Add New Energy Investment Holdings Group Limited
愛 德 新 能 源 投 資 控 股 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02623)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

The Group recorded revenue of approximately RMB282.1 million for the year ended 31 December 2024, representing a decrease of approximately 77.7% from the revenue of approximately RMB1,263.7 million for the year ended 31 December 2023.

The Group's results increased from total comprehensive income attributable to owners of the Company of approximately RMB48.3 million for the year ended 31 December 2023 to approximately RMB54.0 million for the year ended 31 December 2024.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Add New Energy Investment Holdings Group Limited (the "**Company**") announces the audited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 and the Group's audited consolidated statement of financial position as at 31 December 2024, together with the relevant comparative figures for the year ended 31 December 2023, as follows:

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024
*(Amounts expressed in thousands of Renminbi ("**RMB**"), unless otherwise stated)*

	Note	Year ended 31 December 2024 *RMB'000*	2023 *RMB'000*
Revenue	*4*	**282,090**	1,263,727
Cost of sales		**(266,343)**	(1,122,263)
Gross profit		**15,747**	141,464
Other income		**151**	145
Other net gain	*5*	**123,352**	–
Distribution expenses		**(1,984)**	(3,162)
Administrative expenses		**(60,001)**	(75,141)
Reversal of impairment loss on financial assets		**733**	122
Write-down of inventories		**(3,178)**	(350)
Operating profit		**74,820**	63,078
Interest income		**918**	1,876
Interest expenses		**(8,839)**	(3,374)
Finance costs – net		**(7,921)**	(1,498)
Net foreign exchange loss		**(234)**	(1,895)
Profit before income tax		**66,665**	59,685
Income tax	*6*	**(4,942)**	(9,160)
Profit for the year attributable to owners of the Company		**61,723**	50,525
Other comprehensive loss:			
Item that will not be reclassified to profit or loss			
Change in the fair value of financial assets at fair value through other comprehensive income		**(7,761)**	(2,219)
Total comprehensive income for the year attributable to the owners of the Company		**53,962**	48,306
Earnings per share for profit attributable to owners of the Company *(expressed in RMB cents per share)*			
Basic earnings per share	*7*	**17.65**	16.36
Diluted earnings per share	*7*	**N/A**	N/A

The above audited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

		As at 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**315,584**	318,349
Right-of-use assets		**65,168**	67,852
Intangible assets	*8*	**157,194**	222,167
Financial assets at fair value through other comprehensive income		**3,416**	11,177
Other non-current assets		**51,330**	13,970
		592,692	633,515
Current assets			
Inventories		**3,771**	9,702
Trade and bill receivables	*9*	**22,671**	30,314
Contract assets		**10,405**	–
Prepayments and other receivables	*10*	**306,441**	48,133
Pledged bank deposits		**–**	1,500
Cash and cash equivalents		**80,001**	146,133
		423,289	235,782
Total assets		**1,015,981**	869,297
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**11,802**	11,802
Share premium	*11*	**774,217**	774,217
Other reserves		**(51,430)**	(49,148)
Accumulated losses		**(188,746)**	(244,990)
Total equity		**545,843**	491,881

	Note	As at 31 December 2024 *RMB'000*	 2023 *RMB'000*
LIABILITIES			
Non-current liabilities			
Provisions for close down, restoration and environmental costs		**–**	12,918
Amount payable for mining rights – non-current portion	*8(c)*	**73,728**	101,693
Lease liabilities – non-current portion		**–**	1,391
Deferred income – non-current portion		**–**	77
Deferred income tax liabilities		**–**	–
		73,728	116,079
Current liabilities			
Borrowings		**–**	30,000
Trade payables	*12*	**20,895**	48,885
Accruals and other payables	*13*	**59,417**	51,419
Amounts due to the controlling shareholder and the ultimate holding company		**267,127**	88,000
Contract liabilities		**6,158**	4,054
Amount payable for mining rights – current portion	*8(c)*	**34,340**	19,229
Lease liabilities – current portion		**870**	475
Deferred income – current portion		**–**	39
Income tax payable		**7,603**	19,236
		396,410	261,337
Total liabilities		**470,138**	377,416
Total equity and liabilities		**1,015,981**	869,297

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

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 February 2011 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, the Cayman Islands.

The Company is an investment holding company. The Group are principally engaged in iron ore mining and processing, and sales of iron concentrates and trading of mineral commodities 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, 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.

These consolidated financial statements have been approved for issuance by the Board on 28 March 2025.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

The Group has not applied any new and amendments to HKFRS Accounting Standards that are not yet mandatorily effective for the current accounting period. The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

– specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that;

  (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met on or before the end of the reporting period, even if the lender does not test compliance until a later date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

– clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

The amendments have no material impact on the Group's consolidated financial statements for the current and prior years.

Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments provide transition relief by not requiring disclosure of comparative information in the first year of application, and also not requiring disclosure of specified opening balances.

The amendments have no material impact on the Group's consolidated financial statements for the current year.

3. DIVIDENDS

The Board did not recommend a final dividend for the year ended 31 December 2024 (2023: nil).

4. REVENUE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trading		
– Sales of blended coal	**185,533**	519,517
– Sales of coarse iron powder	**58,491**	206,234
– Sales of semi-coke	**–**	238,128
– Sales of coke	**–**	35,056
	244,024	998,935
Processing service income		
– from processing of iron and other mineral ores	**38,066**	241,891
Production		
– sales of iron concentrates	**–**	22,901
	282,090	1,263,727

5. OTHER NET GAIN

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net gain resulted from the disposal of mining right in respect of Yangzhuang Iron Mine and the related assets and an exploration right *(Note (a))*	**115,805**	–
Gain on disposal of an exploration right *(Note (b))*	**7,547**	–
	123,352	–

Notes:

a) During the year ended 31 December 2024, the Group entered into an assets transfer agreement dated 21 May 2024 (as supplemented by two supplemental agreements dated 12 June 2024 and 28 June 2024, respectively) (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 and the Purchaser has agreed to acquire the Group's certain assets (the "**Subject Assets**"), including the mining right in respect of Yangzhuang Iron Mine and the related assets and the exploration right over Qinjiazhuang Ilmenite Project, at a consideration of approximately RMB314,484,000 less outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine (the "**Disposal**").

The Group considered that the Disposal had been completed as at 31 December 2024 in accordance with the Assets Transfer Agreement given that (i) the Assets Transfer Agreement and the Disposal have been approved at the extraordinary general meeting of the Company held on 16 August 2024; (ii) the control of the Subject Assets (related leasehold and contracted land and building and processing plant assets) has been passed to the Purchaser during the year ended 31 December 2024; and (iii) a public announcement by the relevant PRC authorities for the sales of the mining right in respect of Yangzhuang Iron Mine has been made during the period from 17 to 30 December 2024, and the relevant PRC authorities confirmed on 31 December 2024 that no objection had been received. The Group considered that the issuance of the new mining certificate in respect of Yangzhuang Iron Mine in the name of the Purchaser to be merely an administrative process and the risks and rewards deriving from the Subject Assets had been duly passed to the Purchaser.

The calculation of the net gain on the Disposal is as follows:

	RMB'000
Gross amount receivable from the Purchaser pursuant to the Assets Transfer Agreement	**314,484**
Less: value-added tax payable for the Disposal *(Note 13)*	**(19,484)**
Net proceeds from the Disposal	**295,000**
Carrying amounts of the Subject Assets and the relating liabilities disposed of	
– Mining right in respect of Yangzhuang Iron Mine	67,853
– Property, plant and equipment	125,160
– Deferred income	(39)
– Provisions for close down, restoration and environmental costs	(13,779)
Net carrying amount of the Subject Assets and the relating liabilities	**179,195**
Net gain on the Disposal	**115,805**

As at 31 December 2024, the legal obligation of the amount payable for the mining right in respect of Yangzhuang Iron Mine was yet transferred to the Purchaser. Accordingly, the amount payable continued to be recognised as the Group's liabilities as at 31 December 2024, while the full amount of the payable was reclassified to current liabilities as the amount payable would be used to net off with the proceeds receivable from the Purchaser upon change of legal obligation of the payable, which is not under the Group's control.

b) During the year ended 31 December 2024, the Group disposed of an exploration right in respect of Gaozhuang Shangyu Ilmenite Mine with net carrying amount of Nil to an independent party 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 year ended 31 December 2024.

6. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

The subsidiaries of the Company incorporated in the BVI under the International Business Companies Act of the BVI are not subject to any BVI income tax in the BVI.

Hong Kong profits tax has not been provided for the subsidiaries of the Company in Hong Kong as there is no taxable income arising in or derived from Hong Kong during the years ended 31 December 2024 and 2023.

Corporate income tax in the PRC is calculated based on the statutory profit of the subsidiaries of the Company registered 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 years ended 31 December 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 Mining Industry Company Limited ("**Shandong Ishine**") which had available tax losses brought forward from previous years which fully offset its assessable profit for the year ended 31 December 2023, and no provision had been made for Shandong Shengtai Mining Technology Company Limited ("**Shandong Shengtai**") as the subsidiary incurred a loss for both years.

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current tax	**4,942**	9,160
Deferred tax	–	–
	4,942	9,160

7. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**61,723**	50,525
Weighted average number of ordinary shares in issue	**349,785,528**	308,766,501
Basic earnings per share (Expressed in RMB cents per share)	**17.65**	16.36

On 20 June 2023, the Company completed the rights issue (as detailed in Note 11 below). 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 year ended 31 December 2023 has not been adjusted in respect of the rights issue.

The weighted average number of ordinary shares for the year ended 31 December 2023 has only been adjusted in respect of the share consolidation being effective on 9 May 2023 (as detailed in Note 11 below).

(b) Diluted

No diluted earnings per share for 2024 and 2023 were presented as there were no potential ordinary shares in issue for 2024 and 2023.

8. INTANGIBLE ASSETS

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 Group has disposed of its mining right in respect of Yangzhuang iron ore mine during the year ended 31 December 2024:

Mining rights

	Yangzhuang	**Zhuge Shangyu**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
	(note (a))	*(note (b))*	
As at 1 January 2023	–	–	–
Additions	67,853	154,314	222,167
As at 31 December 2023 and 1 January 2024	67,853	154,314	222,167
Additions	–	2,880	2,880
Disposal	(67,853)	–	(67,853)
As at 31 December 2024	–	157,194	157,194

Notes:

a) The Group applied for the renewal of the mining right of Shandong Ishine's Yangzhuang iron ore mine which expired on 20 June 2019. Pursuant to an agreement dated 3 August 2020 entered into between Shandong Ishine and the PRC relevant authorities, Shandong Ishine is required to pay a total consideration of RMB70,466,000 for the renewal of mining right in relation to Shandong Ishine's Yangzhuang iron ore mine. In August 2023, the mining permit for the Yangzhuang iron ore mine has been granted. The agreed consideration of RMB70,466,000 (including RMB45,466,000 paid and RMB25,000,000 payable) with a fair value of approximately RMB67,853,000, was capitalised as intangible assets of the Group during the year ended 31 December 2023.

During the year ended 31 December 2024, the Group disposed of its mining right in respect of Yangzhuang iron ore mine. Details of which are disclosed in Note 5(a).

As at 31 December 2024, Shandong Ishine has paid RMB50,466,000 (2023: RMB45,466,000). The remaining amount of RMB20,000,000 (2023: RMB25,000,000) will be payable in four (2023: five) instalments from 2025 to 2028 (2023: 2024 to 2028). As at 31 December 2023, the amounts payable discounted by the interest rate being Shandong Ishine's cost of debt at 4.6% per annum, of approximately RMB4,889,000 and RMB17,498,000, were included in the Group's current liabilities and non-current liabilities as at 31 December 2023, respectively. However, pursuant to the Assets Transfer Agreement, as the outstanding payable for the mining right in respect of Yangzhuang Iron Mine will be settled by netting off with the consideration receivable from the Purchaser, the amount of RMB20,000,000 has been reclassified as current liabilities as at 31 December 2024, and the carrying amount has been adjusted to its gross balance with the difference recognised as interest expenses for the year ended 31 December 2024.

b) The Group also applied for the renewal of the mining right of Shandong Ishine's Zhuge Shangyu ilmenite ore mine which expired on 31 December 2020. Pursuant to an agreement dated 17 November 2022 entered into between Shandong Ishine and the PRC relevant authorities, Shandong Ishine is required to pay a total consideration of approximately RMB171,349,000 for the renewal of mining right in relation to Shandong Ishine's Zhuge Shangyu ilmenite ore mine. In November 2023, the mining permit for the Zhuge Shangyu ilmenite ore mine has been granted. The agreed consideration of RMB171,349,000 (including RMB51,349,000 paid and RMB120,000,000 payable) with a fair value of approximately RMB149,884,000, together with the relevant other costs of approximately RMB4,430,000, totalling approximately RMB154,314,000 was capitalised as intangible assets of the Group during the year ended 31 December 2023. During the year ended 31 December 2024, additional relevant other costs of approximately RMB2,880,000 has been capitalised as intangible assets of the Group.

As at 31 December 2024, Shandong Ishine has paid approximately RMB66,349,000 (2023: RMB51,349,000). The remaining amount of RMB105,000,000 (2023: RMB120,000,000) will be payable in seven (2023: eight) instalments from 2025 to 2031 (2023: 2024 to 2031), for which the amounts payable discounted by the interest rate being Shandong Ishine's cost of debt at 4.6% per annum, of approximately RMB14,340,000 (2023: RMB14,340,000) and RMB73,728,000 (2023: RMB84,195,000), were included in the Group's current liabilities and non-current liabilities as at 31 December 2024, respectively.

c) As at 31 December 2024 and 2023, amounts payable for mining rights are as follows:

As at 31 December 2024

	Yangzhuang	**Zhuge Shangyu**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(note (a))	***(note (b))***	
Classified as current liabilities	**20,000**	**14,340**	**34,340**
Classified as non-current liabilities	**–**	**73,728**	**73,728**
	20,000	**88,068**	**108,068**

As at 31 December 2023

	Yangzhuang	Zhuge Shangyu	Total
	RMB'000	*RMB'000*	*RMB'000*
	(note (a))	*(note (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

9. TRADE AND BILL RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**25,974**	32,950
Less: allowance for impairment of trade receivables	**(3,303)**	(4,036)
Trade receivables – net	**22,671**	28,914
Bill receivables	**–**	1,400
Trade and bill receivables – net	**22,671**	30,314

The ageing analysis of trade receivables (before deduction of provision for impairment loss) was presented based on invoice dates as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**22,923**	29,235
Over 3 months but less than 6 months	**–**	–
Over 6 months but less than 1 year	**–**	–
Over 1 year	**3,051**	3,715
	25,974	32,950

As at 31 December 2024 and 2023, the carrying amounts of the Group's trade and bill receivables were denominated in RMB.

10. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Consideration receivable for the Disposal *(Note (a))*	**259,484**	–
Trade deposits to suppliers	**8,496**	17,301
Utility deposits	**1,894**	1,847
Prepaid taxes	**7,271**	7,271
Land restoration deposits	**34**	36
Deductible input value-added tax	**12,622**	5,022
Advances to employees	**191**	192
Compensation receivable	**15,000**	15,000
Others	**1,449**	1,464
	306,441	48,133

Note:

a) Consideration receivable for the Disposal

The amount represented consideration receivable from the Purchaser in respect of the Disposal, details of which are disclosed in Note 5(a). Pursuant to the Assets Transfer Agreement, a consideration of approximately RMB314,484,000 less outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine would be received by the Group. During the year ended 31 December 2024, the Group received RMB55,000,000 in total from the Purchaser, leaving a receivable of RMB259,484,000 classified as prepayment and other receivables, and the amount payable for the mining right in respect of Yangzhuang Iron Mine of RMB20,000,000 reclassified as current liabilities as at 31 December 2024.

11. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	**Share capital**	**Share premium**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	5,253,963,920	8,571	687,845	696,416
Share consolidation *(Note (a))*	(4,991,265,724)	–	–	–
Issue of shares under rights issue *(Note (b))*	87,588,332	3,231	86,372	89,603
At 31 December 2023 and 2024	350,286,528	11,802	774,217	786,019

Notes:

a) At the adjourned extraordinary general meeting of the Company held on 5 May 2023 (the "**Adjourned EGM**"), share consolidation of the Company's ordinary shares, for which every 20 shares of the Company of HK$0.002 each were consolidated into 1 share of HK$0.04 each, was approved by the shareholders of the Company. The share consolidation was become effective on 9 May 2023.

b) At the Adjourned EGM, the rights issue of the Company on the basis of 1 rights share of HK$0.04 each of the Company (the "**Rights Share**") for every 3 ordinary shares of HK$0.04 each of the Company held by the qualifying shareholders (the "**Rights Issue**") was also approved. On 5 June 2023, being the latest time for acceptance of the Rights Issue, applications for a total of 37,308,277 Rights Shares were received. Pursuant to the underwriting agreement dated 11 January 2023 entered into between the Company and Hongfa, Hongfa would take up 50,280,055 unsubscribed Rights Shares, resulting in the issue and allotment of 87,588,332 Rights Shares in total on 20 June 2023. Proceeds from the Rights Issue were approximately HK$99,851,000 (equivalent to approximately RMB92,062,000) and the expenses directly attributable to the Rights Issue were approximately HK$2,702,000 (equivalent to approximately RMB2,459,000), resulting in net proceeds from the Rights Issue of approximately HK$97,149,000 (equivalent to approximately RMB89,603,000). Upon the issuance of Rights Shares on 20 June 2023, amounts of approximately RMB3,231,000 and RMB86,372,000 were credited to share capital and share premium accounts of the Company, respectively.

12. TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**20,895**	48,885

The ageing analysis of trade payables was presented based on invoice dates as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**11,151**	44,017
Over 6 months but less than 1 year	**3,919**	968
Over 1 year	**5,825**	3,900
	20,895	48,885

As at 31 December 2024 and 2023, the carrying amounts of the Group's trade payables were denominated in RMB.

13. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Accrued land compensation costs	**11,616**	12,623
Advance construction funds from government	**11,950**	11,950
Advances from third parties	**–**	9,800
Guarantee deposits	**2,572**	8,784
Employee benefits payable	**5,394**	6,031
Value-added tax payable for the Disposal *(Note 5(a))*	**19,484**	–
Value-added tax and other tax payables	**4,654**	–
Others	**3,747**	2,231
	59,417	51,419

14. COMMITMENTS

Capital commitments

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment *(Note (a))*	**9,000**	485,388

Note:

(a) 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 year ended 31 December 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 31 December 2024, project costs amounting to approximately RMB430,600,000 (2023: RMB14,612,000) in aggregate have been paid to various contractors, suppliers and other counterparties, and the remaining amount of approximately RMB9,400,000 (2023: RMB485,388,000) is regarded as capital commitment of the Group as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The principal activities of the Group are iron and ilmenite ore exploration, mining and processing in Shandong Province, as well as trading of iron concentrates and other minerals in Shandong Province and Gansu Province, the People's Republic of China (the "**PRC**" or "**China**"). 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, 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. Starting from 2021, the Group utilised its processing capacity to provide processing services on iron and other mineral ores which attributed to an increasing profitability to the Group.

As the beginning of 2024, the Group possessed 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**"). The Group also owned 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**"), Zhuge Shangyu Ilmenite Mine and Gaozhuang Shangyu Ilmenite Project, an ilmenite ore project located in Shangyu District, Yishui County, Shandong Province, the PRC ("**Gaozhuang Shangyu Ilmenite Project**").

During the year ended 31 December 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 and the Purchaser has agreed to acquire the Group's certain assets (the "**Subject Assets**"), including the mining right in respect of Yangzhuang Iron Mine and the related assets and the exploration right over Qinjiazhuang Ilmenite Project, 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 31 December 2024, the outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine was RMB20,000,000.

The Board considered that the Disposal is in line with the Group's strategy of focusing on Zhuge Shangyu Ilmenite Mine. In addition, the Board considered that the Disposal provided 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 Board considered that the Disposal had been completed as at 31 December 2024 in accordance with the Assets Transfer Agreement given that (i) the Assets Transfer Agreement and the Disposal have been approved at the extraordinary general meeting of the Company held on 16 August 2024; (ii) the control of the Subject Assets (related leasehold and contracted land and building and processing plant assets) has been passed to the Purchaser during the year ended 31 December 2024; and (iii) a public announcement by the relevant PRC authorities for the sales of the mining right in respect of Yangzhuang Iron Mine has been made during the period from 17 to 30 December 2024, and the relevant PRC authorities confirmed on 31 December 2024 that no objection had been received. The Board considered that the issuance of the new mining certificate in respect of Yangzhuang Iron Mine in the name of the Purchaser to be merely an administrative process and the risks and rewards deriving from the Subject Assets had been duly passed to the Purchaser.

During the year ended 31 December 2024, the Group has also disposed of the exploration right over Gaozhuang Shangyu Ilmenite Project to another independent party at an agreed consideration of RMB8 million.

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's revenue decreased by approximately RMB981.6 million, or approximately 77.7%, to approximately RMB282.1 million for the year ended 31 December 2024, as compared with approximately RMB1,263.7 million for the year ended 31 December 2023. The decrease in revenue was primarily due to the slow-down of trading activities due to fierce price fluctuation of minerals in 2024, as well as temporary delay in processing orders received in 2024.

The total comprehensive income of the Group was approximately RMB54.0 million for the year ended 31 December 2024, representing an increase of approximately RMB5.7 million from approximately RMB48.3 million for the year ended 31 December 2023. Despite of the sharp decrease in revenue which resulted in a drop in gross profit of approximately RMB125.8 million from approximately RMB141.5 million for the year ended 31 December 2023 to approximately RMB15.7 million for the year ended 31 December 2024, upon the completion of the Disposal, a gain on disposal of approximately RMB115.8 million was recognised in 2024. In addition, as the Group has been planning for the Disposal since the first half of 2024, the administrative functions have been centralised at the site of Zhuge Shangyu Ilmenite Mine and accordingly, resulted in cost savings in administrative expenses by approximately RMB15.1 million. The effect has been partly set off by the depletion in the value of the equity investment listed in the Australian Securities Exchange held by the Group by approximately RMB7.8 million resulting from the drop in its share price during 2024.

Measures Taken by the Management in 2024

The total comprehensive income of the Group was approximately RMB54.0 million for the year ended 31 December 2024, representing an increase of approximately RMB5.7 million from approximately RMB48.3 million for the year ended 31 December 2023; and the operating revenue decreased by approximately RMB981.6 million, representing a decrease of approximately 77.7% as compared to approximately RMB1,263.7 million for 2023.

The management has taken the following measures during the year ended 31 December 2024:

2024 WORK REVIEW

In 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, and strengthened the expansion of such investment businesses as logistics and new energy in Xinjiang. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project was further strengthened.

The main work review is as follows:

I. The Group continued its protective mining, production and sales of mines and continued to maintain close ties with the upstream and downstream industrial chain businesses in the region. The Group fully utilized its technological advantages in ore processing and production and continued to increase its efforts in trading deep processing products, achieving operating revenue of RMB282.09 million for the year.

II. Made great efforts in the planning and implementation of an industrial chain, including mining and processing of ilmenite ore and production of titanium concentrates. On the basis of continuing to enhance research and development cooperation with the Chinese Academy of Sciences and the Russian Academy of Sciences, the Group cooperated with Lanzhou Engineering & Research Institute of Nonferrous Metallurgy which was entrusted to complete the preliminary design, and Beijing Institute of Mineral Resources (北京礦物研究院) was in charge of the demonstration and experimentation, and entrusted them to carry out the processing design, processing process improvement and technical guidance of ilmenite ore concentrate. The construction of the processing plant was designed according to the mine's 10 million ton/year capacity, with the first-phase of the processing plant being equipped according to the 5 million ton/year processing capacity and the infrastructure organized according to the 10 million ton/year processing capacity, aiming to achieve substantial industrialization and technical breakthroughs.

III. By making full use of its market and location advantages, the Group actively conducted the businesses of port trade as well as overseas mines processing, in order to improve revenue and maintain business sustainability.

By making use of the advanced machinery and equipment of Zhuge Shangyu processing plant, the Group actively conducted the businesses of overseas mines processing. Throughout the year, it processed 1.01 million tons of Brazil coarse powder, realizing a gross profit of RMB3.66 million.

IV. After obtaining certificate of reserves, filing geological data, completing the registration of occupying reserves and making partial payment for the mining right, the application procedures for the new mining certificates for Yangzhuang Iron Ore Mine and Zhuge Shangyu Ilmenite Mine have been completed.

1. The exploration certificates for Yangzhuang Town Qinjiazhuang (楊莊鎮秦家莊) Ilmenite Mine, Zhuge Shangyu Ilmenite Mine and Gaozhuang Shangyu Ilmenite Mine that were previously expired have been renewed.

2. The Group has signed a technical service contract with Shandong Zhaojin Geological Exploration Co., Ltd. and entrusted them to carry out the mining licence and project approval for conducting large-scale mining activities in the Shangyu mining area in Yishui County, Shandong Province. All the relevant works are under formal approval.

3. The Group has entered into an agreement with Shandong Dane Mining Technology Co., Ltd. for the transfer of mining right of Yangzhuang Iron Mine, exploration right of Qinjiazhuang Ilmenite Mine and Yangzhuang Iron Ore processing plant. The procedures for the transfer of mines have been publicized and the control of the assets have been passed to the purchaser, with the new mining certificate pending to be issued to the buyer.

V. Construction of Zhuge Shangyu processing plant

A large amount of basic work was done for the construction of high standard intelligent mine and ore processing plant in Zhuge Shangyu. Zhuge Shangyu Mine and Processing Plant this year mainly focused on mining, ilmenite ores production line construction, living and office area construction, science and technology center and production automation construction. The existing production system of Zhuge Shangyu processing plant has been in normal production, and the construction of new system and regional planning has been basically determined.

1. For the construction of the second-phase processing plant, on the basis of the first-phase of processing imported iron concentrates, the construction of intermediate silo, belt corridors, medium fine crushing workshop, sorting workshop, tailings processing plant, sedimentation tanks and others has been completed in accordance with the design plan of Lanzhou Engineering & Research Institute of Nonferrous Metallurgy. Large-scale major equipment, such as high-pressure roller mills, cone breakers, magnetic separators, tower mills, beam crane, etc., have been installed, and individual single machines have been successfully commissioned.

2. Five land certificates for the factory with an area of about 405 mus have been successfully obtained.

3. Mining permit and environmental impact assessment procedures of Zhuge Shangyu Mine have been completed, with mining conditions being favorable. The current mining team is in the process of negotiation and recruitment.

VI. The Group will capture suitable business opportunities and take 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, strive for sustainable and compliant operation and create better economic benefits. In 2024, under the unfavorable situation of downward coal prices, Hami Xinxing Tianshan Logistics Co., Ltd. achieved operating revenue of RMB244.0 million and net profit of RMB3.07 million.

VII. Strengthened internal control management and made market-based comprehensive assessment of related transactions. The Group improved integrated and standardized management level and laid the management foundation for performance improvement.

VIII. Focused on low-carbon, environmental protection and new energy sustainable growth projects for examining and selecting and planned to adjust our industrial structure for the benefit of investors.

IX. While the principal business was developing, followed up new technologies, new materials and new opportunities on the market, and responded to market changes in a timely manner.

X. In terms of scientific research and innovation, Shandong Shengtai Mining Technology Company Limited was approved as a high and new technology enterprises and specialised and sophisticated enterprises, a municipal-level engineering technology research center and an enterprise technology center, and was also approved as a provincial-level intelligent factory and an "AA" level enterprise for the fusing informatization with industrialization. Shandong Ishine Mining Industry Company Limited obtained the municipal-level "One Enterprise, One Technology" R&D Center, and the provincial-level intelligent manufacturing enterprise and enterprise technology center. The acquisition of various platforms has laid a solid foundation for the research and development of scientific research topics of the Company.

In order to cope with the challenges of cutting-edge technology, we have always maintained a leading position in the industry. Since last year, the Group has actively cooperated with industry experts and professional colleges and universities, signed several expert consultants, and established in-depth cooperation with China University of Mining and Technology – Beijing, Yunnan University and other top domestic universities and scientific research institutions. Open up the industry-university-research chain to provide a continuous intellectual support for the development of subsequent projects of the enterprise.

OPERATION OVERVIEW AND CAPITAL EXPENDITURE

I. Production and operation of titanium and iron mine

1. Zhuge Shangyu Ilmenite Mine

The Group currently possesses a mining permit of Zhuge Shangyu Ilmenite Mine with an approved annual mining production scale of 0.8 Mt.

The Group has contracted for the construction of a new 10.0 Mt processing line and production line in the mine. The estimated total sum of the phase one construction is approximately RMB440 million. The Group is also in the progress of acquiring certain leasehold land for the preparation of the launch of phase two construction.

In 2024, the Group invested approximately RMB145.3 million in processing line and production lines in Zhuge Shangyu Ilmenite Mine.

During the year ended 31 December 2022, an agreement was reached by the Group with the relevant authorities for the renewal of the mining permit for Zhuge Shangyu Ilmenite Mine, pursuant to which, the Group is required to pay for approximately RMB171.3 million of which approximately RMB66.3 million were paid by the Group up to 31 December 2024. The new mining permit for Zhuge Shangyu Iron Mine has been issued by the relevant authorities to the Group in November 2023. Up to 31 December 2024, there were no mining and production activities carried out in the mine. Certain exploration activities were conducted in the mine during 2024.

II. Development of green mines

The Group enhanced the internal construction of green mining. It practised green mining throughout the daily operation of the mines; improved corporate management system and safety measures; organised regular trainings with the aim to enhance the professional skills of staff and extend corporate culture. It enhanced the interaction with local communities and established a sound system of consultation and coordination. On top of that, it increased the enterprise-local cooperation on projects by capitalising on its own advantages as an enterprise so as to actively promote the local economic development and the enterprise-local integration. By way of legal, scientific and green mining, the Group gradually turned its resource advantages into economy, social and environment advantages with an aim to realise green mining practices, harmonious community, circular economy and diversified and sustainable development.

In 2024, by closely following market changes, the Group stuck to the development of titanium business, adjusted titanium and iron concentrates production in a timely manner and focused on expanding new energy business, particularly for solar thermal projects. The Group made targeted adjustment to its working plan and actively sought for new sources of economic growth.

RESOURCES AND RESERVES OF MINES

The mine owned by the Group has significant iron and titanium ore reserves and resources. According to the report of the independent technical adviser Micromine Consulting Services ("**Micromine**"), as at November 2011 as disclosed in the prospectus of the Company dated 17 April 2012, the total proved and probable reserve of ore in Zhuge Shangyu Ilmenite Mine was approximately 546.29 Mt at an average grade of approximately 5.69% TiO_2 and approximately 12.81% TFe (total iron).

Micromine has updated the resources and reserves under the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy ("**JORC**") in 2013 by adopting the following assumptions:

Zhuge Shangyu Ilmenite Mine

1. Resource reporting cutoff grade: 9.2% TiO_2 equivalent.

2. Underground resources and reserves remain unchanged from the previous (2012) Micromine estimate.

3. Mineral resources are inclusive of the ore reserve.

4. The reserve includes diluting material with an assumed diluent grade of 0%, total dilution used was 9%.

5. The Micromine reserve is stated based on titanium with an iron credit.

6. The Open Pit Ore Reserve block model depletion for the Zhuge Shangyu resource was approximately 0.27 Mt grading 5.69% TiO_2 and 12.78% TFe compared to reported production of approximately 0.26 Mt grading 6.75% TiO_2 and 13.44% TFe for the period from September 2013 to December 2013 inclusive.

7. The underground mining height is 50 m to 60 m.

Reason for the changes in the resources and reserves estimates:

During the period from November 2011 to August 2013, there was no difference in resources and reserves. During the period from September 2013 to December 2013, reserves were reduced by approximately 0.27 Mt due to mining activities. There was no mining activity carried out in Zhuge Shangyu Ilmenite Mine from 1 January 2014 to 31 December 2024.

Based on (1) the resources and reserves under the JORC for Zhuge Shangyu Ilmenite Mine as at November 2011 as disclosed in the prospectus of the Company dated 17 April 2012; and (2) the estimated amount of ores mined by the Group from September 2013 to December 2013, the Group's estimated resources and reserves as at 31 December 2024 were as follows:

JORC ore reserve estimate as of 31 December 2024: ***(Note: JORC ore reserves as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2024. On 2 November 2017, the Group disclosed the area of exploration was changed in Zhuge Shangyu, which deduced the total reserve.)***

	Zhuge Shangyu Ilmenite Mine
Ore reserves (Mt)	
– proved	199.40
– probable	204.50*(Note)*
Total ore reserves	403.90
Grade of total iron (TFe) (%)	
– proved	12.78
– probable	12.83
Average grade of total iron (TFe) (%)	12.82
Grade of titanium dioxide (TiO_2) (%)	
– proved	5.76
– probable	5.65
Average grade of total titanium dioxide (TiO_2) (%)	5.69

Note: Out of the total probable reserves, about 199.71 Mt is underground reserves.

Zhuge Shangyu Ilmenite Mine resources estimate as of 31 December 2024: ***(Note: JORC mineral resources as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2024. On 2 November 2017, the Company disclosed the area of exploration was changed in Zhuge Shangyu, which deduced the total reserve.)***

Resources Category	**Resources** *(Mt)*	**SG** *(t/m^3)*	**TiO_2** *(%)*	**TFe** *(%)*
Measured	372.6	3.19	6.23	14.04
Indicated	118.3	3.13	6.14	14.18
Total Measured and Indicated	490.9	3.17	6.19	14.10
Inferred	4.0	3.13	5.92	15.03
Total Resources	494.9	3.16	6.19	14.10

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES AND COSTS

The table below sets out a summary of the costs of the Group's exploration, development and mining production activities:

	Year ended 31 December	
	2024	2023
	Kt	*Kt*
Production Volume		
Feed tonnage	–	280.2
	RMB'000	*RMB'000*
Mining Costs		
Subcontracting charges	–	5,976
Workforce employment	–	70
Consumables	–	274
Fuel, electricity, water and other services	–	210
Rental of machineries	–	580
Subtotal	–	7,110
Processing Costs		
Workforce employment	–	887
Consumables and factory overheads	–	2,974
Fuel, electricity, water and other services	–	3,639
Subtotal	–	7,500
Overhead Expenses		
Other overhead costs	–	614
Other Costs		
Depreciation and Amortisation	–	551
Total	–	15,775

The Group did not process any iron ores previously mined from the Group's mines during the year ended 31 December 2024. Accordingly, no analysis of cost is presented.

CONTINUING 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 ("**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 a company 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")). 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. During the year ended 31 December 2024, the Group did not purchase any blended coal from Xinjiang Jiangna under the Coal Purchase and Sale Agreement.

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 and the Coal Purchase and Sale Agreement was approved. For details, please refer to the circular of the Company dated 30 March 2022.

Shareholder's Loan

Mr. Li has advanced RMB88,000,000 to the Group during the year ended 31 December 2023. During the year ended 31 December 2024, Mr. Li and Hongfa Holdings Limited ("**Hongfa**"), a company wholly owned by Mr. Li and being the ultimate holding company of the Company, have further advanced RMB175,900,000 and HK$3,500,000 (equivalent to approximately RMB3,227,000) to the Group, respectively. The advances are interest-free, unsecured and with no fixed repayment term.

Mr. Li is the Chairman of the Board, an executive Director and controlling shareholder of the Company and is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the provision of the above shareholder's loans by Mr. Li and Hongfa constitutes connected transactions of the Company under Chapter 14A of the Listing Rules. As the above shareholder's loans were made for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the above shareholder's loans, the provision of the above shareholder's loans by Mr. Li and Hongfa falls under Rule 14A.90 of the Listing Rules and thus are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB282.1 million as compared with approximately RMB1,263.7 million for the year ended 31 December 2023, representing a decrease of approximately RMB981.6 million. For the years ended 31 December 2024 and 2023, approximately 86.5% and 79.0% of the Group's total sales, respectively, consisted of the sales of trading commodities, including blended coal, semi-coke, coarse iron powder and coke. Starting from 2021, the Group started to provide processing services to customers, the attribution of processing service income represented approximately 13.5% and 19.2% of the total sales in 2024 and 2023, respectively, providing the Group a stable profitability from utilising its production capacity.

PRICES OF THE GROUP'S PRODUCTS

Iron Concentrates

The unit price of 65% and 64% iron concentrates produced by the Group mainly depends on the iron content contained in the Group's iron concentrates and is affected by the market conditions, including but not limited to the global, PRC and Shandong supply of and the demand for iron ore products and the prosperity of the Shandong steel industry.

The Group did not sell 65% and 64% iron concentrates for the year ended 31 December 2024.

Titanium Concentrates

Since 2013, the Group has been engaging in ilmenite ore exploration, ilmenite ore mining and ilmenite ore processing. The unit price of titanium concentrates produced by the Group mainly depends on the titanium content contained in the Group's titanium concentrates and is affected by the market conditions, including but not limited to the global, PRC's and Shandong's supply of and demand for ilmenite ore products and the prosperity of the Shandong steel industry.

The Group did not sell titanium concentrates for the year ended 31 December 2024.

Revenue

Revenue was generated from trading activities as well as from sales of the Group's products to external customers net of value-added tax. The Group's revenue from sales of the Group's products is mainly affected by the Group's total sales volume which in turn is subject to the Group's mining and processing capacity, market conditions and price of the Group's products. The following table sets forth a breakdown of the Group's revenue for the periods indicated:

	Year ended 31 December 2024		Year ended 31 December 2023	
	RMB'000		*RMB'000*	
Revenue				
Sales from trading activities				
– from blended coal	**185,533**	**65.8%**	519,517	41.1%
– from coarse iron powder	**58,491**	**20.7%**	206,234	16.3%
– from semi-coke	**–**	**–**	238,128	18.8%
– from coke	**–**	**–**	35,056	2.8%
	244,024	**86.5%**	998,935	79.0%
Processing service income				
– from processing of iron and other mineral ores	**38,066**	**13.5%**	241,891	19.2%
Sales of iron concentrates produced by the Group	**–**	**–**	22,901	1.8%
	282,090	**100.0%**	1,263,727	100.0%

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

	Year ended 31 December 2024	Year ended 31 December 2023
	(Kt)	*(Kt)*
Sales volume of trading activities		
– from blended coal	**599.1**	1,857.5
– from coarse iron powder	**73.9**	306.8
– from semi-coke	**–**	494.8
– from coke	**–**	13.7
	673.0	2,672.8
Sales volume of iron concentrates produced by the Group	**–**	24.4
	673.0	2,697.2

For the year ended 31 December 2024, revenue was mainly derived from trading of blended coal and coarse iron powder. Resulted from the establishment of a subsidiary which operates a trading business in the Gansu province starting from late 2021 which geographically guaranteed a stable supply of blended coal and semi-coke, together with the coal supply contract entered into between the Group and Xinjiang Jiangna Mining Co., Ltd., which is indirectly wholly-owned by Mr. Li Yunde who is an executive Director and a Controlling Shareholder of the Company, which guarantee a stable supply of blended coal to the Group, the trading activities continued to attribute a major portion of revenue of the Group. However, due to the fluctuation in the price of minerals, the Group has slowed down its trading activities in 2024 and resulted in a drop in annual trading revenue compared to 2023. The Group has also engaged in subcontracting arrangements with customers on processing iron and other mineral ores starting from second half of 2021, which contributed revenue of approximately RMB38.1 million in 2024 compared to approximately RMB241.9 million in 2023. The major reason for the decrease is attributable to the temporary delay in sales orders obtained upon the completion of processing service arrangement with a major customer and the decrease in processing capacity due to suspension of Yangzhuang processing plant for the arrangement of assets disposal in 2024.

The Group's revenue decreased by approximately RMB981.6 million, or approximately 77.7%, to approximately RMB282.1 million for the year ended 31 December 2024, as compared with approximately RMB1,263.7 million for the year ended 31 December 2023. The decrease in revenue was primarily due to the decrease in turnover of sales of trading commodities by approximately RMB754.9 million resulted from the slowing down of the Group's trading activities due to fluctuation of mineral prices in 2024, as well as the decrease in processing service income by approximately RMB203.8 million due to temporary delay in processing orders received in 2024.

In 2024, the mineral market is gradually recovering resulted from the cessation of epidemic measures in relation to COVID-19, and the demand for minerals stably increased. However, considering the experience in decreasing profitability from the trading sales of coarse iron powder in 2021 due to the price fluctuation of iron concentrates, the management has strategically limited the Group's trading activities, and to reduce the trading volume when the mineral prices are subjected to significant unexpected fluctuations.

Cost of Sales

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

	Year ended 31 December 2024 *RMB'000*		Year ended 31 December 2023 *RMB'000*	
Cost of Sales				
Cost of sales of trading activities				
– from blended coal	**173,522**	**65.2%**	490,583	43.7%
– from coarse iron powder	**58,411**	**21.9%**	202,137	18.0%
– from semi-coke	**–**	**–**	233,537	20.8%
– from coke	**–**	**–**	34,829	3.1%
	231,933	**87.1%**	961,086	85.6%
Cost of sales of processing service income				
– from processing of iron and other mineral ores	**34,410**	**12.9%**	152,540	13.6%
Cost of sales of iron concentrates produced by the Group	**–**	**–**	8,637	0.8%
	266,343	**100.0%**	1,122,263	100.0%

Cost of sales was mainly incurred for cost of purchased commodities for trading purposes. The cost of sales also included costs of providing processing services.

Total cost of sales decreased by approximately RMB856.0 million, or approximately 76.3%, to approximately RMB266.3 million for the year ended 31 December 2024, as compared with approximately RMB1,122.3 million for the year ended 31 December 2023, which is in line with the decrease in sales.

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 years indicated:

	Year ended 31 December 2024 *RMB'000*		Year ended 31 December 2023 *RMB'000*	
Gross profit				
Gross profit of trading activities				
– from blended coal	**12,011**	**76.3%**	28,934	20.5%
– from coarse iron powder	**80**	**0.5%**	4,097	2.9%
– from semi-coke	**–**	**–**	4,591	3.2%
– from coke	**–**	**–**	227	0.2%
	12,091	**76.8%**	37,849	26.8%
Gross profit of provision of processing services				
– from processing of iron and other mineral ores	**3,656**	**23.2%**	89,351	63.1%
Gross profit of iron concentrates produced by the Group	**–**	**–**	14,264	10.1%
	15,747	**100.0%**	141,464	100.0%

	Year ended 31 December 2024	Year ended 31 December 2023
Gross profit margin		
Gross profit margin of trading activities		
– from blended coal	**6.5%**	5.6%
– from coarse iron powder	**0.1%**	2.0%
– from semi-coke	**–**	1.9%
– from coke	**–**	0.6%
Gross profit margin of provision of processing services		
– from processing of iron and other mineral ores	**9.6%**	36.9%
Gross profit margin of sales of iron concentrates produced by the Group	**–**	62.3%
Overall gross profit margin	**5.6%**	11.2%

Gross profit decreased by approximately RMB125.8 million from approximately RMB141.5 million for the year ended 31 December 2023 to approximately RMB15.7 million for the year ended 31 December 2024. The major reason for the decrease is due to the decrease in both volume of trading activities and scale of processing services.

Overall gross profit margin decreased from approximately 11.2% for the year ended 31 December 2023 to approximately 5.6% for the year ended 31 December 2024. The decrease in gross profit margin is mainly due to the difficulties in retaining a profitable margin in trading activities due to fierce price fluctuations, temporary delay of processing orders received from customers which has arisen the average cost of processing services, as well as decrease in production of iron ores previously mined by the Group which had higher gross margin in compare to trading activities.

Other net gain

The Group's other net gain was approximately RMB123.4 million for the year ended 31 December 2024 as compared to Nil for the year ended 31 December 2023, which included a gain of approximately RMB115.8 million attributable to the Disposal (as defined above). As at 31 December 2024, the outstanding consideration receivable for the Disposal amounted to approximately RMB259.5 million as included in prepayments and other receivables.

Finance costs, net

Net finance costs mainly represented discounting effect on amounts payable for mining rights, as well as interest expense on bank loans of the Group, offsetting by interest income on bank deposits. Interest expenses increased from approximately RMB3.4 million for the year ended 31 December 2023 to approximately RMB8.8 million for the year ended 31 December 2024, mainly due to the discounting effect of approximately RMB7.1 million on amounts payable for mining rights.

Total comprehensive income

The total comprehensive income of the Group was approximately RMB54.0 million for the year ended 31 December 2024, representing an increase of approximately RMB5.7 million from approximately RMB48.3 million for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the total amount of the borrowings (including amounts due to the controlling shareholder and the ultimate holding company) of the Group was approximately RMB267.1 million (as at 31 December 2023: approximately RMB118.0 million). The Group's cash and bank balances amounted to approximately RMB80.0 million as at 31 December 2024 (as at 31 December 2023: approximately RMB146.1 million).

CAPITAL STRUCTURE

The Company's issued share capital as at 31 December 2024 is HK$14,011,461.12 divided into 350,286,528 shares with par value of HK$0.04 each.

The Group adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings (including amounts due to the controlling shareholder and the ultimate holding company) divided by the aggregate amount of total equity and total borrowings) as at 31 December 2024 was approximately 32.9% (as at 31 December 2023: approximately 19.3%). The increase in gearing ratio is mainly attributable to the advances from the controlling shareholder and the ultimate holding company in 2024. The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2024 was approximately 1.07 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 has been completed during 2024.

SIGNIFICANT INVESTMENTS

As at 31 December 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 year ended 31 December 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 ("**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.

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 31 December 2024, the Group had 119 employees (31 December 2023: 179 employees), most of whom were stationed in the PRC. The employee benefit expense (including Directors' emoluments) amounted to approximately RMB17.1 million for the year ended 31 December 2024 (31 December 2023: approximately RMB24.2 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

Except for a fixed deposit of RMB1,500,000 pledged to a bank for issuing guarantee of RMB1,500,000 in favour to a contractor of the Group as at 31 December 2023, for which the pledge has been released during the year ended 31 December 2024, there was no charge over the assets of the Group as at 31 December 2024 and 2023.

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 31 December 2024, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the end of the reporting period up to the date of this announcement.

2025 DEVELOPMENT AND FUTURE PLANS

2025 WORK PLAN

In 2025, the Group releases new production capacity in a planned manner in accordance with changes in the market situation, and continues to strengthen its traditional principal business of protective mining, production, sales and services of iron and titanium ores. The Group continues to invest in scientific research for the expansion of the entire titanium industrial chain, and strengthens the expansion of such investment businesses as logistics and new energy in Xinjiang. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project are further strengthened.

I. Continue overseas ore coarse powder processing business

In 2025, the Group will continue to follow up on the negotiation of an agreement on overseas ore coarse powder processing, and on the basis of continuing to maintain the relationship with Rui Gang Lian (瑞鋼聯), and based on the actual situation, experiment of overseas mines processing business will be conducted. Once the technology and processing profit are feasible, the Group will increase its processing efforts to meet the processing capacity. The coarse powder processing volume of overseas ores is initially estimated to reach 1.5 million tons for this year.

II. Coal and coal products trade

The Group will capture suitable business opportunities and take advantage of the logistics advantages of Xinjiang and the favorable geographical conditions of Yumen Office in Gansu Province, and make full use of the existing customer relationship resources to increase the trade volume of coal and coal products to maximize sales revenue and profit.

III. Zhuge Shangyu mining and Processing Plant construction

The investment of new projects in Zhuge Shangyu Mine and Processing Plant this year needs about RMB0.5 billion, mainly focusing on mining, ilmenite ores production line construction, living and office area construction, science and technology center and production automation construction. The existing production system of Zhuge Shangyu Park is in normal production, and the construction of the second-phase crushing, fine crushing, screening and sorting system and regional planning have been completed in the first half of the year and put into the trial production together.

At present, the small-scale mining permit of Zhuge Shangyu Mine has been successfully completed. The environmental impact assessment procedures have also been approved; the total stripping ratio has reached 3.0 million tons per year. The Group plans to enter the mine infrastructure construction phase in April, complete the construction and installation of the crushing station in May, and complete the road hardening by the end of June, so as to ensure the completion of the infrastructure construction inspection and the obtaining of the safety production permits on schedule. With the completion of the preliminary construction of the mines, part of the ores will be extracted for trial production, which will become a new profit growth point based on the current market conditions.

IV. Intelligent safety production

1. Sign a contract of intelligent design solution with the Shenyang Institute of Automation, Chinese Academy of Sciences. The detailed design of four major modules, including the mine, processing plant, park, and safety and environmental protection, is scheduled to be completed in early April. The focus is on constructing an integrated management and control platform to achieve smart linkage of production scheduling, safety monitoring, and equipment operation and maintenance, with the second phase of construction scheduled for completion by the end of 2025.

2. Develop a three-dimensional smart platform. The mine module will deploy an AI-driven unmanned inspection system and early geological risk warning model to monitor the underground environment and equipment status in real time. The processing plant module will enhance the processing process through Internet of Things technology, introducing intelligent sorting equipment to enhance resource utilization efficiency. The park module will establish a smart energy management platform to achieve dynamic control of water, electricity, and gas, as well as visualization of carbon emission data. Meanwhile, we will advance the construction of digital simulation platform for the industrial chain to achieve visualization and dynamic decision-making support for the entire chain from resource exploration to terminal sales.

V. Strengthen internal control management and make market-based comprehensive assessment of related transactions. The Group will improve integrated and standardized management level, and lay the management foundation for performance improvement.

VI. Continue to focus on low-carbon, environmental protection and new energy sustainable growth projects for examining and selecting, and under appropriate conditions, we will increase our investment and adjust our industrial structure for the benefit of investors.

VII. While the principal business is developing, it is necessary to promptly follow up on the new technologies, new materials, and new business opportunities, actively communicate with investors, and respond to market changes in a timely manner.

After years of development and under the current support of multiple favorable factors such as resource, market and policy advantages, Shandong Ishine Mining Industry Company Limited has provided the Group with a solid latecomer advantage in establishing an entire titanium industry chain. For future development, the Group must seize the window period of adjustment of the global industrial chain layout, leverage the country's supply-side structural reform and the need for industrial structure reorganization, and accelerate the development of the entire titanium industry chain to realize high-end, intelligent and green transformation, and comprehensively improve the stability and modernization level of the industrial chain and supply chain.

In 2025, amidst opportunities and challenges, the Group will seize the historical opportunities bestowed by the era with determination and composure, and move forward courageously in the face of various complex challenges.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the shareholders of the Company to attend and vote at the annual general meeting of the Company to be held on Friday, 27 June 2025 ("**2025 AGM**"), the register of members of the Company will be closed from Monday, 23 June 2025 to Friday, 27 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 June 2025.

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 (including the sale of treasury shares) during the year ended 31 December 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

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 year ended 31 December 2024.

AUDIT COMMITTEE

The Company established the audit committee of the Company (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 main objectives of the Audit Committee are to be responsible for relationship with the Company's auditor, review of the Company's financial information and monitoring of the Company's financial reporting system and to review the risk management and internal control systems. The Audit Committee had reviewed the audited annual results for the year ended 31 December 2024 before such documents were tabled at a meeting of the Board held on 28 March 2025 for the Board's review and approval.

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

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo; and four independent non-executive Directors, namely Mr. Leung Nga Tat, Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Ms. Cheng Shuk Teh Esther.