



# 愛德新能源投資控股集團有限公司

Add New Energy Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2623



## 2024

Interim Report



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# Corporate Information

## Board of Directors

### Executive Directors

Li Yunde (*Chairman*)  
Geng Guohua (*Chief Executive Officer*)  
Lang Weiguo

### Independent Non-executive Directors

Leung Nga Tat  
Li Xiaoyang  
Zhang Jingsheng  
Cheng Shuk Teh Esther

### Company Secretary

Chan Yuen Ying, Stella

### Authorised Representatives

Geng Guohua  
Chan Yuen Ying, Stella

### Audit Committee

Leung Nga Tat (*Committee Chairman*)  
Li Xiaoyang  
Zhang Jingsheng  
Cheng Shuk Teh Esther

### Remuneration Committee

Leung Nga Tat (*Committee Chairman*)  
Li Yunde  
Zhang Jingsheng

### Nomination Committee

Li Yunde (*Committee Chairman*)  
Li Xiaoyang  
Zhang Jingsheng

### Auditor

Crowe (HK) CPA Limited

### Legal Adviser

*As to Cayman Islands law:*  
Appleby

### Registered Office

Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

### Headquarters in the PRC

Qin Jia Zhuang  
Yangzhuang Town  
Yishui County  
Shandong Province  
The PRC

### 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

### Principal Share Registrar and Transfer Office

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

### Hong Kong Branch Share Registrar and Transfer Office

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

### Stock Code

2623

### Company Website

[www.addnewenergy.com.hk](http://www.addnewenergy.com.hk)

The board (the “Board”) of directors (the “Director(s)”) of Add New Energy Investment Holdings Group Limited (the “Company”) presents the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023. The unaudited interim financial information has not been audited but has been reviewed by the audit committee of the Company (the “Audit Committee”).

## Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024 (Amounts expressed in thousands of RMB)

	Note	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	232,498	318,349
Right-of-use assets	7	66,510	67,852
Intangible assets	8(a)	155,859	222,167
Financial assets at fair value through other comprehensive income		14,688	11,177
Other non-current assets		45,288	13,970
		<b>514,843</b>	<b>633,515</b>
<b>Current assets</b>			
Inventories	9	16,249	9,702
Trade and bill receivables	10	16,862	30,314
Prepayments and other receivables	11	77,278	48,133
Pledged bank deposits	12	1,500	1,500
Cash and cash equivalents	12	73,858	146,133
		<b>185,747</b>	–
Non-current assets classified as held for sale	13	197,086	–
		<b>382,833</b>	<b>235,782</b>
<b>Total assets</b>		<b>897,676</b>	<b>869,297</b>

# Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024 (Amounts expressed in thousands of RMB)

	Note	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	11,802	11,802
Share premium	14	774,217	774,217
Other reserves		(40,157)	(49,148)
Accumulated losses		(266,823)	(244,990)
<b>Total equity</b>		<b>479,039</b>	491,881
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for close down, restoration and environmental costs		–	12,918
Amount payable for mining rights – non-current portion	8(b)	86,110	101,693
Lease liabilities – non-current portion	7	297	1,391
Deferred income – non-current portion		–	77
		<b>86,407</b>	116,079
<b>Current liabilities</b>			
Borrowings	17	30,000	30,000
Trade payables	15	23,260	48,885
Accruals and other payables	16	57,583	51,419
Amount due to the controlling shareholder	26(c)	121,900	88,000
Contract liabilities		42,888	4,054
Amount payable for mining rights – current portion	8(b)	14,666	19,229
Lease liabilities – current portion	7	1,080	475
Deferred income – current portion		–	39
Income tax payable		4,512	19,236
		<b>295,889</b>	261,337
Liabilities directly associated with non-current assets classified as held for sale	13	36,341	–
		<b>332,230</b>	261,337
<b>Total liabilities</b>		<b>418,637</b>	377,416
<b>Total equity and liabilities</b>		<b>897,676</b>	869,297

The above unaudited interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB except for per share data)

	Note	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
Revenue	18	157,288	947,996
Cost of sales	19	(145,104)	(873,292)
<b>Gross profit</b>		<b>12,184</b>	74,704
Other income	20	17	87
Other gains or losses, net	21	7,533	–
Distribution costs	19	(3,143)	(1,824)
Administrative expenses	19	(28,489)	(30,369)
Write-down of inventories		(712)	–
<b>Operating (loss)/profit</b>		<b>(12,610)</b>	42,598
Interest income	22	584	1,113
Interest expenses	22	(3,937)	(2,102)
<b>Finance costs – net</b>		<b>(3,353)</b>	(989)
<b>Net foreign exchange gain</b>		<b>1,361</b>	211
<b>(Loss)/profit before income tax</b>		<b>(14,602)</b>	41,820
Income tax expense	23	(1,751)	(8,682)
<b>Net (loss)/profit for the period</b>		<b>(16,353)</b>	33,138



# Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB except for per share data)

	Note	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
<b>Other comprehensive income/(loss):</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Change in the fair value of financial assets at fair value through other comprehensive income		3,511	(1,838)
<b>Other comprehensive income/(loss) for the period</b>		<b>3,511</b>	<b>(1,838)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(12,842)</b>	<b>31,300</b>
<b>(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB cents per share)</b>			
Basic (loss)/earnings per share	24	<b>(4.68)</b>	12.41

The above unaudited interim condensed consolidated statement of total comprehensive income should be read in conjunction with the accompanying notes.

# Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

	Attributable to Owners of the Company				Total equity
	Share capital (Note 14)	Share premium (Note 14)	Other reserves	Accumulated losses	
<b>Balance at 1 January 2024 (audited)</b>	<b>11,802</b>	<b>774,217</b>	<b>(49,148)</b>	<b>(244,990)</b>	<b>491,881</b>
<b>Comprehensive income</b>					
Loss for the period	–	–	–	(16,353)	(16,353)
Other comprehensive income	–	–	3,511	–	3,511
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>3,511</b>	<b>(16,353)</b>	<b>(12,842)</b>
<b>Transfer of statutory reserve</b>	<b>–</b>	<b>–</b>	<b>5,480</b>	<b>(5,480)</b>	<b>–</b>
<b>Balance at 30 June 2024 (unaudited)</b>	<b>11,802</b>	<b>774,217</b>	<b>(40,157)</b>	<b>(266,823)</b>	<b>479,039</b>
<b>Balance at 1 January 2023 (audited)</b>	<b>8,571</b>	<b>687,845</b>	<b>(46,917)</b>	<b>(295,515)</b>	<b>353,984</b>
<b>Comprehensive income</b>					
Profit for the period	–	–	–	33,138	33,138
Other comprehensive loss	–	–	(1,838)	–	(1,838)
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>(1,838)</b>	<b>33,138</b>	<b>31,300</b>
<b>Rights issue during the period</b>	<b>3,231</b>	<b>86,372</b>	<b>–</b>	<b>–</b>	<b>89,603</b>
<b>Balance at 30 June 2023 (unaudited)</b>	<b>11,802</b>	<b>774,217</b>	<b>(48,755)</b>	<b>(262,377)</b>	<b>474,887</b>

The above unaudited interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

	Notes	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
<b>Cash flows from operating activities</b>			
Cash used in operations		(9,122)	(49,223)
Interest received		584	1,113
Tax paid		(16,475)	(10,167)
<b>Net cash used in operating activities</b>		<b>(25,013)</b>	<b>(58,277)</b>
<b>Cash flows from investing activities</b>			
Placement of restricted bank deposits		–	(15)
Payments for purchases of property, plant and equipment		(76,805)	(16,230)
Payments for non-current assets		(10,545)	(1,350)
Proceeds from disposal of property, plant and equipment		29	–
Net proceeds from disposal of exploration right		7,547	–
<b>Net cash used in investing activities</b>		<b>(79,744)</b>	<b>(17,595)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from rights issue		–	89,603
Repayment of borrowings		–	(7,834)
Advances from the controlling shareholder and the ultimate holding company		33,900	17,881
Repayment to the controlling shareholder and the ultimate holding company		–	(73,281)
Payment for lease liabilities		(555)	(543)
Interest paid		(701)	(1,791)
<b>Net cash generated from financing activities</b>		<b>32,644</b>	<b>24,035</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(72,143)</b>	<b>(51,837)</b>
Cash and cash equivalents at beginning of period	12	146,133	124,665
Exchange loss on cash and cash equivalents		(132)	(57)
<b>Cash and cash equivalents at end of period</b>	12	<b>73,858</b>	<b>72,771</b>

The above unaudited interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

*For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)*

## 1. GENERAL INFORMATION

Add New Energy Investment Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands on 8 February 2011 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The addresses of its registered office and principal place of business are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Suite 3105, 31/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in iron ore processing, and sales of iron concentrates and other minerals in the People’s Republic of China (the “PRC”). The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 27 April 2012.

The directors considered Hongfa Holdings Limited (“Hongfa”), a company incorporated in the British Virgin Islands (the “BVI”) and wholly-owned by Mr. Li Yunde (the “Controlling Shareholder”) as the ultimate holding company.

This unaudited interim condensed consolidated financial information has been approved for issuance by the Board of Directors on 29 August 2024.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’.

The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 3. ACCOUNTING POLICIES

### Overview

The unaudited interim condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's unaudited interim condensed consolidated financial information:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 17	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

The adoption of these amendments has had no significant financial effect on this interim financial information.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current period.

## 4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 5. SEGMENT INFORMATION

### (a) General information

The Group's chief operating decision-maker ("CODM") has been identified as the Senior Executive Management ("SEM") who reviews the Group's internal reporting in order to allocate resources and assess performance. The SEM has determined the operating segments based on these reports.

The SEM, who considers the business from an industrial perspective, considers activities of mining and ore processing carried out by Shandong Ishine Mining Industry Co., Ltd. ("Shandong Ishine") and Shandong Shengtai Mining Technology Company Limited ("Shandong Shengtai"), and trading of minerals carried out by Shandong Ishine and Hami Xinxing Tianshan Logistics Company Limited ("Hami Xinxing") as the identifiable segments.

The SEM assesses the performance of the operating segments based on a measure of profit or loss contributed by the respective segments.

### (b) Information about reportable segment profit or loss, assets and liabilities

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies in the annual financial statements for the year ended 31 December 2023.

The businesses of the Group are classified into mining and ore processing, and trading of minerals, which are the two reportable segments of the Group. Expenses, assets and liabilities of the holding and inactive companies (the Company, Alliance Worldwide Group Limited, Fortune Shine Investment Limited, Shine Mining Investment Limited, Ishine Mining International Limited, China Rongsheng Holdings Limited, Alpha Charm Investments Limited, Grandson Holdings Limited and Active Fortune Group Limited) in the Group are presented as 'Unallocated' in the segment information.



# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

The segment information provided to the SEM for the six months ended 30 June 2024 and 2023 and the information on segment assets and liabilities as at 31 December 2023 is as follows:

	Mining and ore processing	Trading of minerals	Unallocated	Inter-segment elimination	Total
<b>Six months ended 30 June 2024 (unaudited)</b>					
Revenue	10,836	146,452	-	-	157,288
Gross profit	2,584	9,600	-	-	12,184
Other income	14	3	-	-	17
Other gain or losses, net	7,533	-	-	-	7,533
Interest income	339	226	19	-	584
Interest expenses	(3,882)	-	(55)	-	(3,937)
Exchange gain	-	-	1,361	-	1,361
Income tax expense	-	(1,751)	-	-	(1,751)
Net profit/(loss)	(11,081)	3,699	(8,971)	-	(16,353)
<b>Other information</b>					
Depreciation of property, plant and equipment	(10,976)	(86)	-	-	(11,062)
Amortisations of right-of-use assets	(838)	-	(504)	-	(1,342)
Additions to property, plant and equipment	52,574	-	-	-	52,574
<b>As at 30 June 2024 (unaudited)</b>					
<b>Segment assets and liabilities</b>					
Total assets	947,213	110,357	188,869	(348,763)	897,676
Total liabilities	(579,673)	(52,116)	(135,611)	348,763	(418,637)
Property, plant and equipment, right-of-use assets and mining rights included in total assets	453,269	300	1,298	-	454,867
Non-current assets classified as held for sale included in total assets	197,086	-	-	-	197,086
Liabilities directly associated with non-current assets classified as held for sale included in total liabilities	(36,341)	-	-	-	(36,341)
<b>Six months ended 30 June 2023 (unaudited)</b>					
Revenue	162,450	785,546	-	-	947,996
Gross profit	40,994	33,710	-	-	74,704
Other income	85	2	-	-	87
Interest income	501	611	1	-	1,113
Interest expenses	(1,920)	-	(182)	-	(2,102)
Exchange gain	-	-	211	-	211
Income tax expense	(788)	(7,894)	-	-	(8,682)
Net profit/(loss)	16,004	23,718	(6,584)	-	33,138
<b>Other information</b>					
Depreciation of property, plant and equipment	(11,279)	(86)	-	-	(11,365)
Amortisations of right-of-use assets	(137)	-	(504)	-	(641)
Additions to property, plant and equipment	16,230	-	-	-	(16,230)
<b>As at 31 December 2023 (audited)</b>					
<b>Segment assets and liabilities</b>					
Total assets	919,590	99,659	199,812	(349,764)	869,297
Total liabilities	(544,448)	(45,149)	(137,583)	349,764	(377,416)
Property, plant and equipment, right-of-use assets and mining rights included in total assets	606,180	386	1,802	-	608,368

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Mining infrastructures	Vehicles, equipment and others	Construction in progress	Total
<b>At 31 December 2023 (audited)</b>					
Cost	211,176	120,955	241,400	47,016	620,547
Accumulated depreciation and impairment	(96,798)	(27,707)	(177,693)	–	(302,198)
<b>Net book amount</b>	<b>114,378</b>	<b>93,248</b>	<b>63,707</b>	<b>47,016</b>	<b>318,349</b>
<b>Six months ended 30 June 2024 (unaudited)</b>					
Opening net book amount	114,378	93,248	63,707	47,016	318,349
Additions	417	–	166	51,991	52,574
Transfer	12,379	–	–	(12,379)	–
Written off or disposals – cost	–	–	(748)	–	(748)
Written off or disposals – accumulated depreciation	–	–	705	–	705
Reclassified to non-current assets held for sale (Note 13)	(19,462)	(93,248)	(14,610)	–	(127,320)
Depreciation charges	(5,857)	–	(5,205)	–	(11,062)
<b>Closing net book amount</b>	<b>101,855</b>	<b>–</b>	<b>44,015</b>	<b>86,628</b>	<b>232,498</b>
<b>At 30 June 2024 (unaudited)</b>					
Cost	112,499	–	56,741	86,628	255,868
Accumulated depreciation and impairment	(10,644)	–	(12,726)	–	(23,370)
<b>Net book amount</b>	<b>101,855</b>	<b>–</b>	<b>44,015</b>	<b>86,628</b>	<b>232,498</b>

## 7. LEASES

Movements of the leases during the six months ended 30 June 2024 are as follows:

	Right-of-use Assets	Lease Liabilities
<b>As at 31 December 2023 (audited)</b>		
Amortisation of right-of-use assets	67,852	1,866
Amortisation of interest	(1,342)	–
Repayments	–	55
Exchange retranslation differences	–	(555)
	–	(11)
<b>As at 30 June 2024 (unaudited)</b>	<b>66,510</b>	<b>1,377</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

The interim condensed consolidated financial information shows the following amounts relating to leases:

(i) **Amounts recognised in the consolidated statement of financial position**

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
<b>Right-of-use assets</b>		
Land use rights with remaining lease term of 38.4 to 39.0 years (31 December 2023: 38.9 to 39.5 years)	65,212	66,050
Land and buildings	1,298	1,802
	<b>66,510</b>	<b>67,852</b>
<b>Lease liabilities</b>		
Current portion	1,080	475
Non-current portion	297	1,391
	<b>1,377</b>	<b>1,866</b>

(ii) **Amounts recognised in the consolidated statement of profit or loss and other comprehensive income**

	Six months ended 30 June 2024 (unaudited)	2023 (unaudited)
<b>Amortisation of right-of-use assets</b>		
Land use rights	838	136
Land and buildings	504	423
	<b>1,342</b>	<b>641</b>
<b>Interest expense (included in finance costs – net)</b>	<b>55</b>	<b>87</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 8. INTANGIBLE ASSETS/AMOUNT PAYABLE FOR MINING RIGHTS

The Group recognised intangible assets, being the mining rights in respect of two mines upon the issuing of mining permits during the year ended 31 December 2023. The carrying amounts of mining rights and amount payable for mining rights are as follows:

### a) Mining rights

	Yangzhuang RMB'000	Zhuge Shangyu RMB'000	TOTAL RMB'000
As at 1 January 2023	67,853	154,314	222,167
Additional cost capitalised	–	1,545	1,545
Reclassified to non-currents held for sale (Note 13)	(67,853)	–	(67,853)
As at 30 June 2024	–	155,859	155,859

### b) As at 30 June 2024 and 31 December 2023, amounts payable for mining rights are as follows:

	Yangzhuang RMB'000 (note)	Zhuge Shangyu RMB'000	TOTAL RMB'000
<b>30 June 2024</b>			
Classified as current liabilities	22,896	14,666	37,562
Classified as non-current liabilities	–	86,110	86,110
	22,896	100,776	123,672
<b>31 December 2023</b>			
Classified as current liabilities	4,889	14,340	19,229
Classified as non-current liabilities	17,498	84,195	101,693
	22,387	98,535	120,922

Note:

During the six months ended 30 June 2024, amount of approximately RMB22,896,000 payable for mining right in respect of Yangzhuang Iron Mine was reclassified as liabilities directly associated with non-current assets reclassified as held for sale, details of which are disclosed in Note 13 to the interim financial information.



# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 9. INVENTORIES

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Commodities held for trading		
– Blended coal	11,896	4,192
Finished goods	–	–
Spare parts and others	6,443	6,888
Provision for inventory write-down	(2,090)	(1,378)
	<b>16,249</b>	<b>9,702</b>

## 10. TRADE AND BILL RECEIVABLES

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Trade receivables	15,072	32,950
Less: allowance for impairment	(4,036)	(4,036)
Trade receivables, net	11,036	28,914
Bill receivables	5,826	1,400
Trade and bill receivables – net	<b>16,862</b>	<b>30,314</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade receivables (before deduction of provision for impairment loss) presented based on invoice date, is as follows:

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Within 3 months	12,021	29,235
3 to 6 months	–	–
6 months to 1 year	–	–
Over 1 year	3,051	3,715
	<b>15,072</b>	<b>32,950</b>

## 11. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Trade deposits to suppliers	40,867	17,301
Utility deposits	3,442	1,847
Prepaid taxes	7,271	7,271
Land restoration deposits	36	36
Deductible input value-added tax	9,873	5,022
Advances to employees	155	192
Compensation receivable (Note (i))	15,000	15,000
Others	634	1,464
	<b>77,278</b>	<b>48,133</b>

Note:

- (i) In accordance with a settlement agreement dated 15 January 2021 entered into with a state-owned highway operator which is the defendant (the "Defendant") under the legal actions taken by the Group for unlawful encroachment of the mining areas of the Group's Yangzhuang iron mine in the previous years, compensation payable to the Group amounting to RMB50,000,000 was agreed by the Defendant, an amount of RMB35,000,000 was received by the Group during the year ended 31 December 2021 and the remaining RMB15,000,000 to be received upon the change in mining area as stipulated in the Group's renewed mining certificate for the Yangzhuang iron mine, which has been renewed by the relevant authorities during the year ended 31 December 2023. As at 30 June 2024, there was no significant increase in credit risk of the Defendant and the default risk on the remaining compensation receivable to be insignificant and no provision for expected credit loss for the compensation receivable is necessary.

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 12. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Cash and cash equivalents		
– Cash on hand	130	27
– Cash at bank	73,728	146,106
	<b>73,858</b>	146,133
Pledged bank deposit		
– Bank deposit pledged for issuing guarantee (Note)	1,500	1,500
	<b>75,358</b>	147,633

Note:

As at 30 June 2024 and 31 December 2023, bank deposit amounting to RMB1,500,000 was pledged to a bank for issuing guarantee of RMB1,500,000 in favour of a contractor of the Group.

Cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
RMB	70,129	131,961
HKD	5,210	14,654
USD	17	1,015
AUD	2	3
	<b>75,358</b>	147,633

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the six months ended 30 June 2024, Shandong Ishine entered into an assets transfer agreement dated 21 May 2024 (the "Assets Transfer Agreement") with Shandong Dane Mining Technology Co., Ltd. (the "Purchaser"), a company registered in the PRC, pursuant to which Shandong Ishine conditionally agreed to dispose and the Purchaser conditionally agreed to acquire certain assets of Shandong Ishine including the mining right of Yangzhuang Iron Mine (including the ore processing plant), exploration right of Qinjiazhuang Ilmenite Mine, Yangzhuang Iron Mine production land (including leased and contracted land), buildings, production facilities (together, the "Subject Assets"), at a consideration of approximately RMB314,484,000 less outstanding amount payable for the mining right of Yangzhuang Iron Mine. As at 30 June 2024, the undiscounted outstanding amount payable for the mining right of Yangzhuang Iron Mine was RMB25,000,000.

Subsequent to the reporting period, the Company issued a circular dated 26 July 2024 relating to the disposal of the Subject Assets (the "Disposal"), and the Disposal has been approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 16 August 2024. The Disposal has not yet completed up to the date of approval of the unaudited interim condensed consolidated financial information.

The Directors consider the Subject Assets were available for immediate sale in their condition as at 30 June 2024 subject only to terms that are usual and customary for sales of such assets and the sale was highly probable. Accordingly, the Subject Assets were classified as held for sale as at 30 June 2024.

The carrying amounts of the Subject Assets and the liabilities directly attributable to the Subject Assets as at 30 June 2024 are as follows:

	<b>As at 30 June 2024 (unaudited)</b>
Non-current assets held for sale	
Intangible assets	<b>67,853</b>
Property, plant and equipment	<b>127,320</b>
Other non-current assets	<b>1,913</b>
	<b>197,086</b>
Liabilities directly associated with non-current assets held for sale	
Provisions for close down, restoration and environmental costs	<b>(13,349)</b>
Amount payable for mining right	<b>(22,896)</b>
Deferred income	<b>(96)</b>
	<b>(36,341)</b>

During the six months ended 30 June 2024, the Group received an upfront payment of RMB25,000,000 from the Purchaser, which was included in accruals and other payables (note 16) as at 30 June 2024. Further details of the Disposal are disclosed in the circular dated 26 July 2024 issued by the Company.



# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 14. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Share capital	Share premium	Total
<b>At 31 December 2023 (audited)</b>	350,286,528	11,802	774,217	786,019
<b>At 30 June 2024 (unaudited)</b>	<b>350,286,528</b>	<b>11,802</b>	<b>774,217</b>	<b>786,019</b>

## 15. TRADE PAYABLES

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade payables presented based on invoice date, is as follows:

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Within 6 months	14,537	44,017
6 months to 1 year	4,023	968
Over 1 year	4,700	3,900
	<b>23,260</b>	<b>48,885</b>

## 16. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Accrued land compensation costs	6,226	12,623
Advance construction funds from government	11,950	11,950
Upfront payment from the purchaser (note 13)	25,000	–
Advances from third parties	–	9,800
Guarantee deposits retained for capital expenditure	8,708	8,784
Employee benefits payable	3,266	6,031
Others	2,433	2,231
	<b>57,583</b>	<b>51,419</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 17. BORROWINGS

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
<b>Current</b>		
Bank borrowings	30,000	30,000
<b>Total Borrowings</b>	<b>30,000</b>	30,000
Representing:		
Unsecured		
– Bank borrowings repayable within 1 year (note)	30,000	30,000
<b>Total Borrowings</b>	<b>30,000</b>	30,000

Note: As at 30 June 2024, bank borrowings of RMB30,000,000 (31 December 2023: RMB30,000,000) were unsecured, bearing interests at 4.6% (31 December 2023: 4.6%) per annum and repayable within 1 year. The bank borrowings were guaranteed by two corporates, an individual and Li Yunde, the controlling shareholder of the Company.

## 18. REVENUE

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Trading		
– Sales of coarse iron powder	27,327	132,913
– Sales of blended coal	119,125	394,004
– Sales of semi-coke	–	223,573
– Sales of coke	–	35,056
	<b>146,452</b>	785,546
Processing service income		
– From processing of iron and other mineral ores	10,836	162,450
	<b>157,288</b>	947,996

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 19. EXPENSES BY NATURE

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Changes in inventories of finished goods and commodities held for trading	<b>(7,704)</b>	54,995
Purchases of coarse iron powder	<b>27,269</b>	127,061
Purchase of blended coal	<b>83,389</b>	345,267
Purchases of semi-coke	–	214,734
Purchase of coke	–	34,829
Raw materials consumed	<b>2,067</b>	17,287
Staff costs	<b>6,756</b>	11,038
Shoveling costs	<b>2,876</b>	7,206
Land compensation expenses	<b>1,883</b>	3,269
Depreciation of property, plant and equipment	<b>11,062</b>	11,365
Amortisations of right-of-use assets	<b>1,342</b>	641
Transportation expenses	<b>32,609</b>	61,075
Utilities and electricity	<b>3,769</b>	878
Professional fees	<b>4,337</b>	7,174
Warehouse expenses	<b>3,080</b>	1,028
Travelling expenses	<b>947</b>	1,066
Marketing expenses	<b>2,346</b>	2,269
Other expenses	<b>708</b>	4,303
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>176,736</b>	905,485

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 20. OTHER INCOME

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Government grants	11	77
Others	6	10
	<b>17</b>	<b>87</b>

There were no unfulfilled conditions and obligations attached to the grants received from the government.

## 21. OTHER GAIN OR LOSSES, NET

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Gain on disposal of an exploration right (note (i))	7,547	–
Loss on disposal of property, plant and equipment	(14)	–
	<b>7,533</b>	<b>–</b>

Note:

- (i) During the six months ended 30 June 2024, the Group disposed of an exploration right of Gaozhuang Shangyu Ilmenite Mine with net carrying amount of Nil to a purchaser at an agreed consideration of RMB8,000,000. Gain on disposal as calculated by deducting the relevant value-added tax of approximately RMB453,000 from the consideration of RMB8,000,000, being approximately RMB7,547,000 was recognised in the consolidated profit or loss for the six months ended 30 June 2024.



# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 22. FINANCE COSTS – NET

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Interest expense:		
– Borrowings	(701)	(1,612)
– Provisions: unwinding of discount	(431)	(403)
– Amount payable for mining rights: unwinding of discount	(2,750)	–
– Lease liabilities	(55)	(87)
	<b>(3,937)</b>	<b>(2,102)</b>
Interest income:		
– Interest income on bank deposits	584	1,113
<b>Finance costs – net</b>	<b>(3,353)</b>	<b>(989)</b>

## 23. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Current tax – Corporate Income Tax	(1,751)	(8,682)

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has not been provided for the subsidiaries in Hong Kong as there is no estimated assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2024 and 2023.

Corporate income tax in the PRC is calculated based on the statutory profit of the subsidiaries established in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain items of income and expenses that are not assessable or deductible for income tax purposes.

For the six months ended 30 June 2024 and 2023, PRC corporate income tax has been provided for at the rate of 25% on the assessable profits of the Group's PRC subsidiaries, except for Shandong Ishine and Shandong Shengtai which incurred losses for the current period (six months ended 30 June 2023: Shandong Ishine which had available tax losses brought forward from previous years which fully offset its assessable profit for the period).

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 24. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
(Loss)/profit attributable to owners of the Company	(16,353)	33,138
Weighted average number of ordinary shares in issue	349,785,528	267,056,330
Basic (loss)/earnings per share (Expressed in RMB cents per share)	(4.68)	12.41

On 20 June 2023, the Company completed the rights issue. As the subscription price of the rights shares was higher than the market price of the Company's ordinary shares immediately before the completion of the rights issue, there was no bonus element in the rights issue. Accordingly, the weighted average number of ordinary shares for the six months ended 30 June 2023 had not been adjusted in respect of the rights issue.

The weighted average number of ordinary shares for the six months ended 30 June 2023 had only been adjusted in respect of the share consolidation being effective on 9 May 2023.

### (b) Diluted

During the six months ended 30 June 2024 and 2023, there was no dilutive instruments of the Company, no diluted (loss)/earnings per share is presented.

## 25. DIVIDENDS

The Board of Directors has resolved not to declare any interim dividends related to the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 26. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management of the Group and their close family members are also considered as related parties.

- (a) The Company's directors were of the view that the following individual was a related party of the Group during the six months ended 30 June 2024 and 2023:

Name of related party	Nature of relationship
Mr. Li Yunde	The controlling shareholder
Hongfa	The ultimate holding company being wholly-owned by Mr. Li Yunde
Xinjiang Jiangna Mining Industry Co., Ltd. ("Xinjiang Jiangna")	A company wholly-owned by Mr. Li Yunde

### (b) Key management compensation

Key management includes Directors (executive and non-executive) and senior management of the Company, and the directors and executives of Shandong Ishine. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Wages, salaries and allowances	1,713	1,802
Contribution to pension scheme	32	31
	<u>1,745</u>	<u>1,833</u>

### (c) Significant transactions with related parties

On 29 December 2021, Hami Xinxing, an indirect wholly-owned subsidiary of the Company, and Xinjiang Jiangna entered into a coal purchase and sale agreement (the "Coal Purchase and Sale Agreement"), pursuant to which Hami Xinxing shall purchase blended coal from Xinjiang Jiangna from 22 April 2022 (being the date immediately after fulfilling all the conditions precedent as set out in the Coal Purchase and Sale Agreement) to 31 December 2024.

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

The transactions and balances resulted from the abovementioned agreements and other transactions and balances of the Group with the related parties are as follows:

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Advance from Mr. Li Yunde	33,900	–
Repayment to Mr. Li Yunde*	–	(42,000)
Advance from Hongfa	–	17,881
Repayment to Hongfa*	–	(73,281)
Purchase from Xinjiang Jiangnan	–	169,351

\* These repayment amounts include the portion settled by offsetting with rights issue proceeds receivable from Mr. Li Yunde or Hongfa.

	As at	As at
	30 June 2024 (unaudited)	31 December 2023 (audited)
Amount due to Mr. Li Yunde	121,900	88,000

The amount due to Mr. Li Yunde was unsecured, interest-free and with no fixed repayment term.

Except for as disclosed above or elsewhere in the notes to the interim condensed consolidated financial information, the Group had no significant transactions with related parties during the six months ended 30 June 2024 and 2023, or significant balances with related parties as at 30 June 2024 and 31 December 2023.

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024 (Amounts expressed in thousands of RMB)

## 27. CAPITAL COMMITMENT

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	<b>As at 30 June 2024 (unaudited)</b>	As at 31 December 2023 (audited)
Property, plant and equipment (note)	<b>155,762</b>	485,388

Note:

During the year ended 31 December 2023, the Group entered into a contract with a main contractor (the “Main Contractor”) for the construction of the first phase of new processing and production lines for Zhuge Shangyu Ilmenite Mine at an estimated total project cost of RMB500,000,000, pursuant to which the Main Contractor would charge the Group management fee at the rate of 2.8% of the project cost. During the six months ended 30 June 2024, the estimated total project cost has been adjusted downward to RMB440,000,000 pursuant to a supplemental agreement entered into between the Group and the Main Contractor. Up to 30 June 2024, project costs amounting to approximately RMB344,238,000 in aggregate have been paid to various contractors, suppliers and other counterparties, and the remaining amount of approximately RMB95,762,000 is regarded as capital commitment of the Group as at 30 June 2024.

## 28. COMPARABLE FIGURES

Certain comparable figures have been reclassified to conform with current period’s presentation.



# Management Discussion and Analysis

## BUSINESS REVIEW

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. Since 2013, the Group has started to engage in ilmenite ore mining and ilmenite ore processing to produce and sell iron concentrates and titanium concentrates, and establish the full titanium industrial chain in Shandong Province, the PRC. The Group's major customers are iron pellets makers and steel manufacturers located in close proximity.

The Group possesses mining rights in respect of Yangzhuang Iron Mine (楊莊鐵礦), an iron ore mine located in Qinjiazhuang Village, Yangzhuang Town, Shandong Province, the PRC ("Yangzhuang Iron Mine"), Zhuge Shangyu Ilmenite Mine (諸葛上峪鈦鐵礦), an ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC ("Zhuge Shangyu Ilmenite Mine"), and owns the exploration rights over Yangzhuang Iron Mine, Qinjiazhuang Ilmenite Project, an ilmenite ore project located in Qinjiazhuang District, Yishui County, Shandong Province, the PRC ("Qinjiazhuang Ilmenite Project") and Zhuge Shangyu Ilmenite Mine.

During the six months ended 30 June 2024, the Group entered into an assets transfer agreement dated 21 May 2024 (the "Assets Transfer Agreement") with Shandong Dane Mining Technology Co., Ltd. (the "Purchaser"), a company registered in the PRC, pursuant to which the Group has agreed to dispose of certain of its assets (the "Subject Assets"), including the mining right in respect of Yangzhuang Iron Mine and the exploration right over Qinjiazhuang Ilmenite Project, to the Purchaser, at a consideration of approximately RMB314,484,000 less outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine (the "Disposal"). As at 30 June 2024, the outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine was RMB25,000,000. The Disposal has not yet completed up to the date of this report.

The Board considers that the Disposal is in line with the Group's strategy of focusing on Zhuge Shangyu Ilmenite Mine. In addition, the Board considers that the Disposal provides a good opportunity for the Company to (i) improve the financial position of the Group, and (ii) to realise its investments in the Subject Assets in a timely manner.

The Company actively responded to the 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, which have made substantial progress. In order to better reflect the Company's strategic business plan and expanding into new business including (but not limited to) clean energy business, sticking to the 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.

The Group recorded revenue of approximately RMB157.3 million for the six months ended 30 June 2024, representing a decrease of approximately 83.4% from the revenue of approximately RMB948.0 million for the six months ended 30 June 2023. The decrease in revenue of the Group was primarily resulted from the slow-down of trading activities since second half of 2023 due to fierce price fluctuation of minerals, as well as temporary delay in processing orders received in first few months of 2024.

# Management Discussion and Analysis

The total comprehensive loss attributable to owners of the Company was approximately RMB12.8 million for the six months ended 30 June 2024, as compared with the total comprehensive income of approximately RMB31.3 million for the six months ended 30 June 2023. This was mainly due to the decrease in gross profit by approximately RMB62.5 million as a result of decrease in revenue as discussed in the preceding paragraph, which was partly offset by (1) gain of approximately RMB7.5 million on disposal of an exploration right on Gaozhuang Shangyu Ilmenite Mine; (2) decrease in income tax expense by approximately RMB6.9 million due to decreasing profit from trading segment; and (3) the increase in fair value of financial assets at fair value through other comprehensive income of approximately RMB3.5 million, in compare to a decrease in fair value of approximately RMB1.8 million in the corresponding period in last year, resulting in a net impact of approximately RMB5.3 million.

## Summary of work in the first half of 2024

In the first half of 2024, the Group released new production capacity in a planned manner in accordance with changes in the market situation, and continued to strengthen its traditional principal business of protective mining, production, sales and services of iron and titanium ores. The Group continued to invest in scientific research for the expansion of the entire titanium industrial chain. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project was further strengthened.

- I. Continued Brazil coarse powder processing business. In the first half of the year, the Group continued to promote the production of Brazil coarse powder processing, and the Brazil coarse powder processing volume was 404,000 tons in the first half of the year.
- II. Trading of coal and coal products. The Group captured suitable business opportunities and took advantage of the logistics advantages of Xinjiang and the favorable geographical conditions of Yumen Office in Gansu Province in making full use of the existing customer relationship resources to increase the trade volume of coal and coal products, and recorded sales revenue of RMB146,452,000 in the first half of the year.
- III. Zhuge Shangyu mining and processing plant construction. The phased strategic investment of new projects in Zhuge Shangyu Mine and processing plant is approximately RMB1.5 billion, mainly focusing on mining, ilmenite ores production line construction, living office area construction, science and technology center and production automation construction. The existing production system of Zhuge Shangyu Park of 3.0 million tons per year has been in normal production, and the construction of new system and regional planning has been basically determined. Based on the current Zhuge Shangyu processing plant implemented step by step from point to area, the production construction of the whole park will develop towards unmanned and intelligent in the future. Up to now, 80% of the overall construction of the civil construction main body of the plant has been completed, 70% of the steel structure processing has been completed, and 45% of the installation has been completed, with over 65% of the overall project being completed. The main roof of the crushing workshop has been sealed, the main frame of the steel structure of the sorting workshop has been completed, the construction of the steel structure of the tailings workshop has commenced construction, and the civil construction of tailings and sorting has been completed. The supporting waste rock warehouse, 1-2# loading warehouse, 1-2# transfer station, 1-3# transformer and distribution room, jaw crushing station, outdoor pipe network and road in the plant have commenced construction as schedule, which was smoothly progressing.

# Management Discussion and Analysis

- IV. Continued to release the existing production capacity of Zhuge Shangyu processing plant, and strived to increase production with guaranteed quantity with production of 404,000 tons in the first half of the year.
- V. Strengthened internal control management and made market-based comprehensive assessment of related transactions. The Group improved integrated and standardized management level, monitored the supply, production and sales in a timely manner, and laid the management foundation for performance improvement.
- VI. Low-carbon, environmental protection and innovation in technology. Focused on low-carbon, environmental protection and new energy sustainable growth projects in the first half of the year for examining and selecting, and planned to adjust our industrial structure for the benefit of investors. Ecological protection has been implemented in all stages of our development to create a “garden-style” plant. In the first half of the year, the Group also promoted the ecological environment improvement project. Up to now, the terrain arrangement, seedling planting and lawn laying on both sides of the lake road have basically completed, and all landscape projects are planned to be completed by the end of the year. The ecological lake now has splendid view throughout the year with vibrant scene everywhere. The Group proactively cooperated with China University of Geosciences and China University of Mining and Technology to carry out research experiments on the comprehensive utilization of Zhuge Shangyu Ilmenite Mine, entrusted Yunnan Minzu University to complete titanium slag experiments, and collaborated with Shenyang Metallurgical Research Institute. The Group has obtained a series of innovative achievements in the first half of the year, and also made great progress in respect of application for innovation platform and enterprise honors. Shandong Shengtai Mining Technology Company Limited was awarded as a provincial “innovative small and medium-sized enterprise” and “technological innovation enterprise”. Meanwhile, Zhuge Shangyu 10 million tons/year processing project was awarded as a “green, low-carbon and high-quality development key project in Shandong Province”.
- VII. Application for Zhuge Shangyu mining rights. The Group has obtained the 800,000 tons/year mining rights of Zhuge Shangyu, and received the reply on the installation, environmental assessment and approval for the project. The Group has completed the land leasing of the mine and the clearing of the attachments above the ground, and met all legal conditions for the construction period. The Group has obtained the prospecting permit for Zhuge Shangyu 10 million tons/year ilmenite ore expansion project upon retention. The Group has completed the preparation of the exploration and reserve verification report for No. 1 ore body and passed the expert review, and the preparation of the development and utilization plan has commenced simultaneously.
- VIII. In the first half of the year, while developing the principal business, the Group followed up the market on the new technologies, new materials and new business opportunities, so as to respond to market changes in a timely manner.

# Management Discussion and Analysis

## Connected Transactions

### ***Coal purchase and Sale Agreement***

On 29 December 2021, Hami Xinxing Tianshan Logistics Co., Ltd.\* (哈密新星天山物流有限公司) (“Hami Xinxing”), an indirect wholly-owned subsidiary of the Company, and Xinjiang Jiangna Mining Co., Ltd.\* (新疆疆納礦業有限公司) (“Xinjiang Jiangna Mining”) entered into the coal purchase and sale agreement (the “Coal Purchase and Sale Agreement”), pursuant to which Hami Xinxing shall purchase blended coal from Xinjiang Jiangna Mining from 22 April 2022 (being the date immediately after fulfilling all the conditions precedent as set out in the Coal Purchase and Sale Agreement) to 31 December 2024.

Xinjiang Jiangna Mining is wholly and beneficially owned by Mr. Li Yunde (“Mr. Li”), the chairman of the Board, an executive Director and a controlling shareholder of the Company (as defined under the Listing Rules), and therefore the Coal Purchase and Sale Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. An extraordinary general meeting of the Company was convened and held on 22 April 2022 approving the same. For details, please refer to the circular of the Company dated 30 March 2022.

The annual caps for Hami Xinxing to purchase blended coal from Xinjiang Jiangna Mining under the Coal Purchase and Sale Agreement for each year up to 31 December 2024 amounted to RMB1.5 billion. The Group did not purchase any blended coal from Xinjiang Jiangna Mining during the six months ended 30 June 2024.

### ***Shareholder’s Loan***

Mr. Li has advanced RMB88.0 million and RMB33.9 million to the Group during the year ended 31 December 2023 and the six months ended 30 June 2024, respectively. The advance is interest-free, unsecured and with no fixed repayment term.

# Management Discussion and Analysis

## FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB157.3 million as compared with approximately RMB948.0 million for the six months ended 30 June 2023, representing a decrease of approximately 83.4%. For the six months ended 30 June 2024, 93.1% of the Group's total revenue were derived from trading of coarse iron powder and blended coal, while 6.9% were from provision of processing services. Since 2021, the Group started to provide processing services to customers, the attribution of processing service income decreased from approximately 17.1% of the total revenue for the six months ended 30 June 2023 to approximately 6.9% of that for the six months ended 30 June 2024, mainly due to temporary delay in processing orders received in the first few months of 2024.

### Prices of the Group's products

#### *Iron Concentrates*

The unit prices of 64% iron concentrates produced by the Group mainly depend on the iron content contained in the Group's iron concentrates and are affected by the market conditions, including but not limited to the global, China and Shandong supply of and demand for iron ore products and the prosperity of Shandong steel industry.

The Group did not sell 65% or 64% iron concentrates for the six months ended 30 June 2024 and 2023.

#### *Trading commodities*

The average selling prices of coarse iron powder and blended coal were RMB760.2 and RMB287.2 per tonne respectively, for the six months ended 30 June 2024, representing an increase of approximately 8.2% and 7.9% respectively as compared to the average unit price of approximately RMB702.9 and RMB266.2 per tonne for the corresponding period in last year. The Group did not sell any semi-coke and coke during the six months ended 30 June 2024.



# Management Discussion and Analysis

## Revenue

Revenue recorded for the six months ended 30 June 2024 was generated from the Group's trading activities and processing service. The Group's revenue is mainly affected by the Group's ability to tackle the market demand through available supplies, as well as the market conditions and the prices of the minerals traded by the Group. The following table sets forth a breakdown of the Group's revenue for the periods indicated:

	Six months ended 30 June 2024 RMB'000		Six months ended 30 June 2023 RMB'000	
<b>Revenue</b>				
Sales from trading activities				
– coarse iron powder	27,327	17.4%	132,913	14.0%
– blended coal	119,125	75.7%	394,004	41.6%
– semi-coke	–	–	223,573	23.6%
– coke	–	–	35,056	3.7%
	<b>146,452</b>	<b>93.1%</b>	785,546	82.9%
Processing service				
– processing of iron and other mineral ores	10,836	6.9%	162,450	17.1%
	<b>157,288</b>	<b>100.0%</b>	947,996	100.0%

The following table sets forth a breakdown of the volume of trading products and iron concentrates sold by the Group for the periods indicated:

	Six months ended 30 June 2024 (Kt)	Six months ended 30 June 2023 (Kt)
<b>Sales volume of trading activities</b>		
– coarse iron powder	35.9	189.1
– blended coal	414.8	1,480.0
– semi-coke	–	471.0
– coke	–	13.7
	<b>450.7</b>	2,153.8

For the six months ended 30 June 2024, revenue is mainly derived from trading of blended coal and coarse iron powder. Revenue is also derived from provision of processing services to third party customers.

# Management Discussion and Analysis

The Group recorded revenue of approximately RMB157.3 million for the six months ended 30 June 2024, representing a decrease of approximately 83.4% from the revenue of approximately RMB948.0 million for the six months ended 30 June 2023. The decrease in revenue of the Group was primarily resulted from the slow-down of trading activities since second half of 2023 due to fierce price fluctuation of minerals, as well as temporary delay in processing orders received in first few months of 2024.

## Cost of Sales

The following table sets forth a breakdown of the Group's cost of sales for the periods indicated:

	Six months ended 30 June 2024 RMB'000		Six months ended 30 June 2023 RMB'000	
<b>Cost of Sales</b>				
<b>Cost of sales of trading activities</b>				
– sales of coarse iron powder	27,269	18.8%	127,061	14.5%
– sales of blended coal	109,583	75.5%	375,212	43.0%
– sales of semi-coke	–	–	214,734	24.6%
– sales of coke	–	–	34,829	4.0%
	<b>136,852</b>	<b>94.3%</b>	<b>751,836</b>	<b>86.1%</b>
<b>Cost of sales of processing services</b>				
– processing of iron and other mineral ores	8,252	5.7%	121,456	13.9%
	<b>145,104</b>	<b>100.0%</b>	<b>873,292</b>	<b>100.0%</b>

Cost of sales was mainly incurred from purchase of blended coal and coarse iron powder products for trading purposes. The cost of sales incurred during provision of processing services mainly consists of cost of raw materials, power and utilities expenses, employee benefits, depreciation and amortisation, and other overhead costs.

Total cost of sales decreased by approximately 83.4% to approximately RMB145.1 million for the six months ended 30 June 2024, as compared with approximately RMB873.3 million for the corresponding period in last year. Such decrease was consistent with the decrease in the Group's revenue for the six months ended 30 June 2024, which was mainly due to the decrease in sales volume from trading minerals by approximately 1,703.1 Kt, together with the decrease of processing services provided to customers.

# Management Discussion and Analysis

## Gross profit and gross profit margin

The following table sets forth a breakdown of the Group's gross profit and gross profit margins for the periods indicated:

	Six months ended 30 June 2024 RMB'000		Six months ended 30 June 2023 RMB'000	
<b>Gross profit</b>				
<b>Gross profit of trading activities</b>				
– sales of coarse iron powder	58	0.5%	5,852	7.8%
– sales of blended coal	9,542	78.3%	18,792	25.2%
– sales of semi-coke	–	–	8,839	11.8%
– sales of coke	–	–	227	0.3%
	<b>9,600</b>	<b>78.8%</b>	<b>33,710</b>	<b>45.1%</b>
<b>Gross profit of processing services</b>				
– processing of iron and other mineral ores	2,584	21.2%	40,994	54.9%
	<b>12,184</b>	<b>100.0%</b>	<b>74,704</b>	<b>100.0%</b>

# Management Discussion and Analysis

	<b>Six months ended 30 June 2024</b>	Six months ended 30 June 2023
<b>Gross profit margin</b>		
<b>Gross profit margin of trading activities</b>		
– sales of coarse iron powder	<b>0.2%</b>	4.4%
– sales of blended coal	<b>8.0%</b>	4.8%
– sales of semi-coke	–	4.0%
– sales of coke	–	0.7%
<b>Gross profit margin of provision of processing services</b>		
– processing of iron and other mineral ores	<b>23.8%</b>	25.2%
<b>Total gross profit margin</b>	<b>7.7%</b>	7.9%

Gross profit decreased by approximately RMB62.5 million from approximately RMB74.7 million for the six months ended 30 June 2023 to approximately RMB12.2 million for the six months ended 30 June 2024. The main reason for the decrease was slow-down of trading activities and temporary delay of processing orders received from customers.

Overall gross profit margin remained stable at approximately 7.7% for the six months ended 30 June 2024, in compare to 7.9% for the corresponding period in last year. Despite of the significant decrease in revenue, the Group has grasped the opportunity to retain a stable trading margin through its careful study on market trends of minerals.

# Management Discussion and Analysis

## Distribution costs and administrative expenses

The total of distribution costs and administrative expenses decreased by approximately RMB0.6 million or 1.9%, from approximately RMB32.2 million for the six months ended 30 June 2023 to approximately RMB31.6 million for the current period. Distribution costs increased by approximately RMB1.3 million despite of decrease in revenue, which is attributable to the warehousing services for storage of trading commodities. On the other hand, administrative expenses decreased by approximately RMB1.9 million, which is mainly due to the cost saving in administrative functions of the processing plant in respect of Yangzhuang Iron Mine for which the Group intended to dispose of.

## Finance costs, net

Net finance costs mainly comprised of interest expense on borrowings of the Group and amount payable for mining rights, offset by interest income from bank deposits. Finance costs increased due to the discounting effect of amount payable for mining rights which was recognised upon issuance of mining certificates in second half of 2023.

## Total comprehensive (loss)/income

The total comprehensive loss attributable to owners of the Company was approximately RMB12.8 million for the six months ended 30 June 2024, as compared with the total comprehensive income attributable to owners of the Company of approximately RMB31.3 million for the six months ended 30 June 2023. This was mainly due to (1) the decrease in gross profit by approximately RMB62.5 million as a result of decrease in revenue as discussed above, which was partly offset by (1) gain of approximately RMB7.5 million on disposal of an exploration right on Gaozhuang Shangyu Ilmenite Mine; (2) decrease in income tax expense by approximately RMB6.9 million due to decreasing profit from trading segment; and (3) the increase in fair value of financial assets at fair value through other comprehensive income of approximately RMB3.5 million, in compare to a decrease in fair value of approximately RMB1.8 million in the corresponding period in last year, resulting in a net impact of approximately RMB5.3 million.

## WORK PLAN FOR THE SECOND HALF OF 2024

In the second half of 2024, the Group will release new production capacity based on its annual work plan, and continue to strengthen its traditional principal business of protective mining and production of iron and titanium mines, as well as investment in scientific research for the expansion of the entire titanium industrial chain. Active efforts will also be made to push forward the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project.

- I. Continue Brazil coarse powder processing business. In the second half of 2024, the Group will continue to promote the production of Brazil coarse powder processing, and intend to further increase Brazil coarse powder processing volume by more than 800,000 tons on the basis in the second half of the year.
- II. Coal and coal products trade. The Group will capture suitable business opportunities and leverage the logistics advantages of Xinjiang, the favorable geographical conditions of Yumen Office in Gansu Province and the existing customer relationship resources to increase the trade volume of coal and coal products, further improve sales and boost profitability.



# Management Discussion and Analysis

- III. Zhuge Shangyu mining and processing plant construction. Zhuge Shangyu Mine is ready to start infrastructure construction in the second half of the year. The phased strategic investment of new projects in Zhuge Shangyu Mine and processing plant is approximately RMB1.5 billion, mainly focusing on mining, ilmenite ores production line construction, living office area construction, science and technology center and production automation construction. The existing production system of Shangyu Park has been in normal production, and the construction of new system and regional planning has been basically determined. Based on the current Shangyu processing plant implemented step by step from point to area, the production construction of the whole park will develop towards unmanned and intelligent in the future. In the second half of the year, it is planned to complete equipment installation and joint debugging. During the period, the Group will promote ore processing and high-titanium slag experiments, strengthen close cooperation with scientific research institutes, and promote the effective connection of production, education and research integration construction. According to the experimental results, the Group will seek advice from experts in the industry to determine feasible process routes, so as to provide scientific and accurate data support for the subsequent project construction.
- IV. Continue to release the existing production capacity of Zhuge Shangyu Processing, and strive to increase production with guaranteed quantity, with better-than-first half performance in production capacity and yield in the second half of the year.
- V. Strengthen internal control management and make market-based comprehensive assessment of related transactions. The Group will improve the integrated and standardized management level, monitor supply, production and sales in a timely manner, and lay the management foundation for performance improvement in the fair market.
- VI. Focus on low-carbon, environmental protection and new energy sustainable growth projects in the second half of the year for examining and selecting, and plan to adjust our industrial structure for the benefit of investors as appropriate.
- VII. Zhuge Shangyu 10 million tons/year ilmenite ore expansion project: obtain opinions on the delineation of the mining area; the development and utilization plan is approved by the provincial Department of Natural Resources; complete the preparation of the feasibility study report and geological environmental protection and land reclamation plan, and pass the expert review.
- VIII. In the second half of the year, the Group will not only develop the principal business, but also follow up the new technologies, new materials and new business opportunities in the market and collaborate with college research institutes and other scientific research platforms, aiming to keep pace with the times and respond to market changes in a timely manner.
- IX. Respond to possible market reactions in a timely manner to enhance the Company's ability of normal operation and sustainable profitability.

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the total amount of the borrowings of the Group was approximately RMB151.9 million (as at 31 December 2023: approximately RMB118.0 million), including amount due to the controlling shareholder. The Group's cash and bank balances amounted to approximately RMB75.4 million as at 30 June 2024 (as at 31 December 2023: approximately RMB147.6 million).

## CAPITAL STRUCTURE

The Company's issued share capital as at 30 June 2024 is HK\$14,011,461.12 divided into 350,286,528 shares with par value of HK\$0.04 each (the "Shares").

The Group adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings (including amount due to the controlling shareholder) divided by the aggregate amount of total equity and total borrowings) as at 30 June 2024 was approximately 24.1% (as at 31 December 2023: approximately 19.3%). The current ratio (calculated as current assets divided by current liabilities) as at 30 June 2024 was approximately 1.15 times (as at 31 December 2023: approximately 0.90 times). The increase in current ratio is mainly attributed to the Disposal (as defined below) which is expected to be completed within 12 months after the reporting period.

## SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group did not have any significant investment held.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

## VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF IRON MINE

On 21 May 2024, Shandong Ishine Mining Industry Co., Ltd., a limited liability company incorporated in the PRC and being an indirect wholly-owned subsidiary of the Company (the "Shandong Ishine") and 山東丹峨礦業科技有限公司(Shandong Dane Mining Technology Co., Ltd.\*) (the "Purchaser") entered into the assets transfer agreement (subsequently supplemented by the supplemental agreements entered into on 12 June 2024 and 28 June 2024) (collectively, the "Assets Transfer Agreement"), pursuant to which Shandong Ishine conditionally agreed to dispose and the Purchaser conditionally agreed to acquire the assets including the mining right of Yangzhuang Iron Mine (including the ore processing plant), exploration right of Qinjiazhuang Ilmenite Mine, Yangzhuang Iron Mine production land (including leased and contracted land), buildings, production facilities (which are included in the fixed assets list of Yangzhuang Iron Mine and the ore processing plant) (the "Subject Assets") for the consideration in the aggregate amount of RMB314,483,935.40 (the "Disposal").

As one of the applicable ratio in respect of the Disposal exceeds 75% under Rule 14.07 of the Listing Rules, the entering into the Assets Transfer Agreement constitutes a very substantial disposal of the Company and is subject to the reporting, announcement, circular and shareholders approval requirements under Chapter 14 of the Listing Rules.

# Management Discussion and Analysis

An extraordinary general meeting of the Company was held on 16 August 2024, at which the Assets Transfer Agreement and the transactions to be contemplated thereunder had been approved by the shareholders of the Company.

The condition precedent to the Assets Transfer Agreement had been fulfilled on 16 August 2024.

For details, please refer to the Company's announcements dated 21 May 2024, 12 June 2024, 28 June 2024 and 16 August 2024, and the Company's circular dated 26 July 2024.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 131 employees (as at 31 December 2023: 179 employees), most of whom were stationed in the PRC. The employee benefit expense (including Directors' emoluments) amounted to approximately RMB6.8 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB11.0 million). The Group entered into employment contracts with all its employees. Apart from salary remuneration, employees are entitled to retirement benefits under a state-managed retirement scheme operated by the PRC government which covers the Group's eligible employees in the PRC and a mandatory provident fund scheme for the employees in Hong Kong. The Company had also adopted a restricted share award scheme.

## CHARGE OVER THE GROUP'S ASSETS

As at 30 June 2024, except for a fixed deposit of RMB1,500,000 (as at 31 December 2023: RMB1,500,000) pledged to a bank for issuing guarantee of RMB1,500,000 (as at 31 December 2023: RMB1,500,000) in favour of a contractor of the Group, there was no charge over the assets of the Group.

## FOREIGN CURRENCY EXPOSURE

The Group mainly earns revenues and incurs costs in Renminbi and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

## CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities.

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Disposal has been approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 16 August 2024. The Disposal has not yet completed up to the date of this report.

Except for the above, there have been no significant events occurring after the end of the reporting period up to the date of this report.

## Other Information

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interest or short positions of the Directors or chief executives in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which were 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 are taken or deemed to have under such provision of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, are set out below:

#### Interests or short positions in Shares, underlying Shares and debentures of the Company

Name of Director	Capacity/ Nature of interest	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Li Yunde ("Mr. Li")	Interest of controlled corporation	Long position	186,822,631 <i>(Note 1)</i>	53.33%
	Beneficial owner	Long position	8,137,200	2.32%
Mr. Geng Guohua	Beneficial owner	Long position	1,258,933	0.36%
Mr. Lang Weiguo ("Mr. Lang")	Interest of controlled corporations	Long position	1,246,666 <i>(Note 2)</i>	0.36%

Notes:

1. Mr. Li beneficially holds the entire issued share capital of Hongfa, a company incorporated in the British Virgin Islands ("BVI") with limited liability, which in turn beneficially holds 186,822,631 Shares. For the purposes of the SFO, Mr. Li is deemed or taken to be interested in all the Shares held by Hongfa.
2. Mr. Lang beneficially holds the entire issued share capital of Novi Holdings Limited and All Five Capital Ltd., both of which were incorporated in the BVI with limited liability, which in turn beneficially hold 43,333 Shares and 1,203,333 Shares, respectively. For the purposes of the SFO, Mr. Lang is deemed or taken to be interested in all the Shares held by Novi Holdings Limited and All Five Capital Ltd..

Save as disclosed above, as at 30 June 2024, 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.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2024, so far as is known to any Director, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of interest	Long position/ Short position	Number of Shares held	Approximate percentage of interest
Hongfa Holdings Limited	Beneficial owner	Long position	186,822,631	53.33%
Ms. Zhang Limei ("Ms. Zhang")	Interest of spouse	Long position	194,959,831 <i>(Note)</i>	55.66%

Note: 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.

Save as disclosed above, as at 30 June 2024, no other parties had, or deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register of the Company required to be kept under section 336 of the SFO.

### SHARE AWARD SCHEME

The Board adopted a restricted share award scheme (the "Share Award Scheme") on 28 December 2020 and amended its terms at the annual general meeting of the Company held 6 June 2024 to conform with the latest changes and requirements under the Listing Rules in respect of share scheme.

The purposes of the Share Award Scheme are to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group. Restricted shares under the Share Award Scheme will be comprised of Shares subscribed for or purchased by the trustee out of cash arranged to be paid by the Company out of the Company's funds to the trustee.

The Company has appointed Greenfield Services Limited as trustee for the Share Award Scheme. As at 30 June 2024, 501,000 restricted shares were held by the trustee for the purpose of the Share Award Scheme. Since the adoption of the Share Award Scheme and up to 30 June 2024, there was no new Share allotted and issued to the trustee by the Company and no restricted shares was granted to any employees of the Group under the Share Award Scheme.

As at 1 January 2024 and 30 June 2024, the restricted shares available for grant under the Share Award Scheme was 35,035,332 and 35,028,652 respectively. Save for the Share Award Scheme, the Company does not have any other share scheme.



## Other Information

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2024.

### **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2024.

### **AUDIT COMMITTEE**

The Company established the Audit Committee on 9 April 2012 with written terms of reference in compliance with the CG Code, which currently comprises of four independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman), Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther. The Audit Committee had reviewed the unaudited interim consolidated results for the six months ended 30 June 2024 before such documents were tabled at a meeting of the Board held on 29 August 2024 for the Board's review and approval, and was of the opinion that such documents had complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

By order of the Board

**Add New Energy Investment Holdings Group Limited**

**Li Yunde**

*Chairman*

Hong Kong, 29 August 2024

\* For identification purpose only