大愛無疆·德行天下

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

ANNUAL REPORT 2024

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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

Jiangjia Guanzhuang Village West
Zhuge 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

Chairman's Statement

Dear Shareholders,

I present to all the shareholders the annual results for the year ended 31 December 2024 of Add New Energy Investment Holdings Group Limited (the "Company") and its subsidiaries (collectively, the "Group").

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.

At 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"), and 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 (the "Board") of directors (the "Directors") of the Company 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.

Chairman's Statement

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 in 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.

Chairman's Statement

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 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 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.

Chairman's Statement

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 Purchaser.

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.

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.

Li Yunde
Chairman

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.

At 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 in 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 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 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 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.

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 of approximately RMB125.8 million in gross profit 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 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.

Management Discussion and Analysis

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 Purchaser.

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.

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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.

Management Discussion and Analysis

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 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. Environmental assessment report has been submitted to relevant competent authorities for approval of safety production permit which is under the process of approval by the relevant competent authorities. 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.

Management Discussion and Analysis

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 exploitation 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 exploitation 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/m³)*	**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

During the year ended 31 December 2024, the Group did not incur material expenditure in its exploration activities (2023: Nil).

Payments for mining rights amounted to RMB20,000,000 (2023: RMB20,000,000) and the relevant costs incurred for mining rights which have been capitalised amounted to RMB2,880,000 (2023: RMB4,430,000) for the year ended 31 December 2024. Capital expenditure of approximately RMB145,341,000 (2023: RMB97,021,000) were incurred for the development of processing and production lines in Zhuge Shangyu Ilmenite Mine for the year ended 31 December 2024.

The table below sets out a summary of the costs of the Group's 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

	Year ended 31 December	
	2024	2023
	Kt	*Kt*
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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). 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 a connected transaction 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.

Management Discussion and Analysis

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 processing service income and revenue from sales of the Group's products are 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 *RMB'000*		Year ended 31 December 2023 *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 ***(Kt)***	Year ended 31 December 2023 *(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

The following table shows the Group's total production volumes of iron concentrates.

	Year ended 31 December 2024		Year ended 31 December 2023	
	(Kt)	***(approximately)***	*(Kt)*	*(approximately)*
Iron concentrates produced by the Group				
Amount of iron concentrates produced	**–**	**–**	45.0	100%
	–	**–**	45.0	100%

Management Discussion and Analysis

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 RMB241.9 million in 2023. The major reason for the decrease is attributable to the temporary delay in sales order 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 a higher 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 on disposal 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 (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").

Management Discussion and Analysis

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 "Shareholders"). 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 of 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 and up to the date of this report.

* *For identification purpose only*

Corporate Governance Report

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the Shareholders' value.

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 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.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated with the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee"). Further details of these committees are set out in this report.

The Board currently consists of seven Directors including three executive Directors and four independent non-executive Directors:

Executive Directors

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

Independent non-executive Directors

Mr. Li Xiaoyang
Mr. Leung Nga Tat
Mr. Zhang Jingsheng
Ms. Cheng Shuk Teh Esther

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 58 to 62 under the section headed "Biographical Details of Directors and Senior Management".

Board Meetings

Regular Board meetings are held four times a year at approximately quarterly interval and additional meetings will be held as and when required. The four regular Board meetings for a year are planned in advance. During the regular meetings of the Board for the year, the Board reviewed the operation and financial performance of the Group, and also reviewed and approved the interim results and annual results of the Company.

During the year ended 31 December 2024, the Board held 4 meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were also given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director	**Number of attendance**
Executive Directors	
Mr. Li Yunde	4/4
Mr. Geng Guohua	4/4
Mr. Lang Weiguo	4/4
Independent Non-Executive Directors	
Mr. Li Xiaoyang	4/4
Mr. Leung Nga Tat	4/4
Mr. Zhang Jingsheng	4/4
Ms. Cheng Shuk Teh Esther *(Note)*	2/2

Note: Ms. Cheng Shuk Teh Esther was appointed on 6 June 2024, and only two Board meetings were held after her appointment.

Board minutes are kept by the company secretary of the company (the "Company Secretary") and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials, and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

The Board adopted on 30 March 2023 a mechanism for Directors to obtain independent opinions and perspectives for them to discharge their duties and responsibilities, and to ensure independent views and input are available to the Board.

The Company shall arrange suitable and sufficient resources to cover any matters relating to the obtaining of an independent opinion by the Board, including but not limited to the engagement of a legal team or any other professionals for such purpose (where appropriate).

The Directors shall give at least three working days' notice to the Company Secretary to obtain an independent opinion, including but not limited to engaging a professional team for such purpose (where appropriate).

The Board is required to review its structure, size, composition (including skills, knowledge and experience) and Board Diversity policy (as defined below) at least annually to ensure that the composition of the Board complies with the relevant requirements of the Listing Rules including maintaining a balanced mix of executive and non-executive directors (including independent non-executive directors) so that the Board has a strong element of independence which can effectively exercise independent judgment.

If all the independent non-executive Directors have served on the Board for more than nine years, the Company should consider to appoint a new independent non-executive director at the next annual general meeting.

The Board has reviewed the implementation and effectiveness of the said mechanism during the year and considered that it has been operating effectively and will continue to monitor its implementation and effectiveness on an annual basis.

General Meetings

During the year ended 31 December 2024, two general meetings were held, being the 2024 annual general meeting of the Company held on 6 June 2024 (the "2024 AGM") and the extraordinary general meeting of the Company held on 16 August 2024 (the "EGM").

The attendance record of the Directors at the above general meetings are as follows:

Name of Director	Number of attendance
Executive Directors	
Mr. Li Yunde	2/2
Mr. Geng Guohua	2/2
Mr. Lang Weiguo	2/2
Independent Non-Executive Directors	
Mr. Li Xiaoyang	2/2
Mr. Leung Nga Tat	2/2
Mr. Zhang Jingsheng	2/2
Ms. Cheng Shuk Teh Esther *(Note)*	1/1

Note: Ms. Cheng Shuk Teh Esther was appointed on 6 June 2024, and only the EGM was held after her appointment.

The Board is responsible for maintaining an on-going dialogue with Shareholders and in particular, uses annual general meeting or other general meetings to communicate with them and encourage their participation. Mr. Li Yunde, the Chairman of the Board and the chairman of the Nomination Committee attended the 2024 AGM and the EGM to answer questions and collect views of Shareholders.

Directors' Training

According to the code provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training or reading materials relating to the Listing Rules and corporate governance matters or attending seminars relating to their roles as a director of listed issuer. Each of the Directors has provided a record of training they received for the year ended 31 December 2024 to the Company.

CHAIRMAN AND CHIEF EXECUTIVE

The two positions are held separately by two individuals to ensure their respective independence, accountability and responsibility. The Chairman, being Mr. Li Yunde, is responsible for the management of the Board by providing leadership for the Board and has taken primary responsibility for ensuring that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole; and the Chief Executive Officer, being Mr. Geng Guohua, is responsible for the day-to-day management of business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The four independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of legal, accounting, economics, science or mining industry. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has confirmed to the Company his/her independence as required under Rule 3.13 of the Listing Rules, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

Mr. Li Xiaoyang and Mr. Zhang Jingsheng have been appointed for a further term of two years commencing from 27 April 2024, Mr. Leung Nga Tat has been appointed for a further term of two years commencing from 18 June 2023, and Ms. Cheng Shuk Teh Esther has been appointed for a term of two years commencing from 6 June 2024.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 9 April 2012 with written terms of reference which was revised on 28 August 2013, 6 January 2016 and 29 March 2019 respectively to comply with the CG Code. The terms of reference of the Nomination Committee is currently made available on the Stock Exchange's website and the Company's website.

The Nomination Committee consists of one executive Director, namely Mr. Li Yunde (as chairman), and two independent non-executive Directors, namely Mr. Li Xiaoyang and Mr. Zhang Jingsheng.

The functions of the Nomination Committee are: (i) to review and monitor the structure, size, composition and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's strategy; (ii) to identify qualified individuals to become members of the Board; (iii) to assess the independence of independent non-executive Directors; and (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer.

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his/her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

b) taking the lead where potential conflicts of interests arise;

c) serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;

d) bringing a range of business and financial experience to the Board, giving the Board and any committees on which he/she serves the benefit of his/her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;

e) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

f) ensuring the committees on which he/she serves to perform their powers and functions conferred on them by the Board; and

g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

If the candidate is proposed to be appointed as an independent non-executive Director, his/her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he/she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

The Board adopted on 28 August 2013 a board diversity policy (the "Board Diversity Policy") and delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Board recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will discuss and review the necessity to set measurable objectives for implementing the Board Diversity Policy from time to time to ensure the appropriateness and the progress made towards achieving those objectives will be ascertained.

BOARD LEVEL

Pursuant to the Board Diversity Policy, selection of candidates for Board appointments will be based on meritocracy and candidates will be considered against a range of objective criteria, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service, having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy annually to ensure its continued effectiveness from time to time.

For the year ended 31 December 2024 and as at the date of this annual report, the Board consists of six male members and one female director. The Nomination Committee believes that gender diversity is a representing manifestation of board diversity, among all other measurable objectives.

The Company will engage more resources in training female staff who have long and relevant experience in the mining industry, with the aim of promoting them to the senior management or directorship of the Group. The Company expects to have more female members who would be qualified to sit on the Board in the future.

WORKFORCE LEVEL

The Group is also committed to achieving gender diversity across the workforce (including senior management). The details of gender ratio in the workforce (including senior management) are shown in the "Environmental, Social and Governance Report" for the year ended 31 December 2024. The recruitment policy of the Group is to only consider the personal merits and capabilities, qualifications, working experiences and performance of the individuals during the recruitment process, transferal, promotion, and training regardless of gender. In the interests of enhancing efficiency, the Company has not set any measurable objective for achieving gender diversity at workforce level. The Company has nonetheless always adopted a meritocratic approach and adhered to the principle of openness and fairness without any discrimination in respect of gender, disability, marital status, pregnancy, religion, nationality, social or economic class, rural or urban, political opinion, pathogen-carrier or sexuality.

During the year ended 31 December 2024, the Nomination Committee held two meetings. The Nomination Committee reviewed the Board composition, assessed the independence of the independent non-executive Directors, made recommendation on the re-election of Directors and nomination of new Director.

The members and attendance of the Nomination Committee meeting are as follows:

Name of Director	Number of attendance
Mr. Li Yunde *(chairman)*	2/2
Mr. Li Xiaoyang	2/2
Mr. Zhang Jingsheng	2/2

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 9 April 2012 which was revised on 6 January 2016 and 30 March 2023 to comply with the CG Code. The terms of reference of the Remuneration Committee is currently made available on the Stock Exchange's website and the Company's website.

The Remuneration Committee currently consists of one executive Director, namely Mr. Li Yunde, and two independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman) and Mr. Zhang Jingsheng.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and to review and/or approve matters relating to shares schemes under Chapter 17 of the Listing Rules. The model of making recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management is adopted.

During the year ended 31 December 2024, the Remuneration Committee held two meetings. The Remuneration Committee reviewed the remuneration of Directors and the senior management, and made recommendation to the Board on the remuneration of new Director.

The members and attendance of the Remuneration Committee meeting are as follows:

Name of Director	Number of attendance
Mr. Leung Nga Tat *(chairman)*	2/2
Mr. Li Yunde	2/2
Mr. Zhang Jingsheng	2/2

The Company adopted a restricted share award scheme (the "Share Award Scheme") as an incentive 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 by the Company out of the Company's funds to the trustee.

The Directors believe that the compensation packages offered by the Group to staff members are competitive in comparison with market standards and practices.

The emolument payable to the Directors and senior management will depend on their respective contractual terms under employment contracts, if any, and will be fixed by the Board after taking into account the recommendation from the Remuneration Committee, the performance of the Group and the prevailing marketing conditions. Details of the remuneration of the Directors and senior management for the year ended 31 December 2024 are set out in notes 35 and 37 to the consolidated financial statements.

SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration payment of the Group (including remuneration paid to the members of the executive committee of Shandong Ishine) in the year ended 31 December 2024 falls within the following bands:

	Number of Individuals
HK$500,000 or below	4
HK$500,001 to HK$1,000,000	1

AUDIT COMMITTEE

The Company established the Audit Committee on 9 April 2012 with written terms of reference, which was revised on 6 January 2016 and 29 March 2019 respectively to comply with the CG Code. The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee currently comprises 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 is mainly responsible for (i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and to deal with any questions of resignation or dismissal of such auditor; (ii) reviewing the interim and annual reports and accounts of the Group; and (iii) overseeing the Company's financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget) and reviewing the risk management and internal control systems.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 December 2024, the Audit Committee held 2 meetings.

The members and attendance of the Audit Committee meetings are as follows:

Name of Director	Number of attendance
Mr. Leung Nga Tat *(chairman)*	2/2
Mr. Li Xiaoyang	2/2
Mr. Zhang Jingsheng	2/2
Ms. Cheng Shuk Teh Esther *(Note)*	1/1

Note: Ms. Cheng Shuk Teh Esther was appointed as a member of the Audit Committee on 6 June 2024, and only one meeting of the Audit Committee was held after her appointment.

During the year ended 31 December 2024, the Audit Committee reviewed, among others, the 2023 annual results and the 2024 interim results of the Group. The Audit Committee was in the opinion that the preparation of such consolidated financial statements complied with the applicable accounting standards and the Listing Rules.

The Audit Committee noted the existing risk management and internal control systems of the Group and also noted that review of the same will be carried out annually.

The accounts for the year ended 31 December 2024 were audited by Crowe (HK) CPA Limited whose term of office will expire upon the conclusion of the forthcoming annual general meeting of the Company ("2025 AGM"). The Audit Committee has reviewed the terms of engagement of Crowe (HK) CPA Limited, inter alias, (i) the size and structure as well as the nature and complexity of the business of the Group, (ii) the relevant audit fees and (iii) the resources deployed by Crowe (HK) CPA Limited in respect of the audit of the financial statements of the Group in accordance with "Guidelines for the Effective Operation of Audit Committees – Selection, Appointment and Reappointment of Auditors" published by the Financial Reporting Council on 16 December 2021 and recommended to the Board the re-appointment of Crowe (HK) CPA Limited as the auditor of the Company at the 2025 AGM.

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board.

The corporate governance functions currently performed by the Board are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 31 December 2024, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

AUDITOR'S REMUNERATION

For the year ended 31 December 2024, the remuneration paid/payable to the Company's auditor, Crowe (HK) CPA Limited, was as follows:

	RMB'000
Services rendered	
Audit services	1,945
Non-audit services	788
	2,733

The non-audit services comprise of professional services provided by the Company's auditor in relation to the Company's 2024 interim report and the very substantial disposal of the iron mine including the mining right of Yangzhuang Iron Mine (including the ore processing plant), exploration right of Qinjiazhuang Ilmenite Mine and Yangzhuang Iron Mine production land.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("Uni-1"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment.

Ms. Chan Yuen Ying, Stella ("Ms. Stella Chan"), the representative of Uni-1, was appointed as the Company Secretary.

Ms. Chan Wing Ki Michele, the chief financial officer of the Company, is the primary corporate contact person at the Company for the Company Secretary.

According to the requirements of Rule 3.29 of the Listing Rules, Ms. Stella Chan had taken no less than 15 hours of relevant professional training for the year ended 31 December 2024.

DIVIDEND POLICY

In considering the payment of dividends, there shall be a balance between retaining adequate reserves for the Group's future growth and rewarding the Shareholders.

The Board shall also take into account, among other things, the following factors when considering the declaration and payment of dividends:

– the Group's overall results of operation, financial condition, expected working capital requirements and capital expenditure requirements, liquidity position and future expansions plans;

– the amount of retained profits and distributable reserves of the Company;

– general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

– any other factors that the Board deems relevant.

The declaration and payment of dividends by the Company is subject to any restrictions under the Companies Act of the Cayman Islands, the Company's memorandum and articles of association, the Listing Rules and any other applicable laws and regulations.

The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 64 of the articles of association of the company (the "Articles"), an extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, on the date of deposit of the requisition, a minority stake in the total number of issued Shares, and the minimum stake required to do this shall not be higher than 10% of the voting rights (on a one vote per Share basis) in the issued share capital of the Company. Such Shareholder(s) shall also be entitled to add resolutions to the agenda for the extraordinary general meeting concerned. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by Shareholders at Shareholders' meetings

Shareholders of the Company are requested to follow Article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Shareholders to convene an extraordinary general meeting". Pursuant to Article 113 of the Articles, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgment of the notices will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company. Shareholders may refer to the above procedures for putting forward any other proposals at general meetings.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of the forthcoming general meeting of the Company will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to the Shareholders.

The Board adopted a Shareholders communication policy on 31 December 2012 (the "Shareholders Communication Policy") which sets out the provisions with the objective of ensuring that the Company's Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

General Policy

The Board shall maintain an on-going dialogue with Shareholders and the investment community and will regularly review the Shareholders Communication Policy to ensure its effectiveness.

According to the Shareholders Communication Policy, there are multiple channels for information of the Company to be disseminated to Shareholders and the investment community, which are included in the following manners:

- Delivery of annual and interim reports to all Shareholders;

- Publication of announcements on the annual and interim results on the Stock Exchange's website and the Company's website, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules and other corporate communications on the Stock Exchange's website and the Company's website; and

- The general meetings of the Company are also an effective communication channel between the Board and the Shareholders.

Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times.

Communication Strategies

Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make enquiry in respect of the Company.

Corporate Communications

Corporate communications have the meaning ascribed thereto in the Listing Rules, which include but are not limited to (i) the Directors' report and the annual accounts together with a copy of the independent auditor's report; (ii) the annual reports and interim reports; (iii) a notice of meeting; (iv) a circular; and (v) a form of proxy will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.

Corporate Website

A dedicated Investors Relations section is available on the Company's website. Information on the Company's website will be updated on a regular basis. Information released by the Company to the Stock Exchange will also be posted on the Company's website according to the requirements under the Listing Rules. Such information includes financial statements, results announcements, circulars and notices of general meetings etc.

Shareholders' Meetings

Shareholders are encouraged to participate in all general meetings or to appoint proxies to attend and vote for and on their behalf if they are unable to attend any general meetings. Appropriate arrangements for the general meetings shall be in place to encourage Shareholders' participation. The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. Board members, in particular, the chairmen of the Board committees or their delegates, appropriate management executives and external auditors will attend the annual general meeting to answer Shareholders' questions.

Shareholder Privacy

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Board has conducted a review of the Shareholders Communication Policy for the year ended 31 December 2024 to ensure the effectiveness of the Shareholders Communication Policy. Such review shall be conducted annually. The Board considered that the Shareholders Communication Policy for the year ended 31 December 2024 was effective.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and Articles during the year ended 31 December 2024.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 December 2024, the Board has selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The statement by the auditor of the Company about its responsibilities for the financial statements is set out in the independent auditor's report contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2024, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in 2024, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit ("IA") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via the Audit Committee.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its reviews and the reviews made by IA function and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

Report of the Directors

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 30 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business, including the likely future developments, principal risks and uncertainties facing the Group, analysis using financial key performance indicators, is discussed under the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Highlights". Financial risks facing by the Group are also disclosed in note 3 to the consolidated financial statements. Such discussion forms an integrate part of this report.

Environmental Policies and Performance

The Group is subject to a number of laws and regulations in China concerning overall environmental protection and impact to the environment. The Group places high emphasis on environmental treatment and sticks to innovation in technology to improve manufacturing efficiency and reduce energy consumption, therefore accomplishing sustainable recycled economy.

The environmental policies and performance of the Group during the year ended 31 December 2024 which contained the information required under Appendix C2 to the Listing Rules is set out in the "Environmental, Social and Governance Report" which is published on the Stock Exchange's website and the Company's website.

Compliance with Laws and Regulations

During the year ended 31 December 2024, the Group has complied, to the best knowledge of the Directors, with the relevant laws and regulations that have a significant impact on the Group.

Relationship with Stakeholders

The success of the Group depends on the support from key stakeholders. Further details of the relationships of the Group with stakeholders are set out in the "Environmental, Social and Governance Report" which is published on the Stock Exchange's website and the Company's website.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 December 2024 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 70 to 73 and 144 to 145, respectively.

Report of the Directors

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2022: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the Shareholders to attend and vote at the 2025 AGM to be held on Friday, 27 June 2025, 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.

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended 31 December 2024 are set out in note 17 to the consolidated financial statements.

SHARES ISSUED

The Company has not issued any Shares during the year ended 31 December 2024.

DEBENTURES ISSUED

The Group has not issued any debenture during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

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.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to the Shareholders amounted to approximately RMB284,118,000 (2023: RMB301,411,000).

Report of the Directors

DIRECTORS

The Directors during the year and up to the date of this report are as follows:

Executive Directors

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

Independent non-executive Directors

Mr. Li Xiaoyang
Mr. Leung Nga Tat
Mr. Zhang Jingsheng
Ms. Cheng Shuk Teh Esther (appointed on 6 June 2024)

In accordance with Article 108 of the Articles, Mr. Li Yunde and Mr. Geng Guohua shall retire from office at the 2025 AGM by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 112 of the Articles, Ms. Cheng Shuk Teh Esther was appointed after the 2024 AGM held on 6 June 2024, she shall hold office until the 2025 AGM, and being eligible, offers herself for re-election.

Ms. Cheng Shuk Teh Esther had obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 25 June 2024. Ms. Cheng Shuk Teh Esther has confirmed she understood her obligations as a director of a listed issuer.

INDEPENDENCE CONFIRMATION

Each of the independent non-executive Directors has confirmed to the Company his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

SHARE AWARD SCHEME

The Board adopted the Share Award Scheme on 28 December 2020 and amended its terms at the 2024 AGM held 6 June 2024 to conform with the latest changes and requirements under the Listing Rules in respect of share scheme.

The principal terms of the Share Award Scheme are summarised as follows:

1. 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.

2. The eligible participants of the Share Award Scheme shall only include any employee (whether full time or part time, including any executive director, non-executive director and independent non-executive director) of the Company or any of its subsidiaries, and including persons who are granted awards under the Share Award Scheme as an inducement to enter into employment contracts with these companies.

3. The maximum number of Shares issuable pursuant to the Share Award Scheme and any other share schemes of the Company (if any) in aggregate is 35,028,652 Shares, representing 10% of the issued Shares (excluding treasury Shares) as at the date of this annual report.

4. Where any grant of awards to a grantee under the Share Award Scheme would result in Shares issued and to be issued in respect of all options or awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company (if any)) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued share capital of the Company (being the maximum entitlement of each eligible person under the Share Award Scheme), such grant of awards must be separately approved by the Shareholders in general meeting with such selected grantee and his/her close associates (or his/her associates if the selected grantee is a connected person of the Company) abstaining from voting.

5. Where any grant of awards under the Share Award Scheme to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all awards granted under the Share Award Scheme and awards granted under other share schemes of the Company (if any)(excluding any awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company (if any)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company, such grant of awards must be approved by the Shareholders in general meeting (with such selected grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting).

6. Where any grant of awards under the Share Award Scheme and options and awards to be granted under any other share schemes of the Company (if any) to an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all awards granted under the Share Award Scheme and all options and awards granted under any other share schemes of the Company (if any)(excluding any options and awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company (if any)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company, such grant of awards must be approved by Shareholders in general meeting (with such selected grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting).

7. Unless otherwise determined by the Board at its discretion, vesting period of the awards granted under the Share Award Scheme shall not be shorter than 12 months from the date of grant.

8. No consideration shall be payable by any selected participant on acceptance of an award under the Share Award Scheme.

9. The Share Award Scheme shall be valid and effective for a period of 10 years from the date of its adoption, i.e. 28 December 2020.

The Company has appointed Greenfield Services Limited as trustee for the Share Award Scheme. As at 31 December 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 31 December 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 31 December 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a renewed service agreement with the Company on 27 March 2024 for the renewal of the term of three years commencing from 27 April 2024 unless terminated by not less than three months' notice in writing served by either party on the other or in accordance with the provisions set out in the respective service agreement. Each of the executive Directors may receive a discretionary bonus, the amount of which will be determined by the Board with reference to the recommendations of the Remuneration Committee.

Mr. Li Xiaoyang and Mr. Zhang Jingsheng, the independent non-executive Directors, entered into a renewed service agreement with the Company on 27 March 2024 for the renewal of the term of two years commencing from 27 April 2024.

Mr. Leung Nga Tat, an independent non-executive Director, entered into a renewed service agreement with the Company on 30 March 2023 for the renewal of the term of two years commencing from 18 June 2023.

Ms. Cheng Shuk Teh Esther, an independent non-executive Director, entered into a service agreement with the Company on 6 June 2024 for a term of two years commencing from 6 June 2024.

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as those disclosed in the sections headed "Connected Transactions" and "Non-exempt Continuing Connected Transactions", none of the Directors had a significant beneficial interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisted at 31 December 2024 or at any time during the year ended 31 December 2024, nor any transaction, arrangement or contract of significance has been entered into at 31 December 2024 or at any time during the year ended 31 December 2024 between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

CHARITABLE DONATIONS

During the year, the Group did not have charitable donation (2023: Nil).

EQUITY-LINKED AGREEMENTS

Save for the Share Award Scheme as set out above in this report, no other equity-linked agreement was entered into by the Group during the year or subsisting at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

COMPETING INTERESTS

None of the Directors or any of their respective associates had any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

The Board has established a review committee (the "Committee") comprising all the independent non-executive Directors which was delegated with the authority to review on an annual basis of the non-competition undertaking given by Mr. Li Yunde and Hongfa (collectively, the "Covenantors") in the deeds of non-competition (the "Deeds of Non-competition") entered into by, among others, the Covenantors dated 9 April 2012. An extract of the material terms of the Deeds of Non-competition had been set out in the prospectus of the Company dated 17 April 2012. The Covenantors confirmed that (a) they have provided all information necessary for the enforcement of the Deeds of Non-competition as requested by the Committee from time to time; and (b) from the effective date of the Deeds of Non-competition, i.e. 9 April 2012 and up to 31 December 2024, they had complied with the Deeds of Non-competition. The Committee also confirmed that they were not aware of any non-compliance with the Deeds of Non-competition by the Covenantors during the same period.

RETIREMENT SCHEMES

The Group participates in 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 employee in Hong Kong. Particulars of these retirement plans are set out in note 2.20 to the consolidated financial statements in this annual report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622, Laws of Hong Kong (the "Companies Ordinance")) when the Report of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance. The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

CAPITAL COMMITMENTS

Details of capital commitments are disclosed in note 34 to the consolidated financial statements in this annual report.

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

As at 31 December 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, 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 ordinary Shares held	Approximate percentage of shareholding in the Company
Mr. Li Yunde ("Mr. Li")	Interest of controlled corporation	Long position	186,822,631 *(Note 1)*	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 *(Note 2)*	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 31 December 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 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 *(Note)*	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 31 December 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the Group's related party transactions for the year ended 31 December 2024 are set out in Note 35 to the consolidated financial statements. Some of those transactions constituted connected transactions or continuing connected transactions and have complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Key Management Compensation

The material related party transactions in relation to the key management compensation remuneration, which is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.95 of the Listing Rules as disclosed in Note 35 to the consolidated financial statements in this annual report.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Coal Purchase and Sale Agreement

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 a coal purchase and sale agreement (the "Coal Purchase and Sale Agreement") on 29 December 2021, 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, the chairman of the Board, an executive Director and a controlling shareholder of the Company (as defined under the Listing Rules). 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.

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. For the year ended 31 December 2024, the Group did not purchased any blended coal from Xinjiang Jiangna Mining under the Coal Purchase and Sale Agreement.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2024, the Group had entered into certain related party transactions but these transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in Note 35 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, approximately 80% of the Group's turnover and approximately 68% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers, respectively. Approximately 48% of the Group's turnover and approximately 36% of the Group's purchases were attributable to the Group's largest customer and the Group's largest supplier, respectively. To the best knowledge of the Directors, none of the Directors or chief executives of the Company or any shareholder owning more than 5% of the Company's share capital or their respective associates, had any interest in the Group's five largest customers or five largest suppliers.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 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 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 this annual report and the audited annual financial statements 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, 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 have been made.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 32 to 47 of this annual report.

AUDITORS

There is no change in auditor during the past three years. A resolution will be submitted to the 2025 AGM to re-appoint Crowe (HK) CPA Limited as the auditor of the Company.

On behalf of the Board
Add New Energy Investment Holdings Group Limited

Li Yunde
Chairman

Hong Kong, 28 March 2025

* *For identification purpose only*

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Li Yunde ("Mr. Li")

Mr. Li, aged 58, was appointed as a Director on 8 February 2011 and redesignated as an executive Director on 9 April 2012. Mr. Li is also the chairman of the Board, the chairman of the Nomination Committee, a member of the Remuneration Committee and a director of certain subsidiaries of the Group. He is primarily responsible for the Group's overall strategic planning, business development and management. Mr. Li has over 25 years of experience in iron ore exploration, mining and processing in Shandong Province, the PRC. Mr. Li graduated from Shandong University (山東大學) in July 2002, majoring in marketing (市場行銷). He has also completed the China Private Enterprise Entrepreneur Training (中國民營企業總裁研修) held by Tsinghua University (清華大學) in March 2005. He has been the chairman of the Board of the Association of Industry and Commerce of Linyi City, Yishui County, Shandong Province (沂水縣工商業聯合會). Mr. Li was awarded the "Outstanding Member of the National People's Congress of Linyi City (臨沂市優秀人大代表)" in February 2007 by the Standing Committee of the National People's Congress of Linyi City and the "Model Worker of Shandong Province (山東省勞動模範)" in April 2008 by the People's Government of Shandong Province. Since November 2012, Mr. Li has been the Vice-President of China Mining Association (中國礦業聯合會) Australian Branch, and was elected as the Representative of the National People's Congress of Shandong Province in January 2013. He has been the Standing Director of China Federation of Industry & Commerce (全國工商業聯合會) Metallurgy Branch. He has also been the Standing Director of the Chinese Enterprises Investment Association since 2013 and also the Vice-Chairman of the board of directors of the Listed Companies Council of the Hong Kong Chinese Enterprises Association since November 2015. Mr. Li was selected as 2017-2018 National Excellent Entrepreneur by China Enterprise Confederation, China Enterprise Directors Association and China Enterprise Management Science Foundation. He is the sole director of Hongfa Holdings Limited, a company which has disclosable interests in the Shares under the provisions in Divisions 2 and 3 of Part XV of the SFO.

Mr. Geng Guohua ("Mr. Geng")

Mr. Geng, aged 55, was appointed as an executive Director and the Chief Operating Officer of the Company on 9 April 2012. He was appointed as the Chief Executive Officer of the Company on 14 May 2013 and resigned as the Chief Operating Officer of the Company with effect from 2 May 2014. Mr. Geng was the chief operating officer of Shandong Ishine Mining Industry Co., Ltd ("Shandong Ishine") from 2007 to 2 May 2014, an indirect wholly-owned subsidiary of the Company, and has been a director of Shandong Ishine since November 2010 during which he has acquired relevant experience in the operation of iron and ilmenite mines and participated in trainings relating to mining, production, management and geology organised by Tsinghua University and University of Toronto. He is primarily responsible for the Group's overall operation. Mr. Geng began his career in 1989 and worked at different managerial levels in Shandong Liaherd Chemical Industry Co., Ltd. (山東聯合化工股有限公司). From 1999 to 2003, he worked as a management person of Shandong Fuyuan Leather Group Ltd. (山東富源皮革集團有限公司) and was responsible for its technical services, production and sales management. He had been the deputy general manager in charge of production of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司) (formerly known as Beijing Huiyuan Juice Group Limited (北京匯源果汁集團有限公司), a company formerly listed on the Stock Exchange and delisted since 18 January 2021; Stock code: 1886) from 2003 to 2007 and was responsible for its general management. Mr. Geng graduated at Correspondence Institute of the Party School of Central Committee of Communist Party of China (中共中央黨校函授學院) majoring in Law in December 2001. Mr. Geng was accredited as a Human Resources Developments and Project Technician (Enterprise Human Resource Management) (人力資源開發管理工程技術人員(企業人力資源管理人員)) in October 2003 by the Occupational Skill Testing Authority (職業技能鑒定(指導)中心) of Shandong Province, the PRC. He has been a director of the Chinese Enterprises Investment Association since 2013 and the deputy president of the Listed Companies Council of the Hong Kong Chinese Enterprises Association since December 2015. Mr. Geng has also been an enterprise mentor of MBA in Jiangnan University since December 2017.

Mr. Lang Weiguo ("Mr. Lang")

Mr. Lang, aged 66, was appointed as an executive Director on 9 April 2012. He joined the Group in 2010 and has been the vice chairman of the board of directors of Shandong Ishine since November 2010. He is primarily responsible for the Group's business development and investment. Mr. Lang is also a director of Fortuneshine Investment Ltd. and Shine Mining Investment Limited, both of which are the subsidiaries of the Group. He received a bachelor degree in Engineering from Agriculture University of Heilongjiang (黑龍江八一農墾大學) in July 1982 and further obtained his master's and doctorate degrees in Engineering from University of Saskatchewan in Canada in May 1989 and May 1993, respectively. From 1999 to 2004, he had been the president and a director of Q-Net Technologies Co., Ltd., a company which was quoted on the Over-The-Counter Bulletin Board Trading System (symbol: QNTI) in the United States of America, responsible for its general management and business development. From 2004 to 2005, he became the chairman of the board of directors of Savoy Resources Co., Ltd., a company quoted on the National Association of Securities Dealers Over-The-Counter Bulletin Board (symbol: SVYR) in the United States of America, responsible for its business development. From 2003 to 2008, he acted as a director of Vendtek Systems Inc., a company listed on Toronto Stock Exchange Venture (symbol: VSI) in Canada, responsible for its business development. From 2007 to 2011, Mr. Lang had also been a director of Zhongrun (Tianjin) Mining Development Co., Ltd (中潤(天津)礦業開發有限公司), a PRC company principally engaged in the development and exploration of metal mines and resources, and relevant consultancy services, responsible for its business development. Since June 2015, Mr. Lang has become the Director, CEO & President of Ultra Lithium Inc., a public company listed on Toronto Stock Exchange Venture (Symbol: TSXV-ULT) in Canada.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Mr. Li XY, aged 69, was appointed as an independent non-executive Director on 9 April 2012. He is a member of each of the Audit Committee and the Nomination Committee. Mr. Li XY graduated from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University (中南大學)) in July 1978, majoring in Metallurgical Analytical Chemistry (冶金分析化學). He also obtained a master's degree of Regional Economics Management (區域經濟管理) granted by Beijing Normal University (北京師範大學) in December 2002. From 1980 to 2000, he worked in Kunming Institute of Metallurgy (昆明冶金研究院) and was appointed as an engineer, and a senior engineer in 1986 and 1996, respectively, focusing on the research and technical development of metallurgy.

Mr. Zhang Jingsheng ("Mr. Zhang")

Mr. Zhang, aged 79, was appointed as an independent non-executive Director on 9 April 2012. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He has been an independent director of Shandong Ishine since 2008. He worked as an engineer, manager, deputy dean and dean of Changsha Research Institute of Mining and Metallurgy (長沙礦冶研究院) (currently known as the Changsha Research Institute of Mining and Metallurgy Limited (長沙礦冶研究院有限公司)) from 1981 to 2007, and was primarily responsible for human resources and financials. Mr. Zhang has been awarded various prizes in relation to ore dressing which include (among others):

1. the second prize of science and technology advancement regarding "Research on Reasonable Ore Processing Process for Lean Hematite in Qidashan District (齊大山貧紅鐵礦合理選礦工藝流程研究)" awarded by the Metallurgy Ministry in December 1992;

2. the third prize of science and technology advancement regarding "Research on the Techniques for Ocean Polymetallic Nodules Special Ore Processing (大洋多金屬結核特殊選礦工藝研究)" awarded by the Metallurgy Ministry in December 1996;

3. the first prize of science and technology advancement regarding "Research on Grading of Controlling Iron Ore Swirler, Spinning Clay, and Anti-flotation Process in East Anshan District (東鞍山鐵礦石旋流器控制分級－脱泥－反浮選流程研究)" awarded by the Metallurgy Ministry in 1998;

4. "95" outstanding individual on national scientific and technological achievement and advancement ("九五"國家重點科技攻關計劃先進個人) awarded by the Scientific and Technological Ministry, Ministry of Economic Trade, Finance Ministry, and State Development Planning Commission of the PRC in 2001;

5. the first prize for science and technology advancement progress regarding "Research on Equipment and Technology for Ore Processing Process for Panzhihua Micro-fine Ilmenite (攀枝花微細粒級鈦鐵礦選礦工程技術及選鈦裝備研究)" awarded by the People's Government of Sichuan in 2002; and

6. the special award of Metallurgy technology awarded by the Metallurgy Ministry in October 2003 regarding "Research on Technical Use of New Techniques, New Medicine and New Equipment for Ore Processing of Lean Hematite (Magnetic) in Anshan District (鞍山貧赤(磁)鐵礦選礦新工藝、新藥劑、新設備研究及工藝應用)".

Mr. Leung Nga Tat ("Mr. Leung")

Mr. Leung, aged 43, was appointed as an independent non-executive Director on 18 June 2019. He is the chairman of each of the Audit Committee and the Remuneration Committee. Mr. Leung graduated from The Hong Kong Polytechnic University, majoring in Accountancy. He is also a member of Hong Kong Institute of Certified Public Accountants starting from January 2010. He had been employed under an international auditing firm, KPMG for more than 8 years. He worked in Landsea Green Management Limited (formerly known as Landsea Green Properties Co., Ltd., which is a company listed on the main board of the Stock Exchange; stock code: 106) as the deputy financial controller, mainly responsible for financing, financial reporting, legal and compliance during February 2014 and July 2018. Mr. Leung has been an independent non-executive director of Xinhua News Media Holdings Limited (a company listed on the main board of the Stock Exchange; stock code: 309) since 1 November 2021. He started his own serviced apartment business in June 2018. With over 19 years of working experiences in the industry, Mr. Leung is equipped with comprehensive knowledge of accounting, financing, compliance and merger and acquisition.

Ms. Cheng Shuk Teh Esther ("Ms. Cheng")

Ms. Cheng, aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee on 6 June 2024. She obtained her LLB(Hons) from the University of London and her Postgraduate Certificate in Laws from the City University of Hong Kong. Ms. Cheng is a solicitor of The High Court of Hong Kong, specializing in civil and criminal litigation, real estate law, commercial law and company law matters. Ms. Cheng is also qualified as a solicitor of England and Wales. Ms. Cheng is also a member of The Chartered Institute of Arbitrators, a member of The Hong Kong Institute of Surveyors (Land Surveying Division) and a Chartered Surveyor of The Royal Institution of Chartered Surveyors. Ms. Cheng currently serves as a partner at Cheng & Ng. Ms. Cheng previously worked as a land surveyor in the private sector in the United Kingdom, and also worked in listed companies and in the private sector in Hong Kong.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Ms. Chan Wing Ki Michele ("Ms. Chan"), aged 43, was appointed as the Financial Controller of the Company on 9 April 2012 and was redesignated as the Chief Financial Officer of the Company on 25 August 2016. Ms. Chan graduated from Macquarie University, Sydney, Australia with Bachelor of Commerce (Accounting). She also obtained a Postgraduate Diploma, majoring in Commerce, granted by the University of Sydney, Sydney, Australia in October 2006. Ms. Chan was admitted as a Certified Practising Accountant of the Certified Practising Accountants, Australia in December 2009. Ms. Chan began her career in Dell Australia Ltd as an accountant and was primarily responsible for preparing daily and monthly reports of assets, liabilities and inventories from 2006 to 2007. From 2007 to 2008, she was appointed as an assistant accountant in BEA System Pty Ltd, and was responsible for accounts receivable and payable function as well as supporting the senior accountant and finance function. From 2008 to 2010, she was appointed as a fund accountant in ING Real Estate Fund Investment Management Australia (INGREFIMA), and was primarily responsible for controlling and adjusting daily reports, and preparing cash, asset and liability forecasts. In 2010, she was appointed as a staff accountant of the Carlyle Management Hong Kong Limited and was responsible for assisting the establishment of a branch office in Australia and handling accounting duties for the branch offices located in Australia, Singapore and Korea.

COMPANY SECRETARY

Ms. Chan Yuen Ying, Stella, aged 53, was appointed as the Company Secretary on 9 April 2012. Ms. Stella Chan is a fellow member of The Chartered Governance Institute (formerly known as The institute of Chartered Secretaries and Administrator) and a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). She is also a member of the Hong Kong Institute of Directors. Ms. Stella Chan has over 25 years' experience in handling listed company secretarial matters.

Independent Auditor's Report

國富浩華 (香港) 會計師事務所有限公司
Crowe (HK) CPA Limited
香港銅鑼灣禮頓道77號禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

To the Shareholders of Add New Energy Investment Holdings Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Add New Energy Investment Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 150, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter	How the matter was addressed in our audit
(a) Impairment assessment of property, plant and equipment, right-of-use assets and mining right (Refer to notes 2.8, 4(a), 5(b), 6, 7 and 8 to the consolidated financial statements) As at 31 December 2024, the carrying amount of property, plant and equipment of approximately RMB315.4 million, right-of-use assets of approximately RMB64.4 million and mining right of approximately RMB157.2 million allocated to the identified cash generating unit of mining and ore processing segment (the "CGU") totalled approximately RMB537.0 million which accounted for 52.9% of the Group's total assets. These non-current assets allocated to the CGU as at 31 December 2024 are assessed for impairment and the recoverable amount of the CGU is the higher of value in use and fair value less costs of disposal, based on the discounted cash flows expected to be derived from the Group's CGU and taking into account the appropriate discount rate. For determining the recoverable amount of the CGU at 31 December 2024, the Group engaged a firm of independent professional valuers which have qualifications and experiences in valuing similar assets. Based on the assessment, the recoverable amount of the CGU exceeds its carrying amount at 31 December 2024.	Our procedures in relation to the impairment assessment of the Group's property, plant and equipment, right-of-use assets and mining rights included: • Obtaining an understanding of the key internal controls of management over impairment assessment of the Group's property, plant and equipment, right-of-use asset and mining right; • Evaluating the independent external valuer's competence, capabilities and objectivity; • Obtaining and reviewing the underlying documents (including but not limited to the agreements entered into with the relevant competent authorities and the mining permits issued by them and the environmental assessment reports submitted to these authorities for approval of safety production permits) regarding the mining right of the Group; • Considering the Group's intention to carry out significant ongoing exploration and evaluation activities in the areas of interest which included reviewing the future business plans and cash flow forecasts as approved by the senior management of the Group, and the reserve and resources of the Group's mine based on the relevant technical expert report; • Evaluating the appropriateness of the valuation methodology, technical information provided by external valuer and the key assumptions (including but not limited to, growth rate and discount rate) used in the valuation model against external benchmarks, our knowledge on the Group and its industry; • Comparing the input data in the cash flow forecast to the source documents;

The Key Audit Matter	How the matter was addressed in our audit
(a) Impairment assessment of property, plant and equipment, right-of-use asset and mining right (continued) Accordingly, no impairment was recognised and charged to the consolidated profit or loss for the year ended 31 December 2024. Management of the Group exercised significant judgement in respect of the key assumptions applied in the VIU calculations, such as iron and ilmenite concentrates' future selling prices, recoverable reserves and resources, exploration potential, production cost estimates, future operating costs, growth rate and discount rate. We identified the impairment assessment of property, plant and equipment, right-of-use assets and mining rights as key audit matter due to significant management judgement involved in the impairment assessment.	• Assessing and challenging the reasonableness of the key assumptions used in the valuation model with reference to the historical accuracy of such forecasts and the current operational results; • Evaluating the sensitivity analysis for the key assumptions in the valuation model for risk assessment; and • Considering the adequacy of disclosures in respect of the impairment assessment of property, plant and equipment, right-of-use assets and mining rights made in the consolidated financial statements. We also assessed the adequacy of the disclosures in relation to impairment assessment in Notes 6, 7 and 8 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
(b) Revenue recognition (Refer to notes 2.22, 3.1(d), 5(d) and 24 to the consolidated financial statements) Revenue from the Group's trading, processing and production business amounted to approximately RMB282.1 million for the year ended 31 December 2024. The Group's top five customers accounted for 79.9% of the total revenue for the year ended 31 December 2024. The Group recognises revenue from contracts with customers when control of goods or services, as promised in the sales or service contracts, are transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. We identified revenue recognition as our audit focus because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation in the timing of recognition of revenue by management to meet specific targets or expectations.	We performed and reviewed the revenue recognised during the year as outlined below: • Evaluated and tested the design of key internal controls of management over the revenue recognition; • Reviewed the appropriateness of the revenue recognition policy applied by the Group. More specifically we reviewed how the terms of the sales or service arrangements were considered within the revenue recognition process, including the discretion in determining the pricing and the responsibility for the risk of price fluctuation, the responsibility for the quality of goods, inventory risk and the timing of transfer of the goods or services and delivery specifications, etc.; • Checked to the underlying documents on the sales cycle, particularly the delivery documents evidencing the transfer of control of the goods delivered to and processing services performed and accepted by the customers, for supporting the occurrence, accuracy and completeness of the revenue recognised during the year, on a sample basis; • Reviewed the sales transactions, on a sample basis, occurred immediately before and after the year end to ensure the relevant sales transactions were recorded in the proper accounting periods; • Obtained written confirmation replies directly from the customers for the occurrence, accuracy and completeness of sales transactions for the year, on a sample basis; and • Reviewed the journal entries during the year to confirm no irregular sales transaction was recorded. We also assessed the adequacy of the disclosures in relation to revenue in Notes 3.1(d), 5(d) and 24 to the consolidated financial statements.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2025

Leung Chun Wa
Practising Certificate Number P04963

Consolidated Statement of Financial Position

As at 31 December 2024 (Amounts expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Note	As at 31 December 2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**315,584**	318,349
Right-of-use assets	*7*	**65,168**	67,852
Intangible assets	*8*	**157,194**	222,167
Financial assets at fair value through other comprehensive income	*9*	**3,416**	11,177
Other non-current assets	*11*	**51,330**	13,970
		592,692	633,515
Current assets			
Inventories	*12*	**3,771**	9,702
Trade and bill receivables	*13*	**22,671**	30,314
Contract assets	*14(a)*	**10,405**	–
Prepayments and other receivables	*15*	**306,441**	48,133
Pledged bank deposits	*16*	**–**	1,500
Cash and cash equivalents	*16*	**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	*17*	**11,802**	11,802
Share premium	*17*	**774,217**	774,217
Other reserves	*18*	**(51,430)**	(49,148)
Accumulated losses		**(188,746)**	(244,990)
Total equity		**545,843**	491,881

Consolidated Statement of Financial Position

As at 31 December 2024 (Amounts expressed in thousands of Renminbi ("RMB") unless otherwise stated)

		As at 31 December	
	Note	**2024**	2023
LIABILITIES			
Non-current liabilities			
Provisions for close down, restoration and environmental costs	*22*	–	12,918
Amount payable for mining rights – non-current portion	*8(c)*	**73,728**	101,693
Lease liabilities – non-current portion	*7*	–	1,391
Deferred income – non-current portion		–	77
Deferred income tax liabilities	*10*	–	–
		73,728	116,079
Current liabilities			
Borrowings	*21*	–	30,000
Trade payables	*19*	**20,895**	48,885
Accruals and other payables	*20*	**59,417**	51,419
Amounts due to the controlling shareholder and the ultimate holding company	*35(b)*	**267,127**	88,000
Contract liabilities	*14(b)*	**6,158**	4,054
Amount payable for mining rights – current portion	*8(c)*	**34,340**	19,229
Lease liabilities – current portion	*7*	**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 consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 70 to 150 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf.

Li Yunde
Executive Director

Geng Guohua
Executive Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	**2024**	2023
Revenue	*24*	**282,090**	1,263,727
Cost of sales	*25*	**(266,343)**	(1,122,263)
Gross profit		**15,747**	141,464
Other income	*28*	**151**	145
Other net gain	*28*	**123,352**	–
Distribution expenses	*25*	**(1,984)**	(3,162)
Administrative expenses	*25*	**(60,001)**	(75,141)
Reversal of impairment loss on financial assets	*26*	**733**	122
Write-down of inventories, net	*12*	**(3,178)**	(350)
Operating profit		**74,820**	63,078
Interest income	*29*	**918**	1,876
Interest expenses	*29*	**(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	*31*	**(4,942)**	(9,160)
Profit for the year attributable to owners of the Company		**61,723**	50,525

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	**2024**	2023
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Change in the fair value of financial assets at fair value through other comprehensive income	*9(b)*	**(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 per share)			
Earnings per share – basic	*32*	**17.65**	16.36
Earnings per share –diluted	*32*	**N/A**	N/A

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

Consolidated Statement of Changes in Equity

(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Share capital (Note 17)	Share premium (Note 17)	Other reserves (Note 18)	Accumulated losses	Total equity
		Attributable to Owners of the Company				
Balance at 1 January 2023		8,571	687,845	(46,917)	(295,515)	353,984
Comprehensive income						
Profit for the year		–	–	–	50,525	50,525
Other comprehensive loss		–	–	(2,219)	–	(2,219)
Total comprehensive income for the year		–	–	(2,219)	50,525	48,306
Rights issue	*17*	3,231	86,372	–	–	89,603
Repurchase of shares for share award scheme	*18(f)*	–	–	(12)	–	(12)
At 31 December 2023		11,802	774,217	(49,148)	(244,990)	491,881
Balance at 1 January 2024		**11,802**	**774,217**	**(49,148)**	**(244,990)**	**491,881**
Comprehensive income						
Profit for the year		**–**	**–**	**–**	**61,723**	**61,723**
Other comprehensive loss		**–**	**–**	**(7,761)**	**–**	**(7,761)**
Total comprehensive income for the year		**–**	**–**	**(7,761)**	**61,723**	**53,962**
Transfer of statutory reserves		**–**	**–**	**5,479**	**(5,479)**	**–**
At 31 December 2024		**11,802**	**774,217**	**(51,430)**	**(188,746)**	**545,843**

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

Consolidated Statement of Cash Flows

(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December 2024	2023
Cash flows from operating activities			
Cash (used in)/generated from operations	*33(a)*	**(56,362)**	54,151
Income tax paid		**(16,575)**	(2,692)
Interest received	*29*	**918**	1,876
Net cash generated from operating activities		**(72,019)**	53,335
Cash flows from investing activities			
Payments for purchases of property, plant and equipment		**(151,051)**	(28,988)
Purchase of right-of-use asset		**–**	(57,136)
Payments for non-current assets		**(34,530)**	(4,866)
Proceeds from disposal of property, plant and equipment		**122**	52
Proceeds from disposal of an exploration right	*28(b)(ii)*	**7,547**	–
Proceeds from the disposal of a mining right and the related assets	*15(a)*	**55,000**	–
Release of restricted bank deposits	*16*	**1,500**	–
Placement of pledged bank deposits	*16*	–	(1,500)
Payments for mining rights	*8(a) and (b)*	**(20,000)**	(20,000)
Net cash used in investing activities		**(141,412)**	(112,438)
Cash flows from financing activities			
Proceeds from borrowings	*33(b)*	–	30,000
Repayments of borrowings	*33(b)*	**(30,000)**	(67,834)
Payments for lease liabilities	*7,33(b)*	**(1,115)**	(1,101)
Interests paid	*33(b)*	**(739)**	(2,588)
Advances from the controlling shareholder and the ultimate holding company	*33(b)*	**179,127**	115,881
Repayments to the controlling shareholder and the ultimate holding company	*33(b)*	–	(83,281)
Net proceeds from issue of new shares under rights issue	*17(b)*	–	89,603
Repurchase of shares for share award scheme	*18(f)*	–	(12)
Net cash generated from financing activities		**147,273**	80,668
Net (decrease)/increase in cash and cash equivalents		**(66,158)**	21,565
Cash and cash equivalents at beginning of year		**146,133**	124,665
Effect of changes on exchange rates		**26**	(97)
Cash and cash equivalents at end of year	*16*	**80,001**	146,133

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

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 of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively the "Group") were principally engaged in iron ore processing, and selling 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, 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 of Directors (the "Board") on 28 March 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements, also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Material accounting policy information adopted by the Group are disclosed below.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income ("FVOCI") which are measured at fair value.

(c) *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 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 ("HKAS 32").

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.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associate is the entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in an associate are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(c) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in the joint venture are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's post-acquisition share of the profits or losses and other comprehensive income of the investee. Dividends received or receivable from the associate and the joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Executive Management of the Company ("SEM") that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of a group entity using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented separately in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment, comprising buildings and structures, mining infrastructures, vehicles, equipment and others, are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Stripping costs incurred in the production phase of a surface mine are capitalised and presented as mining infrastructures when, and only when all of the following criteria are met:

(i) it is probable that the future economic benefits (improved access to the ore body) associated with the stripping activity will flow to the Group;

(ii) the Group can identify the component of the ore body for which access has been improved; and

(iii) the costs relating to the stripping activity associated with that component can be measured reliably.

Depreciation on assets other than mining infrastructures is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and structures	10-15 years
Vehicles, equipment and others	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on mining infrastructures (including main and auxiliary mine shafts and underground tunnels) is calculated using the unit of production method based on ore reserves as the depletion base.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Group's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2.7 Intangible assets

(a) Mining rights

Mining rights are stated at cost less amortisation. Mining rights include expenditure that is directly attributable to the acquisition of mining licenses and transfers from exploration rights and exploration and evaluation assets upon determination that an exploration property is capable of commercial production. Amortisation on mining rights is calculated using the units of production method based on ore reserves as the depletion base.

(b) Exploration rights

Exploration rights are stated at historical cost. Exploration rights include expenditure that is directly attributable to the acquisition of exploration rights and tenements, entry premiums paid to gain access to areas of interest (defined as each exploration license or tenement) and amounts payable to third parties to acquire interests in existing projects.

Exploration rights are transferred to mining rights from the commencement of mining activities and are amortised using the units of production method based on ore reserves as the depletion base.

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– other intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit ("CGU")). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable), value in use (if determinable) and zero.

Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.9 Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the measurement category which is measured at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

(ii) Equity instruments

The Group subsequently measures its equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group recognises a loss allowance for ECLs on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables); which are held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI") and

– contract assets

Other financial assets measured at fair value, including equity securities designated at FVOCI, are not subject to the ECL assessment.

Measurement of ECLs

ECL is a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows of the Group expects to receive).

The expected cash shortfalls are discounted using the applicable discount rates where the effect of discounting is material for the fixed-rate financial assets, trade and other receivables and contract assets.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12 month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected life of a financial instrument.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets and contract assets are estimated using a provision matrix based on the historical credit loss experience of the Group, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of defaulting occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external and internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor;

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;

– an actual or expected internal credit rating downgrade for the borrower;

– an actual or expected significant change in the operating results of the borrower;

– significant increases in credit risk on other financial instruments of the same borrower;

– significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring; and

– significant changes in the expected performance and behaviour of the borrower.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Definition of default

For internal credit risk management, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward -looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The historical loss rates are adjusted to reflect current and forward-looking information. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for those financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technology, market, economic or legal environment that have an adverse effect on the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; and
- the disappearance of an active market for that financial asset because of financial difficulties of the debtor.

Write-off policy

The gross carrying amount of a financial asset is written (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the management of the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costing method. The cost of finished goods comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2.22) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2.10(d) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.13).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2.22). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.13).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2.13 Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2.12).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for ECLs. See Note 2.10 for further information about the Group's accounting policies for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2.10(d).

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 16. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

2.15 Share capital

Ordinary shares are classified as equity (Note 17).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within one year of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future and taxable profits will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

2.20 Employee benefits

(a) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

(b) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees become entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to the applicable employees when they retire. The Group contributes on a monthly basis to these pension plans based on certain percentages of the employees' salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. The non-PRC employees are covered by other defined-contribution pension plans. Contributions to these plans are expensed as incurred.

(c) Housing benefits

The PRC employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the employees' salaries. The Group's liability in respect of these funds is limited to the contributions payable in each period. The non-PRC employees are not covered by the housing benefits.

2.21 Provisions for close down, restoration and environmental costs

One of the consequences of mining activities is the damage to lands at the mining sites. The Group may compensate the inhabitants for loss or damage of lands and make payments for expenditures on close down, restoration, rehabilitation or environmental protection of the lands at mining sites since mining activities commence.

Close down and restoration costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas for mines. Close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of the estimated future costs of restoration to be incurred during the life of the operation and post closure. The obligation may occur during development or during the production phase of a facility. The costs are capitalised if it is probable that future economic benefits will flow to the Group, no matter whether rehabilitation activities are expected to occur over the life of the operation or at the time of close down. The capitalised costs are depreciated over the life of the operation and increase in the net present value of the provision is recognised as interest expense.

If there is a change in the expected close down, restoration and environmental costs, an adjustment is recorded against the carrying amount of provisions and related assets, with a corresponding adjustment to the income statement on a prospective basis over the remaining life of the operation. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. Estimates of costs are reviewed and revised at the end of each reporting period to reflect changes in conditions.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. When the Group acts as a principal, the Group recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract, control of the goods or services may be transferred over time or a point in time. Control of the goods or services is transferred over time if the Group's performance:

(i) provides the benefits received and consumed simultaneously by the customer;

(ii) creates or enhances an asset that the customer controls as the Group performs; or

(iii) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, which is measured based on direct measurements of the value of individual goods or services transferred by the Group to the customer. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Sales of goods

Revenue arising from sales of iron concentrates and other goods is recognised when control of the goods has transferred, being the point in time when the goods are delivered to and accepted by the customer and there is no unfulfilled obligation that may have an impact on the customer's acceptance of the goods.

Processing service income

Processing service income is recognised when the customers obtain the control of services and the Group has present right to payment and the collection of the consideration is probable.

2.23 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. The Group will reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are subsequently changed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

Leases of property, plant and equipment are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs, discounted to their present value, a provision is recognised and measured under HKAS 37.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of properties and motor vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group does not have any leases of low-value assets.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised as other income in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

2.27 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

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- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

All the research and development expenditure of the Group were charged to the consolidated profit or loss for the year.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's financial instruments are categorised as follows:

	As at 31 December	
	2024	2023
Financial assets		
Trade and bill receivables	**22,671**	30,314
Other receivables (excluding trade deposits to suppliers, prepaid taxes and deductible input value-added tax)	**278,052**	18,539
Pledged bank deposits	**–**	1,500
Cash and cash equivalents	**80,001**	146,133
Financial assets at amortised cost	**380,724**	196,486
Financial assets at fair value through other comprehensive income	**3,416**	11,177
Financial liabilities		
Borrowings	**–**	30,000
Trade payables	**20,895**	48,885
Accruals and other payables (excluding value-added tax payable)	**35,279**	51,419
Amounts due to the controlling shareholder and the ultimate holding company	**267,127**	88,000
Amount payable for mining rights	**108,068**	120,922
Lease liabilities	**870**	1,866
Financial liabilities at amortised cost	**432,239**	341,092

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The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, equity price risk and fair value interest rate risk), credit risk, liquidity risk and concentration risk.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily with respect to HKD and USD.

The Group's exposure to foreign currency risk is as follows:

	Denominated in	
	HKD	***USD***
As at 31 December 2024		
Other receivables	**1,372**	**–**
Cash and cash equivalents	**1,573**	**14**
Accruals and other payables	**(2,492)**	**–**
Amount due to the ultimate holding company	**(3,227)**	**–**
Lease liabilities	**(870)**	**–**
Net exposure to foreign currency risk	**(3,644)**	**14**
As at 31 December 2023		
Other receivables	2,750	–
Cash and cash equivalent	14,654	1,015
Accruals and other payables	(2,428)	–
Lease liabilities	(1,866)	–
Net exposure to foreign currency risk	13,110	1,015

As at 31 December 2024, if RMB had weakened/strengthened by 5% (2023: 5%) against HKD with all other variables held constant, profit before income tax for the year would have been approximately RMB182,000 (2023: RMB655,000) lower/higher (2023: higher/lower) mainly as a result of foreign exchange losses/gains (2023: gains/losses) on translation of amounts due to the ultimate holding company (2023: cash and cash equivalents) denominated in HKD.

As at 31 December 2024, if RMB had weakened/strengthened by 5% (2023: 5%) against USD with all other variables held constant, profit before income tax for the year would have been RMB1,000 (2023: RMB51,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of cash and cash equivalents denominated in USD.

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(ii) *Equity price risk*

Equity price risk arises from listed equity securities held by the Group resulted from changes in market price. The Group's exposure to the risk of changes of equity price relates primarily with respect to its financial assets at fair value through other comprehensive income which are listed securities in the Australian Securities Exchange.

As at 31 December 2024, if the price of the listed equity securities has been 10% (2023: 10%) higher/lower, other comprehensive income for the year ended 31 December 2024 would have increased/decreased by approximately RMB342,000 (2023: RMB1,118,000).

(iii) *Fair value interest rate risk*

Fair value interest rate risk arises from contractual cash flows of debt instruments carried at amortised cost, and deposits with banks and financial institutions, as well as outstanding receivables and contract assets due from customers.

Other than those mentioned above, the Group's income and operating cash flows are substantially independent of changes in the market interest rates.

(b) *Credit risk*

Credit risk arises from contractual cash flows of debt instruments carried at amortised cost, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and contract assets.

The table below show the credit quality and the maximum exposure to credit risk based on year-end staging classification:

	As at 31 December 2024				
	12-month ECL	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
Contract assets	–	–	–	10,405	10,405
Trade receivables	–	–	–	22,671	22,671
Other receivables	278,052	–	–	–	278,052
Cash and cash equivalents	80,001	–	–	–	80,001
	358,053	–	–	33,076	391,129

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	As at 31 December 2023				
	12-month ECL	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
Trade receivables	–	–	–	28,914	28,914
Bill receivables	1,400	–	–	–	1,400
Other receivables	18,539	–	–	–	18,539
Pledged bank deposits	1,500	–	–	–	1,500
Cash and cash equivalents	146,133	–	–	–	146,133
	167,572	–	–	28,914	196,486

Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Bank deposits of the Group are mainly placed in state-owned banks in the PRC and overseas banks that have investment grade ratings. Management believes that these financial institutions are of high credit quality and there is no significant credit risk on bank deposits.

Sales to the Group's top five largest customers accounted for 80% (2023: 78%) of total revenue for the year ended 31 December 2024. Risk control assesses the credit quality of all the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The Group's historical experience in collection of trade receivables and contract assets falls within the recorded allowance and directors are of the opinion that adequate provision for uncollectible receivables has been made in the consolidated financial statements.

While bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

As for trade receivables and contract assets, the Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 and 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP growth rate and the unemployment rate of the mainland China in which it sells its goods and/or perform processing services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On the above basis, the identified impairment loss for contract assets has been assessed to be immaterial, while the loss allowance for trade receivables as at 31 December 2024 and 2023 was determined as follows:

	At 31 December 2024					
	Current	**Within 1 year past due**	**More than 1 year past due**	**More than 2 years past due**	**More than 3 years past due**	**Total**
Expected loss rate	**1.1%**	**12%**	**100%**	**100%**	**100%**	
Gross carrying amount – trade receivables	**22,923**	–	–	–	**3,051**	**25,974**
Loss allowance	**252**	–	–	–	**3,051**	**3,303**

	At 31 December 2023					
	Current	Within 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
Expected loss rate	1.1%	12%	100%	100%	100%	
Gross carrying amount – trade receivables	29,235	–	411	–	3,304	32,950
Loss allowance	321	–	411	–	3,304	4,036

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period for which the recovery is considered to be remote.

Impairment loss on trade receivables and contract assets are presented as net impairment loss within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Bill and other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

On the above basis, the identified impairment loss for bill and other receivables has been assessed to be immaterial.

Net reversal of impairment loss on financial assets recognised in consolidated profit or loss

During the year, the following reversal of impairment loss were recognised in profit or loss in relation to impaired financial assets:

	2024	2023
Reversal of impairment loss		
– trade receivables	**733**	122
Net reversal of impairment loss on financial assets	**733**	122

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(c) Liquidity risk

The Group's liquidity risk is managed to ensure it has sufficient cash to meet operational needs, generated from financing activities and expected future operating activities.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Within 1 year or on demand	**Over 1 year but within 2 years**	**Over 2 years but within 5 years**	**Over 5 years**	**Total**
As at 31 December 2024					
Trade payables	**20,895**	**–**	**–**	**–**	**20,895**
Other payables	**20,757**	**–**	**–**	**–**	**20,757**
Amounts due to the controlling shareholder and the ultimate holding company	**267,127**	**–**	**–**	**–**	**267,127**
Amounts payable for mining rights	**35,000**	**15,000**	**45,000**	**30,000**	**125,000**
	343,779	**15,000**	**45,000**	**30,000**	**433,779**

	Within 1 year or on demand	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total
As at 31 December 2023					
Borrowings	30,805	–	–	–	30,805
Trade payables	48,885	–	–	–	48,885
Other payables	30,685	–	–	–	30,685
Amount due to the controlling shareholder	88,000	–	–	–	88,000
Amounts payable for mining rights	20,000	20,000	60,000	45,000	145,000
	218,375	20,000	60,000	45,000	343,375

(d) Concentration risk

During the year end 31 December 2024, 80% (2023: 78%) of the Group's revenue was derived from sales to the top five customers. If these major customers terminate their business relationships with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations. Therefore management keeps closely monitoring transactions with these major customers.

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3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by the aggregate amount of total equity and total borrowings.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	As at 31 December	
	2024	2023
Total borrowings (including amounts due to the controlling shareholder and the ultimate holding company)	**267,127**	118,000
Total equity and borrowings	**812,970**	609,881
Gearing Ratio	**32.9%**	19.3%

3.3 Fair value estimation

The following categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at FVOCI represent 1.23% (2023: 1.42%) of the ordinary shares of Frontier Energy Limited ("Frontier Energy") (note 8(a)), which is measured at fair value as level 1 investment.

The carrying amounts of the Group's financial assets including cash and cash equivalents, term deposits, pledged bank deposits, trade receivables, bill receivables, other receivables and financial liabilities including trade payables, other payables and short-term borrowings approximate their fair values due to their short maturities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Impairment of property, plant and equipment, right-of-use assets and mining right

Property, plant and equipment, right-of-use assets and mining right are stated at cost or cost less depreciation or amortisation. The carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Difficulties arise for the Group to make an estimate of the recoverable amount as in estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's financial position and results of operations.

(b) Impairment of inventories

Inventories are reviewed for impairment whenever events or changes in circumstances cause their carrying amounts to exceed their recoverable amounts. The determination of recoverable amount of the inventories requires the use of estimates. The Group's management determined the recoverable amount of inventories by reference to sales contracts entered into by the Group and the open market prices.

(c) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.

(d) Mine reserves

Mine reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required that involve a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of mine reserves requires the size, shape and depth of ore bodies or fields, determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret data.

Estimates of mine reserves may change from period to period, because the economic assumptions used to estimate mine reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

(i) carrying amounts of assets may be affected due to changes in the estimated future cash flows;

(ii) depreciation, depletion and amortisation charges may change where such charges are based on the units of production, or where the useful economic lives of assets change;

(iii) decommissioning, site restoration and environmental provisions may change where changes in the estimated reserves affect expectations about the timing or cost of these activities; and

(iv) carrying amounts of deferred tax assets may be affected due to changes in estimates of the likely recovery of the tax benefits.

(e) Provisions for close down, restoration and environmental costs

Mining activities may result in land subsidence, causing losses to the residents of the mining areas. Pursuant to the relevant PRC regulations, the Group is required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas to certain acceptance conditions.

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or result of operations of the Group. The PRC government, however, has moved and may move further towards the adoption or more stringent environment standards. Environmental liabilities are subject to considerable uncertainty which affect the Group's ability to estimate the ultimate cost to remediation efforts. These uncertainties include:

(i) exact nature and extent of the contamination at various sites including, but not limited to, iron ore and ilmenite ore mines and land development areas, no matter whether operating, closed or sold;

(ii) extent of required clean-up efforts;

(iii) varying costs of alternative remediation strategies;

(iv) changes in environmental remediation requirements;

(v) identification of new remediation sites; and

(vi) the provisions for close down, restoration and environmental costs determined by management is based on the best estimate of future cash flows by discounting the expected expenditures to their net present value. As the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associate costs may be subject to revision in the future. The amounts provided as close down, restoration and environmental costs are reviewed at least annually based upon the facts and circumstances available at the time and provisions are updated accordingly.

(f) Income taxes and deferred taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate may result in adjustments to the value of future income tax assets and liabilities that may have a significant effect on the Group's financial position and results of operations.

(g) Acting as a principal in trading commodities

Management determines that the Group acts as a principal in trading commodities, taking into account of the commercial substances of the transactions, for which the Group has the primary responsibility for fulfilling the promise of transferring the commodities, has control of and bear all the inventory risks of the trading commodities before transferring them to the customers, its discretion with respect to accepting or rejecting orders from the customers and sourcing the inventory item ordered by the end-customer from more than one supplier, discretion in setting selling prices of the trading commodities sold to its end-customers and its own discretion in negotiating prices of trading commodities purchased from its suppliers.

5. SEGMENT INFORMATION

(a) General information

The CODM has been identified as the 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 Company Limited ("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 reportable segment.

(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 material accounting policy information.

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 companies (the Company, Alliance Worldwide Investment Limited ("Alliance Worldwide"), Fortune Shine Investment Limited ("Fortune Shine"), Shine Mining Investment Limited ("Shine Mining"), Ishine Mining International Limited ("Ishine Mining"), China Rongsheng Holdings Limited ("Rongsheng"), Alpha Charm Investments Limited ("Alpha Charm"), Grandson Holdings Limited ("Grandson") and Active Fortune Group Limited ("Active Fortune")) in the Group are presented as 'Unallocated' in the segment information.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

The segment information provided to the SEM for the years ended 31 December 2024 and 2023 is as follows:

	Mining and ore processing	Trading of minerals	Unallocated	Inter-segment elimination	Total
Year ended 31 December 2024					
Revenue	**38,066**	**244,024**	–	–	**282,090**
Gross profit	**3,656**	**12,091**	–	–	**15,747**
Other income	**145**	**6**	–	–	**151**
Interest income	**571**	**326**	**21**	–	**918**
Interest expenses	**(8,746)**	–	**(93)**	–	**(8,839)**
Net foreign exchange loss	–	–	**(277)**	–	**(277)**
Reversal of impairment loss – Trade receivables	**711**	**22**	–	–	**733**
Income tax expense	**(2,159)**	**(2,783)**	–	–	**(4,942)**
Net profit/(loss)	**77,620**	**3,071**	**(18,968)**	–	**61,723**
Other information					
Depreciation of property, plant and equipment	**18,283**	**171**	–	–	**18,454**
Depreciation of right-of-use assets	**1,676**	–	**1,008**	–	**2,684**
Additions to property, plant and equipment	**145,341**	–	–	–	**145,341**
Payments for mining rights	**20,000**	–	–	–	**20,000**
Net gain on disposal of mining assets *(Note 28(b))*	**123,352**	–	–	–	**123,352**
As at 31 December 2024					
Segment assets and liabilities					
Total assets	**1,108,583**	**73,017**	**184,731**	**(350,350)**	**1,015,981**
Total liabilities	**(663,614)**	**(15,403)**	**(141,471)**	**350,350**	**(470,138)**
Property, plant and equipment, right-of-use assets and mining rights included in total assets	**536,966**	**186**	**794**	–	**537,946**
Year ended 31 December 2023					
Revenue	264,792	998,935	–	–	1,263,727
Gross profit	103,615	37,849	–	–	141,464
Other income	143	2	–	–	145
Interest income	1,087	752	37	–	1,876
Interest expenses	(3,120)	–	(254)	–	(3,374)
Net foreign exchange loss	–	–	(1,895)	–	(1,895)
Reversal of impairment loss – Trade receivables	83	39	–	–	122
Income tax expense	(789)	(8,371)	–	–	(9,160)
Net profit/(loss)	41,123	25,815	(16,413)	–	50,525
Other information					
Depreciation of property, plant and equipment	(20,799)	(172)	–	–	(20,971)
Depreciation of right-of-use assets	(962)	–	(1,009)	–	(1,971)
Additions to property, plant and equipment	44,350	–	–	–	44,350
Additions to right-of-use assets	57,136	–	–	–	57,136
Additions to mining rights	222,167	–	–	–	222,167
Payments for mining rights	20,000	–	–	–	20,000
As at 31 December 2023					
Segment assets and liabilities					
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

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(c) Geographic information

All the revenue of the Group are derived in the PRC and more than 90% of the specific assets of the Group are located in the PRC. Accordingly, no analysis of geographic information is presented.

(d) Information about major customers

Revenues from customers contributed 10% or more of the total revenue of the Group are as follows:

	2024	2023
	RMB	RMB
Customer A – revenue from trading of minerals	**N/A***	408,995
Customer B – revenue from processing services	**N/A***	214,591
Customer C – revenue from trading of minerals	**48,290**	209,604
Customer D – revenue from trading of minerals	**135,252**	N/A*

* The transactions with these customers did not contribute 10% or more of the total revenue of the Group during the years ended 31 December 2024 or 2023, as the case may be.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Mining infrastructures	Plants, equipment, vehicles and others	Construction in progress	Total
Year ended 31 December 2023					
Opening net book amount	119,615	93,248	60,183	26,333	299,379
Additions	4,129	–	7,282	32,939	44,350
Transfer	5,381	–	6,875	(12,256)	–
Written off or disposals – cost	(4,357)	–	(1,043)	–	(5,400)
Written off or disposals – accumulated depreciation	313	–	678	–	991
Depreciation charge	(10,703)	–	(10,268)	–	(20,971)
Closing net book amount	114,378	93,248	63,707	47,016	318,349
At 31 December 2023					
Cost	211,176	120,955	241,400	47,016	620,547
Accumulated depreciation and impairment	(96,798)	(27,707)	(177,693)	–	(302,198)
Net book amount	114,378	93,248	63,707	47,016	318,349
Year ended 31 December 2024					
Opening net book amount	**114,378**	**93,248**	**63,707**	**47,016**	**318,349**
Additions	**2,145**	**–**	**247**	**142,949**	**145,341**
Transfer	**–**	**–**	**17,542**	**(17,542)**	**–**
Disposed of under the Assets Transfer Agreement (as defined in Note 8(a))	**(19,781)**	**(93,248)**	**(12,131)**	**–**	**(125,160)**
Written off or disposals – cost	**(4,381)**	**–**	**(2,013)**	**(355)**	**(6,749)**
Written off or disposals – accumulated depreciation	**555**	**–**	**1,702**	**–**	**2,257**
Depreciation charge	**(8,690)**	**–**	**(9,764)**	**–**	**(18,454)**
Closing net book amount	**84,226**	**–**	**59,290**	**172,068**	**315,584**
At 31 December 2024					
Cost	**97,205**	**–**	**78,832**	**172,068**	**348,105**
Accumulated depreciation and impairment	**(12,979)**	**–**	**(19,542)**	**–**	**(32,521)**
Net book amount	**84,226**	**–**	**59,290**	**172,068**	**315,584**

Environmental assessment report for the mining operations in Zhuge Shangyu ilmenite ore mine have been approved by the relevant authorities during the year ended 31 December 2024. The relevant safety production permit was still in the progress of approval by the relevant authorities up to the end of the reporting period, which are expected to be granted upon the inspection by the relevant authorities on the mining infrastructure to be completed within 2025. Since mining operation has not yet been commenced and conducted by the Group on the mine, no depreciation was provided on the mining structures for the two years ended 31 December 2023 and 2024. The accounting policy information and method for providing depreciation of the mining structures and other property, plant and equipment are disclosed in Note 2.6 to the consolidated financial statements. Certain of the plant facilities were being applied for provision of ore processing services to independent customers during the years ended 31 December 2024 and 2023.

Based on an outlook of the market price of iron concentrates and ilmenite concentrates during the year ended 31 December 2024, the management of the Group carried out an impairment test on the related assets of Zhuge Shangyu ilmenite ore mine, which were considered as a separate cash generating unit ("CGU").

Impairment testing

As at 31 December 2024, the Group engaged King Kee Appraisal and Advisory Limited (2023: King Kee Appraisal and Advisory Limited), being a firm of independent valuers with experiences and qualifications in valuing similar assets, for determining the recoverable amounts of the CGU, being the higher of the value in use or fair value less costs of disposal.

The recoverable amount of the CGU, to which the property, plant and equipment (Note 6), right-of-use assets (Note 7) and mining rights (Note 8) are allocated, was determined based on the fair value less costs of disposal. The calculation used cash flow projection based on financial budgets approved by management covering the period as stipulated in the mining permit, which reflected cash flow from the sales of iron and ilmenite concentrates from the production of Zhuge Shangyu ilmenite ore mine and the income from provision of processing services to external customers, less estimated costs, discounted at the pre-tax rate of 16.6% (2023: 17.4%), for which the sales of concentrates from the production of the mine would be limited to the estimated reserves available in the mine. The key assumptions used in the calculation as at 31 December 2024 were as follows:

- Business plan – The cash flow projections are based on the business plan for mine development and production;
- Sales price – Sales price is based on current industry trends;
- Processing service income – Unit processing charge is based on historical rate earned by the Group; and
- Discount rate – The discount rate used reflects specific risks relating to the CGU.

As a result of the above assessment, no impairment loss (2023: Nil) was recognised during the year ended 31 December 2024, as the recoverable amount of the CGU, to which the property, plant and equipment, right-of-use assets and mining rights are allocated, exceeded its aggregate carrying amount at 31 December 2024.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

7. LEASES

Movements of the leases during the year are as follows:

	Right-of-use assets	Lease liabilities
As at 1 January 2023	12,687	2,773
Purchase of land use rights	57,136	–
Depreciation of right-of-use assets	(1,971)	–
Amortisation of interest	–	159
Repayments	–	(1,101)
Exchange retranslation differences	–	35
As at 31 December 2023 and 1 January 2024	67,852	1,866
Depreciation of right-of-use assets	**(2,684)**	**–**
Amortisation of interest	**–**	**93**
Repayments	**–**	**(1,115)**
Exchange retranslation differences	**–**	**26**
As at 31 December 2024	**65,168**	**870**

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

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2024	2023
Right-of-use assets		
Land use rights with remaining lease term of 37.9 to 38.5 years (2023: 38.9 to 39.5 years)	**64,374**	66,050
Land and buildings	**794**	1,802
	65,168	67,852
Lease liabilities		
Current portion	**870**	475
Non-current portion	**–**	1,391
	870	1,866

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

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

	Year ended 31 December	
	2024	2023
Depreciation of right-of-use assets		
Land use rights	**1,676**	962
Land and buildings	**1,008**	1,009
	2,684	1,971
Interest expense (included in finance costs – net)	**93**	159

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 *RMB'000* *(note (a))*	**Zhuge Shangyu** *RMB'000* *(note (b))*	**TOTAL** *RMB'000*
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 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 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 in 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. Further details on the gain on disposal of the Subject Assets are disclosed in Note 28(b)(i) below.

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 has 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 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, to the present value 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.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(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. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at fair value through other comprehensive income

As at 31 December 2024, financial assets at fair value through other comprehensive income of RMB3,416,000 (2023: RMB11,177,000) represent 1.23% (2023: 1.42%) of issued ordinary shares of Frontier Energy, which has been classified as level 1 financial instrument since Frontier Energy is a listed company in Australia being actively traded and the quoted price can be easily accessed.

(b) Amounts recognised in other comprehensive income

	As at 31 December	
	2024	2023
Loss recognised in OCI *(Note 18)*	**(7,761)**	(2,219)

(c) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

10. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2024	2023
Deferred tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	–	–

There is no movement in the gross amount of the deferred income tax account.

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) Deferred income tax assets

	Tax losses	Impairment losses	Total
At 1 January 2023	20,000	3,161	23,161
Credited to the consolidated profit or loss	2,717	678	3,395
At 31 December 2023 and 1 January 2024	22,717	3,839	26,556
(Charged)/credited to the consolidated profit or loss	(20,581)	1,891	(18,690)
At 31 December 2024	**2,136**	**5,730**	**7,866**

(b) Deferred income tax liabilities

	Depreciation of non-current assets	Other temporary differences	Total
At 1 January 2023	(17,735)	(5,426)	(23,161)
Credited/(charged) to the consolidated profit or loss	333	(3,728)	(3,395)
At 31 December 2023 and 1 January 2024	(17,402)	(9,154)	(26,556)
Credited to the consolidated profit or loss	17,402	1,288	18,690
At 31 December 2024	**–**	**(7,866)**	**(7,866)**

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(i) As at 31 December 2024, the Group has not recognised deferred income tax assets of approximately RMB4,965,000 (2023: RMB22,419,000) in respect of accumulated losses arising from Shandong Shengtai (2023: Shandong Ishine and Shandong Shengtai) amounting to RMB19,861,000 (2023: RMB89,675,000), that can be carried forward against future taxable income.

(ii) The expiry dates of the tax losses of the Group for which no deferred income tax asset was recognised are summarised as follows:

	As at 31 December	
	2024	2023
Year of expiry		
2027	**–**	9,964
2028	**–**	14,160
2029	**–**	46,855
2030	**–**	7,526
2031	**–**	–
2032	**–**	381
2033	**3,831**	10,789
2034	**16,030**	–
	19,861	89,675

11. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2024	2023
Deposits paid for capital expenditure *(Note (a))*	**17,340**	2,982
Land construction deposits *(Note (b))*	**22,650**	–
Land restoration deposits	**7,224**	7,224
Taxes paid for land and building	**4,116**	3,764
	42,330	13,970

Notes:

(a) Included in deposits paid for capital expenditure as at 31 December 2024 was an amount of RMB9,000,000 (2023: Nil) being upfront payment for the acquisition of a land use right. Other balances represented deposits paid for acquisition of property, plant and equipment.

(b) Land construction deposits represented guarantee monies paid to the PRC relevant authorities to secure the development of the land obtained from them. The deposits will be refunded to the Group upon the completion of the constructions on the land.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

12. INVENTORIES

	As at 31 December	
	2024	2023
Commodities held for trading		
– Blended coal	**2,147**	4,192
Spare parts and others	**3,136**	6,888
Provision for inventory write-down	**(1,512)**	(1,378)
	3,771	9,702

For the year ended 31 December 2024, the costs of inventories recognised as 'cost of sales' amounted to RMB266,343,000 (2023: RMB1,122,263,000).

The movement of provision for inventory write-down for the years ended 31 December 2024 and 2023 is as follows:

	Provision for inventory write-down
As at 1 January 2023	1,028
Write-down of inventories, net	350
As at 31 December 2023 and 1 January 2024	1,378
Write-down of inventories, net	**3,178**
Written off against cost of inventories	**(3,044)**
As at 31 December 2024	**1,512**

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

13. TRADE AND BILL RECEIVABLES

	As at 31 December	
	2024	2023
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

All trade receivables were derived from contracts with customers. At 1 January 2023, trade receivables from contracts with customers, after deduction of expected credit losses of RMB4,158,000, amounted to RMB19,632,000.

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
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

The Group's trade and bill receivables are denominated in RMB.

Movement on the Group's allowance for impairment of trade receivables is as follows:

	Year ended 31 December	
	2024	2023
At 1 January	**4,036**	4,158
Reversal of impairment loss on trade receivables *(Notes 3.1(b) and 26)*	**(733)**	(122)
At 31 December	**3,303**	4,036

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2024	2023
Rights to consideration recoverable from customers for obligations under contracts for processing services	**10,405**	–

At 1 January 2023, contract assets, after deduction of expected credit losses of Nil, amounted to RMB17,374,000.

The contract assets primary relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

– Processing services

The Group typically bills and receives 80% of total processing service fee within 30 days after the processing of mineral ore are completed. The remainder of the consideration is payable upon the delivery of the processed minerals to the customer and the finalisation of other contra charges from both parties.

As at 31 December 2023, contract assets decreased significantly to Nil as there was no processing activity near the year end of 2023. As at 31 December 2024, the Group had certain unbilled orders which have been already completed and were expected to be billed in 2025.

All the contract assets are expected to be recovered within one year.

The details of ECL assessment on contract assets are disclosed in Note 3.1(b) to the consolidated financial statements.

(b) Contract liabilities

	2024	2023
Receipt in advance from customers	**6,158**	4,054

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Trading of minerals

When the Group receives a deposit before the control of goods has passed to the customer this will give rise to contract liabilities. For majority of the customers, the Group typically receives 10% to 15% of total contract sum as deposits on acceptance of sales order, and the remaining amount to be fully settled before the control of the goods is passed to the customer.

The increase in contract liabilities in the current year was mainly due to the increase in trading sales not yet completed by the end of 2024.

There is no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Movements in contract liabilities

	2024	2023
Balance at 1 January	**4,054**	166,804
Decrease in contract liabilities as a result of recognised revenue and other income during the year that was included in the contract liabilities at the beginning of the year	**(4,054)**	(166,802)
Trade deposits received from customers	**6,158**	4,052
	6,158	4,054

All the contract liabilities are expected to be recognised as income within one year.

15. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
Consideration receivable for the Disposal *(Note (a))*	**259,484**	–
Trade deposits to suppliers *(Note (b))*	**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 *(Note (c))*	**15,000**	15,000
Others	**1,449**	1,464
	306,441	48,133

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(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 8(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.

(b) Trade deposits to suppliers

Trade deposits of approximately RMB8,496,000 (2023: RMB17,301,000) were paid to independent third-party suppliers of trading commodities in accordance with the relevant purchase contracts under which the trading commodities were not yet delivered to the Group at 31 December 2024. Subsequent to 31 December 2024 and up to the date of approval of the consolidated financial statements, approximately RMB3,011,000 out of these trade deposits have been applied to settle for the purchase costs of the trading commodities when the control of the trading commodities were transferred from the suppliers to the Group. No impairment is necessary on the trade deposits paid at the end of the reporting period as the selling prices and subsequent market prices of the trading commodities exceeded their purchase prices.

(c) Compensation receivable

In accordance with a settlement agreement dated 15 January 2021 which was entered into with a stated-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, including an amount of RMB35,000,000 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 mining permit for the Yangzhuang iron mine, which has been renewed by the relevant authority during the year ended 31 December 2023. At 31 December 2024 and 2023, 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.

16. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December	
	2024	2023
Cash and cash equivalents		
– Cash on hand	**314**	27
– Cash at bank	**79,687**	146,106
	80,001	146,133
Pledged bank deposits		
– Bank deposit pledged for issuing guarantee *(Note)*	**–**	1,500
	80,001	147,633

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

Note:

As at 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. The pledge on the bank deposit was released during the year ended 31 December 2024.

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

	As at 31 December	
	2024	2023
RMB	**78,414**	131,961
HKD	**1,573**	14,654
USD	**14**	1,015
AUD	**–**	3
	80,001	147,633

RMB is currently not a freely convertible currency in international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of exchange controls promulgated by the PRC authorities.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

17. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Share capital	Share premium *(c)*	Total
At 31 December 2022	5,253,963,920	8,571	687,845	696,416
Share consolidation *(a)*	(4,991,265,724)	–	–	–
Issue of shares under rights issue *(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**

(a) Share consolidation

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) Issue of shares under rights issue

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.

(c) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands. Under the Companies Act of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

18. OTHER RESERVES

	Merger Reserve *(a)*	Capital reserve *(b)*	Statutory reserve fund *(c)*	Safety fund *(d)*	Future development fund *(e)*	Share award scheme reserve *(f)*	FVOCI	Total
At 1 January 2023	(162,269)	53,129	48,483	12,662	4,497	(1,167)	(2,252)	(46,917)
Repurchase of shares for share award scheme *(e)*	–	–	–	–	–	(12)	–	(12)
Change in value on FVOCI	–	–	–	–	–	–	(2,219)	(2,219)
At 31 December 2023	(162,269)	53,129	48,483	12,662	4,497	(1,179)	(4,471)	(49,148)
Transferred to statutory reserve fund	**–**	**–**	**5,479**	**–**	**–**	**–**	**–**	**5,479**
Change in value on FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**(7,761)**	**(7,761)**
At 31 December 2024	**(162,269)**	**53,129**	**53,962**	**12,662**	**4,497**	**(1,179)**	**(12,232)**	**(51,430)**

(a) Merger reserve

Merger reserve represents the difference between share capital and share premium issued by the Company for the acquisition of the subsidiaries pursuant to a reorganisation for initial public offering purpose and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation.

(b) Capital reserve

Capital reserve represents the net contributions received by the subsidiaries of the Group from equity holders in previous years.

(c) Statutory reserve fund

In accordance with the PRC Company Law, the Group's PRC registered subsidiaries are required to allocate 10% of their net profit less accumulated losses brought forward from previous years (if any) as determined in accordance with the relevant accounting principles and financial regulations applicable to the PRC companies ("PRC GAAP"), to the statutory reserve fund until such reserve reaches 50% of their respective registered capital. The appropriation to the reserve must be made before any distribution of dividends to owners. The statutory reserve can be used to offset losses arising from previous years, if any, and part of the statutory surplus reserve can be capitalised as share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of their respective share capital.

During the year ended 31 December 2024, Hami Xinxing allocated approximately RMB5,479,000, representing 10% of its accumulated profits as determined in accordance with the PRC GAAP, to the statutory reserve fund. For the year ended 31 December 2023, these PRC registered subsidiaries did not make appropriation to the statutory reserve fund.

(d) Safety fund

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, Shandong Ishine is required to appropriate to a safety fund at RMB8 per ton of iron ore and ilmenite ore mined under well and at RMB4 per ton of iron ore and ilmenite ore mined in the open pit. The fund can be used for improvements of safety of mines, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, Shandong Ishine is eligible to transfer the equivalent amount of the expenditures from safety fund to retained earnings.

(e) Future development fund

Pursuant to the relevant PRC regulations, Shandong Ishine is required to appropriate to a future development fund at RMB15 per ton of iron ore and ilmenite ore mined. The fund can be used for future development of the iron ore and ilmenite ore mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditures, Shandong Ishine is eligible to transfer the equivalent amount of the expenditures from future development fund to retained earnings.

(f) Share award scheme reserve

The Company adopted a restricted share award scheme on 28 December 2020 (as further amended on 6 June 2024) (the "Share Award Scheme"). During the year ended 31 December 2023, the Company, through the trustee of the Share Award Scheme, repurchased 20,000 shares of the Company from the market for the purpose of the Share Award Scheme, at an aggregate consideration of approximately HK$13,000, equivalent to approximately RMB12,000, which has been debited to share award scheme reserve in equity. No share of the Company was repurchased during the year ended 31 December 2024. Up to the end of the reporting period, no share has been granted under the Share Award Scheme.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

19. TRADE PAYABLES

	As at 31 December	
	2024	2023
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
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, all the Group's trade payables were denominated in RMB.

20. ACCRUALS AND OTHER PAYABLES

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

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

21. BORROWINGS

	As at 31 December	
	2024	2023
Current		
Bank borrowings	–	30,000
	–	30,000
Total Borrowings	–	30,000
Representing:		
Unsecured		
– Bank borrowings payable within 1 year *(a)*	–	30,000
Total Borrowings	–	30,000

At 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	As at 31 December	
	2024	2023
Within 1 year	–	30,000

All the Group's borrowings were denominated in Renminbi.

(a) Bank borrowings

As at 31 December 2023, the bank borrowings of RMB30,000,000 were unsecured, bearing interests at 4.6% per annum and repayable with 1 year. The bank borrowings were guaranteed by two corporates, an individual and Li Yunde, the Controlling Shareholder. The bank borrowings were fully settled during the year ended 31 December 2024.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

22. PROVISIONS FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	As at 31 December	
	2024	2023
At 1 January	**12,918**	12,112
Unwinding of discount charged to the consolidated profit or loss *(Note 29)*	**861**	806
Released to the consolidated profit or loss upon completion of the Disposal *(Note 28(b)(i))*	**(13,779)**	–
At 31 December	**–**	12,918

A provision is recognised for the present value of costs to be incurred for the restoration of the damaged lands at the mining sites due to mining activities and the removal of the processing plants. These costs have been determined by management based on their past experience and best estimate of future cash flows by discounting the expected expenditures to their net present value. As the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associate costs may be subject to revision in the future. The amounts provided as close down, restoration and environmental costs are reviewed at least annually based upon the facts and circumstances available at the time and provisions are updated accordingly.

The provisions were solely provided in respect of the mining sites of Yangzhuang iron mine which had carried out substantial mining activities in previous years. Upon the completion of the Disposal, the Group was no longer obliged to incur such close down and restoration costs. Accordingly, the provisions were released to the consolidated profit or loss upon completion of the Disposal.

23. DIVIDENDS

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

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

24. REVENUE

	Year ended 31 December	
	2024	2023
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

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

25. EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
Cost of trading commodities sold	**231,933**	961,086
Raw materials and spare parts utilised	**3,757**	15,033
Transportation costs	**125**	91,099
Depreciation of property, plant and equipment *(Note 6)*	**18,454**	20,971
Depreciation of right-of-use assets *(Note 7)*	**2,684**	1,971
Amortisation of deferred income	**(77)**	(77)
Loss on disposal of property, plant and equipment	**4,370**	4,357
Employee benefit expense *(Note 27)*	**17,102**	24,231
Subcontracting charges	**–**	5,976
Short-term rental of operating equipment and warehouses	**7,773**	13,756
Land compensation expenses	**2,569**	6,783
Utilities and electricity	**10,289**	20,089
Professional fees	**10,412**	12,050
Auditors' remuneration		
– Audit services	**1,945**	1,903
– Non-audit services	**788**	395
Travelling expenses	**1,697**	2,495
Promotion and marketing expenses	**2,782**	1,857
Insurance	**249**	695
Local government levies	**4,277**	3,349
Other expenses	**7,199**	12,547
Total cost of sales, distribution expenses and administrative expenses	**328,328**	1,200,566

26. REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Year ended 31 December	
	2024	2023
Reversal of impairment loss on trade receivables *(Note 13)*	**733**	122

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

27. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2024	2023
Wages, salaries and allowances	**14,801**	21,468
Pensions and others welfare expenses	**2,301**	2,763
	17,102	24,231

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2023: four) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining one (2023: one) individual during the year are as follows:

	Year ended 31 December	
	2024	2023
Basic salaries and allowances	**798**	675
Contributions to pension schemes	**19**	19
	817	694

The emoluments of the five highest paid individuals fell within the following band:

	Number of individuals Year ended 31 December	
	2024	2023
Emolument band		
HKD500,000 and below	**2**	2
HKD500,001 – HKD1,000,000	**3**	3

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

28. OTHER INCOME/OTHER NET GAIN

(a) Other income

	Year ended 31 December	
	2024	2023
Government grants	**139**	136
Others	**12**	9
	151	145

(b) Other net gain

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

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(i) During the year ended 31 December 2024, the Disposal (as defined in Note 8(a)) was completed. The calculation of the net gain on the Disposal is as follows:

Gross amount receivable from the Purchaser pursuant to the Assets Transfer Agreement	**314,484**
Less: value-added tax payable for the Disposal	**(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.

(ii) 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 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 year ended 31 December 2024.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCE COSTS – NET

	Year ended 31 December	
	2024	2023
Interest income:		
– Interest income on bank deposits	**918**	1,876
Interest expense:		
– Borrowings	**(739)**	(2,409)
– Provisions: unwinding of discount *(Note 22)*	**(861)**	(806)
– Amount payable for mining rights *(Note 8(c))*	**(7,146)**	–
– Lease liabilities *(Note 7)*	**(93)**	(159)
	(8,839)	(3,374)
Finance costs – net	**(7,921)**	(1,498)

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

30. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2024 (expressed in dollar of respective currency):

Company name	Place and date of incorporation	Principal activities	Place of Operation	Type of legal entity	Registered/ issued capital	Equity interest attributable to the Group
Directly held:						
Alliance Worldwide	The BVI/ 29 November 2010	Investment holding	Hong Kong	Limited liability company	USD50,000	100%
Active Fortune	The BVI/ 10 November 2014	Investment holding	Hong Kong	Limited liability company	HKD7.76	100%
Rongsheng	The Cayman Islands/ 27 March 2015	Investment holding	Hong Kong	Limited liability company	HKD0.06	100%
Indirectly held:						
Fortune Shine	The Cayman Islands/ 21 September 2010	Investment holding	Hong Kong	Limited liability company	USD50,000	100%
Shine Mining	Hong Kong/ 1 November 2010	Investment holding	Hong Kong	Limited liability company	HKD10,000	100%
Ishine Mining	Hong Kong/ 22 December 2010	Investment holding	Hong Kong	Limited liability company	HKD10,000	100%
Shandong Ishine	The PRC/ 4 December 2001	Iron ore mining, processing and sales of iron concentrates	The PRC	Limited liability company	USD42,614,183	100%
Alpha Charm	The BVI/ 10 November 2014	Investment holding	Hong Kong	Limited liability company	USD1	100%
Grandson	Hong Kong/ 3 October 2014	Investment holding	Hong Kong	Limited liability company	HKD1	100%
Hami Xinxing	The PRC/ 8 September 2021	Transportation and trading of minerals	The PRC	Limited liability company	RMB20,000,000	100%
Shandong Shengtai	The PRC/ 27 September 2022	Iron ore mining, processing and sales of iron concentrates	The PRC	Limited liability company	RMB60,000,000	100%

As at 31 December 2023, there was no non-controlling interest in the subsidiaries of the Group.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

31. INCOME TAX

	Year ended 31 December	
	2024	2023
Current tax		
– PRC Corporate Income Tax	**4,942**	9,160
Deferred tax *(Note 10)*		
– Origination and reversal of temporary differences	**–**	–
	4,942	9,160

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 Acts of the British Virgin Islands are exempted from payment of the BVI income tax.

Hong Kong profits tax has not been provided for the subsidiaries 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 incorporated 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 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 as the subsidiary incurred a loss for both years.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rates applicable to profit of the consolidated entities as follows:

	Year ended 31 December	
	2024	2023
Profit before tax	**66,655**	59,685
Tax calculated at domestic tax rates applicable in the respective jurisdictions	**18,279**	16,316
Tax effects of:		
– Income not taxable	**(5)**	(23)
– Expenses not deductible for tax purposes	**3,971**	3,520
– Tax loss not recognised	**4,007**	2,697
– Utilisation of tax losses previously not recognised	**(20,598)**	(13,207)
Over-provision in previous years	**(712)**	(143)
Income tax expense	**4,942**	9,160

32. 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
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 17(b)). 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 had not been adjusted in respect of the Rights Issue.

The weighted average number of ordinary shares for the year ended 31 December 2023 had only been adjusted in respect of the share consolidation being effective on 9 May 2023 (as detailed in Note 17(a)).

(b) Diluted

There was no dilutive instrument of the Company for the years ended 31 December 2024 and 2023, no diluted earnings per share was presented.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

33. CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations

	Year ended 31 December	
	2024	2023
Profit before income tax	**66,665**	59,685
Adjustments for:		
– Depreciation of property, plant and equipment *(Note 6)*	**18,454**	20,971
– Depreciation of right-of-use assets *(Note 7)*	**2,684**	1,971
– Amortisation of deferred income *(Note 25)*	**(77)**	(77)
– Reversal of impairment loss on financial assets *(Note 26)*	**(733)**	(122)
– Write-down of inventories, net *(Note 12)*	**3,178**	350
– Gain resulted from the Disposal *(Note 28(b)(i))*	**(115,805)**	–
– Gain on disposal of an exploration right *(Note 28(b)(ii))*	**(7,547)**	–
– Loss on disposal of property, plant and equipment *(Note 25)*	**4,370**	4,357
– Interest expense on bank borrowings *(Note 29)*	**739**	2,409
– Interest expense on unwinding of discount *(Note 29)*	**861**	806
– Interest expense on amount payable for mining rights *(Note 29)*	**7,146**	–
– Interest expense on lease liabilities *(Note 29)*	**93**	159
– Interest income *(Note 29)*	**(918)**	(1,876)
– Exchange gain	**–**	(79)
Changes in working capital:		
– Inventories	**2,753**	39,406
– Trade and bill receivables and contract assets	**(2,029)**	10,164
– Prepayments and other receivables	**1,176**	52,260
– Trade payables	**(27,990)**	14,473
– Accruals and other payables and contract liabilities	**(9,382)**	(150,706)
Cash (used in)/generated from operations	**(56,362)**	54,151

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(b) Reconciliation of liabilities from financing activities

This section sets out an analysis of and the movements in liabilities from financing activities for each of the periods presented.

	As at 31 December	
	2024	2023
Borrowings	–	(30,000)
Interest payable	–	–
Lease liabilities	**(870)**	(1,866)
Amounts due to the controlling shareholder and the ultimate holding company	**(267,127)**	(88,000)
	(267,997)	(119,866)

	Liabilities from financing activities				
	Borrowings	**Interest payable**	**Lease liabilities**	**Amounts due to the controlling shareholder and the ultimate holding company**	**Total**
As at 1 January 2023	(68,002)	(222)	(2,773)	(55,400)	(126,397)
Cash flows					
– Proceeds from borrowings	(30,000)	–	–	–	(30,000)
– Repayment of borrowings	67,834	–	–	–	67,834
– Payments for lease liabilities	–	–	1,101	–	1,101
– Payments of interests	–	2,588	–	–	2,588
– Advances from the controlling shareholder and the ultimate holding company	–	–	–	(115,881)	(115,881)
Repayments to the controlling shareholder and the ultimate holding company	–	–	–	83,281	83,281
Foreign exchange adjustments	211	–	(35)	–	176
Interest expense on borrowings	(43)	(2,366)	–	–	(2,409)
Interest expense on lease liabilities	–	–	(159)	–	(159)
As at 31 December 2023	(30,000)	–	(1,866)	(88,000)	(119,866)

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

	Liabilities from financing activities				
	Borrowings	Interest payable	Lease liabilities	Amounts due to the controlling shareholder and the ultimate holding company	Total
As at 1 January 2024	**(30,000)**	**–**	**(1,866)**	**(88,000)**	**(119,866)**
Cash flows					
– Repayment of borrowings	30,000	–	–	–	30,000
– Payments for lease liabilities	–	–	1,115	–	1,115
– Payments of interests	–	739	–	–	739
– Advances from the controlling shareholder and the ultimate holding company	–	–	–	(179,127)	(179,127)
Foreign exchange adjustments	–	–	(26)	–	(26)
Interest expense on borrowings	–	(739)	–	–	(739)
Interest expense on lease liabilities	–	–	(93)	–	(93)
As at 31 December 2024	**–**	**–**	**(870)**	**(267,127)**	**(267,997)**

(c) Other investing activity cash in/out flows represent non-operating cash transactions with third parties.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

34. 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
Property, plant and equipment *(Note)*	**9,400**	485,388

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.

35. 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 parties were related parties of the Group during the years ended 31 December 2024 and 2023:

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

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(b) 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.

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

	Year ended 31 December	
	2024	2023
Advances from Mr. Li Yunde	**165,900**	98,000
Advances from Hongfa	**3,227**	17,881
Repayments to Mr. Li Yunde	**–**	52,000
Repayments to Hongfa	**–**	31,281
Purchase from Xinjiang Jiangnan	**–**	170,124

	As at 31 December	
	2024	2023
Amount due to Mr. Li Yunde	**263,900**	88,000
Amount due to Hongfa	**3,227**	–

The amounts due to Mr. Li Yunde and Hongfa were unsecured, interest-free and with no fixed repayment term.

(c) Key management compensation

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

	Year ended 31 December	
	2024	2023
Wages, salaries and allowances	**3,569**	3,519
Contributions to pension schemes	**52**	65
	3,621	3,584

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	As at 31 December	
	2024	2023
ASSETS		
Non-current assets		
Interest in subsidiaries	**438,314**	438,167
Right-of-use assets	**794**	1,802
	439,108	439,969
Current assets		
Prepayments and other receivables	**1,293**	1,280
Cash and cash equivalents	**1,543**	14,160
	2,836	15,440
Total assets	**441,944**	455,409
EQUITY		
Equity attributable to owners of the Company		
Share capital *(Note 17)*	**11,802**	11,802
Share premium *(Note 17)*	**774,217**	774,217
Other reserves *(a)*	**118,370**	118,370
Accumulated losses *(a)*	**(609,648)**	(592,355)
Total equity	**294,741**	312,034
LIABILITIES		
Non-current liabilities		
Lease liability-non-current portion	–	1,391
	–	1,391
Current liabilities		
Accruals and other payables	**2,357**	2,346
Amounts due to subsidiaries	**140,749**	139,163
Amount due to the ultimate holding company	**3,227**	–
Lease liability-current portion	**870**	475
	147,203	141,984
Total liabilities	**147,203**	143,375
Total equity and liabilities	**441,944**	455,409

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

(a) Movements of other reserves and accumulated losses of the Company

	Other reserves			
	Capital contributed surplus *(note (i))*	Share award scheme reserve *(note 18(f))*	Total	Accumulated losses
At 1 January 2023	119,549	(1,167)	118,382	(576,758)
Loss for the year	–	–	–	(15,597)
Repurchase of shares for share award scheme	–	(12)	(12)	–
At 31 December 2023 and 1 January 2024	119,549	(1,179)	118,370	(592,355)
Loss for the year	–	–	–	(17,293)
At 31 December 2024	119,549	(1,179)	118,370	(609,648)

Note:

(i) Capital contributed surplus
Capital contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the reorganisation for initial public offering purpose.

37. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the years ended 31 December 2024 and 2023 are set out below:

	Year ended 31 December	
	2024	2023
Basic salaries and allowances	**2,393**	2,297
Contributions to pension schemes	**33**	46
	2,426	2,343

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

The remuneration of every director and the chief executive is set out below:

	Fees	Salary	Housing Allowance	Pension-defined contribution plan	Other Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
Year ended 31 December 2024						
Executive Directors						
Li Yunde	–	**759**	–	**17**	–	**776**
Geng Guohua	–	**711**	–	**16**	–	**727**
Lang Weiguo	–	**285**	–	–	–	**285**
Independent Non-executive Directors						
Zhang Jingsheng	**142**	–	–	–	–	**142**
Li Xiaoyang	**142**	–	–	–	–	**142**
Leung Nga Tat	**285**	–	–	–	–	**285**
Cheng Shuk Teh Esther (appointed on 6 June 2024)	**69**	–	–	–	–	**69**

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

	Fees	Salary	Housing Allowance	Pension-defined contribution plan	Other Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
Year ended 31 December 2023						
Executive Directors						
Li Yunde	–	750	–	16	–	766
Geng Guohua	–	703	–	16	–	719
Lang Weiguo	–	281	–	14	–	295
Independent Non-executive Directors						
Zhang Jingsheng	141	–	–	–	–	141
Li Xiaoyang	141	–	–	–	–	141
Leung Nga Tat	281	–	–	–	–	281

During the years ended 31 December 2024 and 2023, no directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office.

(b) Directors' retirement benefits

No retirement benefits were paid to the directors during the years ended 31 December 2024 and 2023 by defined benefit pension plans operated by the Group in respect of their services as directors of the Company and its subsidiaries in connection with the management of the affairs of the Company or its subsidiary undertakings.

(c) Directors' termination benefits

No termination benefits were paid to the directors during the years ended 31 December 2024 and 2023 as compensation for the termination of the appointment of directors.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2024 and 2023, no consideration was paid to the former employers of directors for making available the services of directors of the Company.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans or other dealings entered into by the Company or subsidiary undertaking of the Company in favour of directors during the years ended 31 December 2024 and 2023.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

38. COMPARATIVE FIGURES

Certain comparative figures have been amended to conform with current year's presentation.

39. ULTIMATE CONTROLLING PARTY

At the end of the reporting period and up to the date of approval of the consolidated financial statements, the ultimate controlling party of the Company is Mr. Li Yunde.

For the year ended 31 December 2024 (Amounts expressed in thousands of RMB unless otherwise stated)

40. ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKAS 21	*Lack of Exchangeability* [1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments* [2]
Annual improvements to HKFRS Accounting Standards 2024	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7* [2]
HKFRS 18 and consequential amendments to other HKFRSs	*Presentation and Disclosure in Financial Statements* [3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] Effective for annual periods beginning on or after a date to the determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors anticipate that the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

The amendments include:

(a) clarification and further guidance for assessing whether the contractual cash flows of a financial asset meets the solely payments of principal and interest criterion;

(b) clarification of the date of recognition and derecognition of some financial assets and liabilities, with an accounting policy option to allow an entity to derecognise a financial liability before the settlement date if it is settled in cash using an electronic payment system if specified criteria are met;

(c) new disclosure requirements for investments in equity instruments designated at FVOCI; and

(d) new disclosure requirements for financial instruments with contractual terms that could change the amount of contractual cash flows based on the occurrence (or non-occurrence) of a contingent event.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Group is in the process of evaluating the impact of the amendments on the consolidated financial statements for the forthcoming years.

HKFRS 18 *Presentation and Disclosure in Financial Statements* and consequential amendments to other HKFRSs

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). It carries forward many requirements from HKAS 1 unchanged. HKFRS 18 brings major changes to the statement of profit or loss and notes to the financial statements as follows:

(a) HKFRS 18 requires an entity:

  (i) to classify income and expenses into operating, investing and financing categories in the statement of profit or loss, plus income taxes and discontinued operations;

  (ii) to present two new defined subtotals, namely, operating profit or loss and profit or loss before financing and income taxes.

(b) It requires an entity to disclose management-defined performance measures ("MPM") and reconciliations between MPM and subtotals listed in HKFRS 18 or totals or subtotals required by HKFRSs.

(c) It sets out requirements to help an entity determine whether information about items should be in the primary financial statements or in the notes and provides principles for determining the level of detail needed for the information.

HKFRS 18 also set out classification requirements for foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 *Basis of Preparation of Financial Statements* and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18 and consequential amendments to other HKFRSs are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the consolidated financial statements.

Financial Highlights

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Continuing operations					
Revenue	**282,090**	1,263,727	1,865,892	1,633,758	965,975
Cost of sales	**(266,343)**	(1,122,263)	(1,720,793)	(1,600,310)	(887,744)
Gross profit	**15,747**	141,464	145,099	33,448	78,231
Distribution expenses	**(1,984)**	(3,162)	(1,127)	(3,146)	(3,279)
Administrative expenses	**(60,001)**	(75,141)	(78,817)	(54,104)	(49,946)
(Impairment losses)/reversal of impairment loss on assets, net	**(2,445)**	(228)	(653)	(3,439)	(3,557)
Other income and other gain, net	**123,503**	145	13,633	2,138	60,690
Finance costs, net	**(7,921)**	(1,498)	(9,293)	(18,156)	(18,193)
Net foreign exchange (loss)/gain	**(234)**	(1,895)	(6,850)	13,202	(3,241)
Profit/(loss) before tax	**66,665**	59,685	61,992	(30,057)	60,705
Income tax expense	**(4,942)**	(9,160)	(4,357)	–	–
Profit/(loss) attributable to:					
Owners of the Company	**61,723**	50,525	57,635	(30,057)	60,705

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	**423,289**	235,782	314,872	442,582	389,535
Non-current assets	**592,692**	633,515	431,173	263,389	272,974
Current liabilities	**396,410**	261,337	377,955	397,431	188,281
Non-current liabilities	**73,728**	116,079	14,106	21,330	146,609
Equity attributable to:					
Owners of the Company	**545,843**	491,881	353,984	287,210	327,619

Financial Highlights

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash (used in)/generated from operating activities	**(72,019)**	53,335	212,300	83,473	21,131
Net cash (used in)/generated from investing activities	**(141,412)**	(112,438)	(178,178)	4,912	(11,904)
Net cash generated from/(used in) financing activities	**147,273**	80,668	(103,477)	(20,888)	27,522

SELECTED FINANCIAL RATIOS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Gross profit margin	**5.58%**	11.19%	7.78%	2.05%	8.10%
Net profit/(loss) margin	**21.88%**	4.00%	3.09%	(1.84)%	6.28%
Gearing ratio	**32.86%**	19.35%	25.85%	38.61%	36.65%