the “**1<sup>st</sup> Loan Agreement**”).
- (B) Pursuant to the 1<sup>st</sup> Loan Agreement, Mr. Li granted an interest free, unsecured loan in the principal amount of HK\$46.2 million with no fixed repayment term to Shandong Ishine Mining Industry Co., Ltd, an indirect wholly-owned subsidiary of the Company.
- (C) The Company and the Underwriter entered into a loan agreement on 1 December 2022 (the “**2<sup>nd</sup> Loan Agreement**”, together with the 1<sup>st</sup> Loan Agreement, the “**Loan Agreements**”).
- (D) Pursuant to the 2<sup>nd</sup> Loan Agreement, the Underwriter granted an interest free, unsecured loan in the principal amount of HK\$15 million with no fixed repayment term to the Company.
- (E) As at the date of this Offset Agreement, the total outstanding principal amount under the Loan Agreements owed by the Company to Mr. Li and the Underwriter (being the sum of the outstanding principal amount under the 1<sup>st</sup> Loan Agreement owed by the Company to Mr. Li and the 2<sup>nd</sup> Loan Agreement owed by the Company to the Underwriter respectively) was amounted to approximately HK\$61.2 million (the “**Shareholders’ Loans**”).
- (F) The board of directors of the Company proposes to issue 87,588,332 Rights Shares on 11 April 2023 (the “**Rights Issue**”) and use part of the proceeds from the Rights Issue to Offset the Shareholders’ Loans.

- (G) Both Parties agree 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 Offset on a dollar-to-dollar basis against the equivalent amount of the Shareholders' Loans on the completion date of the Rights Issue.

NOW, THEREFORE, the Parties hereby agree as follows:

1. Words and expressions used herein shall have the meanings as set out in the terms and conditions of the Loan Agreements unless the context requires otherwise.
2. In this Offset Agreement:-

**"Compensatory Arrangements"** means 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 dated 11 January 2023 in accordance with Rule 7.21(1)(b) of the Listing Rules;

**"Consolidated Share(s)"** means the ordinary share(s) of par value of HK\$0.04 each in the share capital of the Company immediately after the Share Consolidation becoming effective;

**"Existing Share(s)"** means the 5,255,299,920 existing ordinary Shares in issue immediately before the completion of the Share Consolidation;

**"Irrevocable Undertakings"** means the letter of irrevocable undertakings executed by each of Mr. Li, the Underwriter, Mr. Geng Guohua and Mr. Lang Weiguo, in favour of the Company;

**"Listing Rules"** means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

**"Non-Qualifying Shareholder(s)"** means Overseas Shareholder(s) in respect of whom the directors of the Company, 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;

**"NQS Rights Shares"** means the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form;

**"Offset"** means the offset of the part amount of subscription monies payable by the 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 Shareholders' Loans thereon on a dollar-to-dollar basis on the completion date of the Rights Issue

**"Overseas Shareholder(s)"** means holder(s) of the Shares 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;

**“Outstanding Obligations”** means the principal amount, accrued interest, other moneys, obligations and liabilities due and owing to the Controlling Shareholders by the Company under the Loan Agreements;

**“Placing Agent”** means Red Sun Capital Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent appointed by the Company;

**“Qualifying Shareholder(s)”** means holder(s) of the Shares, 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”** means 7 March 2023, or on such other date as the Company may determine;

**“Rights Issue”** the proposed issue of 87,588,332 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every three (3) Consolidated Shares held on the Record Date payable in full on acceptance;

**“Rights Share(s)”** means up to 87,588,332 new Share(s) to be allotted and issued in respect of the Rights Issue;

**“Share(s)”** means ordinary share(s) of HK\$0.002 each in the issued share capital of the Company;

**“Share Consolidation”** the proposed consolidation of every twenty (20) Existing Shares of par value of HK\$0.002 (i.e. 5,255,299,920) each into one (1) Consolidated Share of par value of HK\$0.04 each in the share capital of the Company;

**“Subscription Price”** means the subscription price of HK\$1.14 per Rights Share;

**“Underwriting Agreement”** means the underwriting agreement dated 11 January 2023 entered into between the Company and the Underwriter in relation to the Rights Issue; and

**“Unsubscribed Rights Shares”** means those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company.

3. The Controlling Shareholders hereby agree that, as consideration for the Offsetting of obligations under the Loan Agreements, the outstanding principal amount of the Loan Agreements shall be Offset by 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, on a dollar-to-dollar basis on the completion date of the Rights Issue.
4. The Company hereby agrees that, as consideration for the Company’s restructuring of the Outstanding Obligations payable by the Company to the Controlling Shareholders, the outstanding principal amount of the Loan Agreements shall be Offset by 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, on a dollar-to-dollar basis on the completion date of the Rights Issue.

5. The exact amount of the Outstanding Obligations 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.
6. The outstanding principal amount of the Loan Agreements shall be Offset in accordance with the following manner:
  - (a) the subscription monies payable by Mr. Li and the Underwriter for the Rights Shares to which they are entitled to and/or are required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, shall first be Offset by the outstanding principal amount under the 1<sup>st</sup> Loan Agreement; and
  - (b) if there remain any outstanding subscription monies payable by Mr. Li and the Underwriter for the Rights Shares after the Offset under the 1<sup>st</sup> Loan Agreement, the remaining balance shall be Offset by the outstanding principal amount under the 2<sup>nd</sup> Loan Agreement.
7. If there remains any balance of the Shareholders' Loans after the Offset, the Company shall continue to assume its repayment obligations and settle the balance of the Shareholders' Loans by use of the proceeds from Rights Issue.
8. If there remains 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.
9. The completion of the Offset shall be subject to the same conditions as the Rights Issue and shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.
10. The approval of the independent shareholders of the Company at the extraordinary general meeting is needed to be held by the Company in accordance with the requirements of the Listing Rules.
11. Save as expressly amended or supplemented by this Offset Agreement, all the terms, covenants and conditions of the Loan Agreements shall remain in full force and effect and the Loan Agreements and this Offset Agreement shall be read, construed and interpreted as one document.
12. This Offset Agreement may be executed in one or more counterparts and by the Parties on different counterparts. Each counterpart shall constitute an original but all the counterparts shall together constitute one and the same agreement.
13. Each Party shall bear its own costs and expenses in connection with the preparation, negotiation and execution of this Offset Agreement.
14. A person who is not a party to this Offset Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce

or to enjoy the benefit of any term of this Offset Agreement and consent of any person who is not a party to this Offset Agreement shall not be required to rescind or vary any provisions of this Offset Agreement.

15. This Offset Agreement is governed by and shall be construed in accordance with Hong Kong law. The Parties hereby agree to submit to the non-exclusive jurisdiction of the Hong Kong courts and waive any objection to proceedings in Hong Kong on the grounds of venue or inconvenient forum.

In witness whereof the Parties have caused this Offset Agreement to be duly executed as of the day and year first above written.

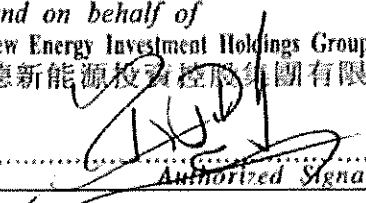
For and on behalf of

**Add New Energy Investment Holdings Group Limited**

*For and on behalf of*

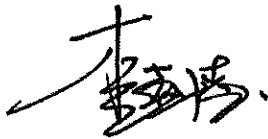
Add New Energy Investment Holdings Group Limited

愛德新能源投資控股集團有限公司

By:  .....  
*Authorized Signature(s)*

Name: **Geng Guohua**

Title: **CEO**



**Li Yunde**

People's Republic of China Resident Identity Card: 372827196605256516

For and on behalf of

**Hongfa Holdings Limited**

*For and on behalf of*

**HONGFA HOLDINGS LIMITED**

鴻發控股有限公司

By:  .....  
*Authorized Signature(s)*

Name: **Li Yunde**

Title: **Director**