



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

2025
Interim Report

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Corporate Information

Board of Directors

Executive Directors

Li Yunde (*Chairman*)

Geng Guohua (*Chief Executive Officer*)

Lang Weiguo

Independent Non-executive Directors

Leung Nga Tat

Li Xiaoyang

Zhang Jingsheng

Cheng Shuk Teh Esther

Company Secretary

Chan Yuen Ying, Stella

Authorised Representatives

Geng Guohua

Chan Yuen Ying, Stella

Audit Committee

Leung Nga Tat (*Committee Chairman*)

Li Xiaoyang

Zhang Jingsheng

Cheng Shuk Teh Esther

Remuneration Committee

Leung Nga Tat (*Committee Chairman*)

Li Yunde

Zhang Jingsheng

Nomination Committee

Li Yunde (*Committee Chairman*)

Li Xiaoyang

Zhang Jingsheng

Auditor

Crowe (HK) CPA Limited

Legal Adviser

As to Cayman Islands law:

Appleby

Registered Office

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

Headquarters in the PRC

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

Rural Commercial Bank of Shandong Yishui Linshang Bank,
Yishui Branch

Industrial Bank Co., Ltd., Linyi Branch

Bank of Qingdao Co., Ltd., Yishui Branch

Laishang Bank Co., Ltd., Linyi Branch

Linshang Bank Co., Ltd., Yishui Branch

China Minsheng Banking Corp., Ltd., Linyi Branch

Bank of Communications (Hong Kong) Limited

Stock Code

2623

Company Website

www.addnewenergy.com.hk

The board (the “Board”) of directors (the “Director(s)”) of Add New Energy Investment Holdings Group Limited (the “Company”) presents the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024. The unaudited interim financial information has not been audited but has been reviewed by the audit committee of the Company (the “Audit Committee”).

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2025 (Amounts expressed in thousands of RMB)

	Note	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	387,563	315,584
Right-of-use assets	7	72,885	65,168
Intangible assets	8(a)	157,194	157,194
Financial assets at fair value through other comprehensive income		5,175	3,416
Other non-current assets		52,073	51,330
		674,890	592,692
Current assets			
Inventories	9	4,132	3,771
Trade and bill receivables	10	4,860	22,671
Contract assets		–	10,405
Prepayments and other receivables	11	278,705	306,441
Pledged bank deposits	12	2,500	–
Cash and cash equivalents	12	69,912	80,001
		360,109	423,289
Total assets		1,034,999	1,015,981
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	11,802	11,802
Share premium	13	774,217	774,217
Other reserves		(66,830)	(51,430)
Accumulated losses		(175,151)	(188,746)
Total equity		544,038	545,843

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2025 (Amounts expressed in thousands of RMB)

		As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
	Note		
LIABILITIES			
Non-current liabilities			
Amount payable for mining rights – non-current portion	8(b)	75,404	73,728
		75,404	73,728
Current liabilities			
Trade payables	14	12,088	20,895
Accruals and other payables	15	8,059	59,417
Amounts due to the controlling shareholder and the ultimate holding company	24(c)	374,303	267,127
Contract liabilities		2,632	6,158
Amount payable for mining rights – current portion	8(b)	14,666	34,340
Lease liabilities – current portion	7	318	870
Income tax payable		3,491	7,603
		415,557	396,410
Total liabilities		490,961	470,138
Total equity and liabilities		1,034,999	1,015,981

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

Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB except for per share data)

		Six months ended 30 June	
	Note	2025 (unaudited)	2024 (unaudited)
Revenue	16	12,935	157,288
Cost of sales	17	(9,280)	(145,104)
Gross profit		3,655	12,184
Other income	18	532	17
Other gain or losses, net	19	27,190	7,533
Distribution costs	17	–	(3,143)
Administrative expenses	17	(29,811)	(28,489)
Reversal of provision for expected credit loss on trade receivables	10	203	–
Write-down of inventories		(94)	(712)
Operating profit/(loss)		1,675	(12,610)
Interest income	20	237	584
Interest expenses	20	(2,022)	(3,937)
Finance costs – net		(1,785)	(3,353)
Net foreign exchange gain		91	1,361
Loss before income tax		(19)	(14,602)
Income tax expense	21	(3,545)	(1,751)
Net loss for the period		(3,564)	(16,353)

Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB except for per share data)

		Six months ended 30 June	
	Note	2025 (unaudited)	2024 (unaudited)
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss</i>			
Change in the fair value of financial assets at fair value through other comprehensive income		1,759	3,511
Other comprehensive income for the period		1,759	3,511
Total comprehensive loss for the period		(1,805)	(12,842)
Loss per share for loss attributable to owners of the Company (expressed in RMB cents per share)			
Basic loss per share	22	(1.02)	(4.68)

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

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

	Attributable to Owners of the Company				Total equity
	Share capital (Note 13)	Share premium (Note 13)	Other reserves	Accumulated losses	
Balance at 1 January 2025 (audited)	11,802	774,217	(51,430)	(188,746)	545,843
Comprehensive income					
Loss for the period	–	–	–	(3,564)	(3,564)
Other comprehensive income	–	–	1,759	–	1,759
Total comprehensive loss for the period	–	–	1,759	(3,564)	(1,805)
Release of reserve to accumulated losses	–	–	(17,159)	17,159	–
Balance at 30 June 2025 (unaudited)	11,802	774,217	(66,830)	(175,151)	544,038
Balance at 1 January 2024 (audited)	11,802	774,217	(49,148)	(244,990)	491,881
Comprehensive income					
Loss for the period	–	–	–	(16,353)	(16,353)
Other comprehensive income	–	–	3,511	–	3,511
Total comprehensive loss for the period	–	–	3,511	(16,353)	(12,842)
Transfer of statutory reserve	–	–	5,480	(5,480)	–
Balance at 30 June 2024 (unaudited)	11,802	774,217	(40,157)	(266,823)	479,039

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

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

		Six months ended 30 June	
	Notes	2025	2024
		(unaudited)	(unaudited)
Cash flows from operating activities			
Cash used in operations		(16,663)	(9,122)
Interest received		237	584
Tax paid		(7,657)	(16,475)
Net cash used in operating activities		(24,083)	(25,013)
Cash flows from investing activities			
Placement of restricted bank deposits		(2,500)	–
Payments for purchases of property, plant and equipment		(80,232)	(76,805)
Payments for purchases of right-of-use assets		(9,136)	–
Payments for non-current assets		(743)	(10,545)
Proceeds from disposal of property, plant and equipment		–	29
Net proceeds from disposal of exploration right		–	7,547
Net cash used in investing activities		(92,611)	(79,774)
Cash flows from financing activities			
Advances from the controlling shareholder and the ultimate holding company		107,176	33,900
Payment for lease liabilities		(562)	(555)
Interest paid		–	(701)
Net cash generated from financing activities		106,614	32,644
Net decrease in cash and cash equivalents		(10,080)	(72,143)
Cash and cash equivalents at beginning of period	12	80,001	146,133
Exchange loss on cash and cash equivalents		(9)	(132)
Cash and cash equivalents at end of period	12	69,912	73,858

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

1. GENERAL INFORMATION

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

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

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

This unaudited interim condensed consolidated financial information has been approved for issuance by the Board of Directors on 29 August 2025.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’.

The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

3. ACCOUNTING POLICIES

Overview

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

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's unaudited interim condensed consolidated financial information:

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
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The adoption of these amendments has had no significant financial effect on this interim financial information.

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

4. ESTIMATES

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

In preparing the unaudited interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

5. SEGMENT INFORMATION

(a) General information

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

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

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

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

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies in the annual financial statements for the year ended 31 December 2024.

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

The segment information provided to the SEM for the six months ended 30 June 2025 and 2024 and the information on segment assets and liabilities as at 31 December 2024 is as follows:

	Mining and ore processing	Trading of minerals	Unallocated	Inter- segment elimination	Total
Six months ended 30 June 2025 (unaudited)					
Revenue	8,713	4,222	–	–	12,935
Gross profit	3,652	3	–	–	3,655
Other income	532	–	–	–	532
Other gain or losses, net	27,190	–	–	–	27,190
Interest income	147	89	1	–	237
Interest expenses	(2,003)	–	(19)	–	(2,022)
Exchange gain	–	–	91	–	91
Income tax expense	(3,490)	(55)	–	–	(3,545)
Net profit/(loss)	2,334	74	(5,972)	–	(3,564)
Other information					
Depreciation of property, plant and equipment	(7,953)	(66)	–	–	(8,019)
Amortisations of right-of-use assets	(915)	–	(504)	–	(1,419)
Additions to property, plant and equipment	80,232	–	–	–	80,532
Additions to right-of-use assets	9,136	–	–	–	9,136
As at 30 June 2025 (unaudited)					
Segment assets and liabilities					
Total assets	1,139,900	61,900	183,549	(350,350)	1,034,999
Total liabilities	(690,838)	(4,212)	(146,261)	350,350	(490,961)
Property, plant and equipment, right-of-use assets and mining rights included in total assets	617,232	120	290	–	617,642
Six months ended 30 June 2024 (unaudited)					
Revenue	10,836	146,452	–	–	157,288
Gross profit	2,584	9,600	–	–	12,184
Other income	14	3	–	–	17
Other gain or losses, net	7,533	–	–	–	7,533
Interest income	339	226	19	–	584
Interest expenses	(3,882)	–	(55)	–	(3,937)
Exchange gain	–	–	1,361	–	1,361
Income tax expense	–	(1,751)	–	–	(1,751)
Net profit/(loss)	(11,081)	3,699	(8,971)	–	(16,353)
Other information					
Depreciation of property, plant and equipment	(10,976)	(86)	–	–	(11,062)
Amortisations of right-of-use assets	(838)	–	(504)	–	(1,342)
Additions to property, plant and equipment	52,574	–	–	–	52,574
As at 31 December 2024 (audited)					
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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Vehicles, equipment and others	Construction in progress	Total
At 31 December 2024 (audited)				
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
Six months ended 31 December 2024 (unaudited)				
Opening net book amount	84,226	59,290	172,068	315,584
Additions	–	2,170	77,522	80,232
Transfer	–	(2,393)	2,393	–
Written off or disposals – cost	–	(276)	–	(276)
Written off or disposals – accumulated depreciation	–	42	–	42
Depreciation charges	(3,515)	(4,504)	–	(8,019)
Closing net book amount	80,711	54,869	251,983	387,563
At 30 June 2025 (unaudited)				
Cost	97,205	78,386	251,983	427,574
Accumulated depreciation and impairment	(16,494)	(23,517)	–	(40,011)
Net book amount	80,711	54,869	251,983	387,563

7. LEASES

Movements of the leases during the six months ended 30 June 2025 are as follows:

	Right-of-use Assets	Lease Liabilities
As at 31 December 2024 (audited)	65,168	870
Purchase of land use rights	9,136	–
Amortisation of right-of-use assets	(1,419)	–
Amortisation of interest	–	19
Repayments	–	(562)
Exchange retranslation differences	–	(9)
As at 30 June 2025 (unaudited)	72,885	318

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

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

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

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Right-of-use assets		
Land use rights with remaining lease term of 37.4 to 38.0 years (31 December 2024: 37.9 to 38.5 years)	72,595	64,374
Land and buildings	290	794
	72,885	65,168
Lease liabilities		
Current portion	318	870

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

	Six months ended 30 June 2025 (unaudited)	2024 (unaudited)
Amortisation of right-of-use assets		
Land use rights	915	838
Land and buildings	504	504
	1,419	1,342
Interest expense (included in finance costs – net)	19	55

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

8. INTANGIBLE ASSETS/AMOUNT PAYABLE FOR MINING RIGHTS

The Group recognised intangible assets, being the mining rights in respect of two mines upon the issuing of mining permits during the year ended 31 December 2023. The Group has disposed of its mining right in respect of Yangzhuang iron ore mine during the year ended 31 December 2024.

a) Mining rights

Zhuge Shangyu
RMB'000

As at 1 January 2025 and 30 June 2025	157,194
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b) As at 30 June 2025 and 31 December 2024, amounts payable for mining rights are as follows:

	Yangzhuang <i>RMB'000</i> <i>(note)</i>	Zhuge Shangyu <i>RMB'000</i>	TOTAL <i>RMB'000</i>
30 June 2025			
Classified as current liabilities	–	14,666	14,666
Classified as non-current liabilities	–	75,404	75,404
	–	90,070	90,070
31 December 2024			
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

Note:

During the six months ended 30 June 2025, amount of RMB20,000,000 payable for mining right in respect of Yangzhuang Iron Mine was net off with the consideration receivable from Shandong Dane Mining Technology Co., Ltd. (the "Purchaser") for which the Group disposed of Yangzhuang Iron Mine and the related assets to (the "Disposal") during the year ended 31 December 2024. As the new mining certificate has been formally issued to the Purchaser, the payment obligation has been transferred and pursuant to the assets transfer agreement with the Purchaser, the outstanding amount of RMB20,000,000 would be deducted from the consideration receivable by the Group.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

9. INVENTORIES

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Commodities held for trading		
– Blended coal	2,104	2,147
Spare parts and others	3,634	3,136
Provision for inventory write-down	(1,606)	(1,512)
	4,132	3,771

10. TRADE AND BILL RECEIVABLES

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Trade receivables	6,660	25,974
Less: allowance for impairment	(3,100)	(3,303)
Trade receivables, net	3,560	22,671
Bill receivables	1,300	–
Trade and bill receivables – net	4,860	22,671

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables (before deduction of provision for impairment loss) presented based on invoice date, is as follows:

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Within 3 months	3,609	22,923
3 to 6 months	–	–
6 months to 1 year	–	–
Over 1 year	3,051	3,051
	6,660	25,974

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

	Six months ended 30 June 2025	2024
At 1 January	3,303	4,036
Reversal of provision for expected credit loss on trade receivables	(203)	–
At 30 June	3,100	4,036

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

11. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Consideration receivable for the Disposal (Note (a))	238,284	259,484
Trade deposits to suppliers	3,405	8,496
Utility deposits	1,147	1,894
Prepaid taxes	–	7,271
Land restoration deposits	–	34
Deductible input value-added tax	19,383	12,622
Advances to employees	95	191
Compensation receivable (Note (b))	15,000	15,000
Others	1,391	1,449
	278,705	306,441

Notes:

- (a) During the six months ended 30 June 2025, the new mining certificate has been issued to the Purchaser and therefore the Purchaser has taken up the obligations to settle the remaining outstanding consideration for the mining right in respect of Yangzhuang Iron Mine amounting to RMB20,000,000. In accordance with the assets transfer agreement dated 21 May 2024 (as supplemented by two supplemental agreements) with the Purchaser, the outstanding consideration payable for the mining right in respect of Yangzhuang Iron Mine shall be deducted from the consideration receivable by the Group. Upon the issuance of the formal mining certificate to the Purchaser, RMB20,000,000 and the relevant tax payable of approximately RMB1,200,000 has been deducted from the consideration receivable from the Purchaser.
- (b) In accordance with a settlement agreement dated 15 January 2021 entered into with a state-owned highway operator which is the defendant (the “Defendant”) under the legal actions taken by the Group for unlawful encroachment of the mining areas of the Group’s Yangzhuang iron mine in the previous years, compensation payable to the Group amounting to RMB50,000,000 was agreed by the Defendant, an amount of RMB35,000,000 was received by the Group during the year ended 31 December 2021 and the remaining RMB15,000,000 to be received upon the change in mining area as stipulated in the Group’s renewed mining certificate for the Yangzhuang iron mine. As at 30 June 2025, there was no significant increase in credit risk of the Defendant and the default risk on the remaining compensation receivable to be insignificant and no provision for expected credit loss for the compensation receivable is necessary.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

12. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Cash and cash equivalents		
– Cash on hand	5	314
– Cash at bank	69,907	79,687
	69,912	80,001
Pledged bank deposit		
– Bank deposit pledged for issuing guarantee (Note)	2,500	–
	72,412	80,001

Note:

As at 30 June 2025, bank deposit amounting to RMB2,500,000 (31 December 2024: Nil) was pledged to a bank for issuing guarantee of RMB2,500,000 in favour of a contractor of the Group.

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

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
RMB	71,495	78,414
HKD	903	1,573
USD	14	14
	72,412	80,001

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

13. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Share capital	Share premium	Total
At 31 December 2024 (audited)	350,286,528	11,802	774,217	786,019
At 30 June 2025 (unaudited)	350,286,528	11,802	774,217	786,019

14. TRADE PAYABLES

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade payables presented based on invoice date, is as follows:

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Within 6 months	7,285	11,151
6 months to 1 year	2,512	3,919
Over 1 year	2,291	5,825
	12,088	20,895

15. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Accrued land compensation costs	357	11,616
Advance construction funds from government	1,000	11,950
Guarantee deposits retained for capital expenditure	3,728	2,572
Value-added tax payable for the Disposal	–	19,484
Value-added tax and other taxes payable	604	4,654
Employee benefits payable	1,149	5,394
Others	1,221	3,747
	8,059	59,417

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

16. REVENUE

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Trading		
– Sales of coarse iron powder	3,404	27,327
– Sales of blended coal	818	119,125
	4,222	146,452
Processing service income		
– From processing of iron and other mineral ores	8,713	10,836
	12,935	157,288

17. EXPENSES BY NATURE

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cost of trading commodities sold	4,219	136,852
Raw materials and spare parts utilised	1,305	2,067
Employee benefit expenses	7,403	6,756
Land compensation expenses	5,817	1,883
Depreciation of property, plant and equipment	8,019	11,062
Amortisation of right-of-use assets	1,419	1,342
Utilities and electricity	2,170	3,769
Professional fees	4,018	4,337
Short-term rental of operating equipment and warehouses	3,151	4,667
Travelling expenses	855	947
Promotion and marketing expenses	163	2,346
Other expenses	552	708
Total cost of sales, distribution costs and administrative expenses	39,091	176,736

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

18. OTHER INCOME

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Government grants	508	11
Others	24	6
	532	17

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

19. OTHER GAIN OR LOSSES, NET

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Gain on reversal of over-provision for accrued expenses attributable to Yangzhuang iron mine (note (a))	27,424	–
Gain on disposal of an exploration right (note (b))	–	7,547
Loss on disposal of property, plant and equipment	(234)	(14)
	27,190	7,533

Notes:

- (a) During the six months ended 30 June 2025, the new mining certificate has been formally issued to the Purchaser under the Disposal. As at 31 December 2024, the Group has accrued for certain expenses during the course of its operations in Yangzhuang Iron Mine in previous years, which remained unpaid up to date.

In view of legal title of the mining right and related assets having been transferred to the Purchaser and legal opinion sought by the Group in respect of the legal exposure to these long outstanding accrued expenses, the Group considered that the probability of request for payment of these accrued expenses were remote and accordingly, provision for these accrued expenses were reversed and credited as a gain recognised in the consolidated profit or loss during the six months ended 30 June 2025.

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

20. FINANCE COSTS – NET

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Interest expense:		
– Borrowings	–	(701)
– Provisions: unwinding of discount	–	(431)
– Amount payable for mining rights: unwinding of discount	(2,003)	(2,750)
– Lease liabilities	(19)	(55)
	(2,022)	(3,937)
Interest income:		
– Interest income on bank deposits	237	584
Finance costs – net	(1,785)	(3,353)

21. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Current tax – Corporate Income Tax	(3,545)	(1,751)

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

Hong Kong profits tax has not been provided for the subsidiaries in Hong Kong as there is no estimated assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2025 and 2024.

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

For the six months ended 30 June 2025 and 2024, 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 Shengtai (six months ended 30 June 2024: Shandong Ishine and Shandong Shengtai) which incurred losses for the current period.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

22. LOSS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Loss attributable to owners of the Company	(3,564)	(16,353)
Weighted average number of ordinary shares in issue	349,785,528	349,785,528
Basic loss per share (Expressed in RMB cents per share)	(1.02)	(4.68)

(b) Diluted

During the six months ended 30 June 2025 and 2024, there was no dilutive instruments of the Company, no diluted loss per share is presented.

23. DIVIDENDS

The Board of Directors has resolved not to declare any interim dividends related to the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

24. RELATED PARTY TRANSACTIONS

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

- (a) The Company's directors were of the view that the following individual was a related party of the Group during the six months ended 30 June 2025 and 2024:

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

(b) Key management compensation

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

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Wages, salaries and allowances	1,808	1,713
Contribution to pension scheme	25	32
	1,833	1,745

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

(c) Significant transactions with related parties

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

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

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Advance from Mr. Li Yunde	100,280	33,900
Advance from Hongfa	6,896	–
Purchase from Xinjiang Jiangnan	–	–
	As at	As at
	30 June	31 December
	2025	2024
	(unaudited)	(audited)
Amount due to Mr. Li Yunde	364,180	263,900
Amount due to Hongfa	10,123	3,227

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

Except for as disclosed above or elsewhere in the notes to the interim condensed consolidated financial information, the Group had no significant transactions with related parties during the six months ended 30 June 2025 and 2024, or significant balances with related parties as at 30 June 2025 and 31 December 2024.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025 (Amounts expressed in thousands of RMB)

25. CAPITAL COMMITMENT

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

	As at 30 June 2025 (unaudited)	As at 31 December 2024 (audited)
Property, plant and equipment (note)	–	9,400

Note:

During the year ended 31 December 2023, the Group entered into a contract with a main contractor (the “Main Contractor”) for the construction of the first phase of new processing and production lines for Zhuge Shangyu Ilmenite Mine at an estimated total project cost of RMB500,000,000, pursuant to which the Main Contractor would charge the Group management fee at the rate of 2.8% of the project cost. During the 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 30 June 2025, project costs amounting to approximately RMB507,473,000 (31 December 2024: RMB430,600,000) in aggregate have been paid to various contractors, suppliers and other counterparties, and it is considered that the Group had no material capital commitment as at 30 June 2025 (31 December 2024: the remaining amount of approximately RMB9,400,000 is regarded as capital commitment of the Group).

26. COMPARATIVE FIGURES

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

Management Discussion and Analysis

BUSINESS REVIEW

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

The Group possesses mining right in respect of Zhuge Shangyu Ilmenite Mine (諸葛上峪鈦鐵礦), an ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC ("Zhuge Shangyu Ilmenite Mine"), and owns the exploration right over Zhuge Shangyu Ilmenite Mine.

The Company actively responded to the government's call and seized the opportunities provided by national policies by developing clean energy such as wind power, photovoltaic power and solar thermal power into new economic growth points, which have made substantial progress. In order to better reflect the Company's strategic business plan and expanding into new business including (but not limited to) clean energy business, sticking to the development of iron and titanium concentrates business, deepening and expanding the building of whole industrial chain of titanium products including sponge titanium and high purity titanium.

The Group recorded revenue of approximately RMB12.9 million for the six months ended 30 June 2025, representing a decrease of approximately 91.8% from the revenue of approximately RMB157.3 million for the six months ended 30 June 2024. The decrease in revenue of the Group was primarily resulted from the slow-down of trading activities due to fierce price fluctuation of minerals, as well as decrease in processing orders received in first half of 2025.

The total comprehensive loss attributable to owners of the Company was approximately RMB1.8 million for the six months ended 30 June 2025, as compared with approximately RMB12.8 million for the six months ended 30 June 2024. Despite of the drop in gross profit by approximately RMB8.5 million as a result of decrease in revenue as discussed in the preceding paragraph, the total comprehensive loss attributable to owners of the Company decreased by approximately RMB11.0 million as a gain of approximately RMB27.4 million was recognised for the six months ended 30 June 2025, which was resulted from reversal of over-provision for accrued expenses relating to Yangzhuang Iron Mine for which the new mining certificate has been formally issued to the Purchaser, as compared to a gain on disposal of an exploration right amounting to approximately RMB7.5 million in the corresponding period.

Management Discussion and Analysis

Summary of work in the first half of 2025

In the first half of 2025, the Group released new production capacity in a planned manner in accordance with changes in the market situation, and continued to strengthen its traditional principal business of protective mining, production, sales and services of iron and titanium ores. The Group continued to invest in scientific research for the expansion of the entire titanium industrial chain. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project was further strengthened.

- I. Continued Brazil coarse powder processing business. In the first half of the year, the Group continued to promote the production of Brazil coarse powder processing, and the Brazil coarse powder processing volume was 103,000 tons in the first half of the year.
- II. Trading of coal and coal products. The Group captured suitable business opportunities and took advantage of the logistics advantages of Xinjiang and the favorable geographical conditions of Yumen Office in Gansu Province in making full use of the existing customer relationship resources to increase the trade volume of coal and coal products, and recorded sales revenue of RMB6,171,000 in the first half of the year.
- III. Zhuge Shangyu mining and processing plant construction. The phased strategic investment of new projects in Zhuge Shangyu Mine and processing plant is approximately RMB1.5 billion, mainly focusing on mining, ilmenite ores production line construction, living office area construction, science and technology center and production automation construction. The upstream ore processing system of Zhuge Shangyu's titanium industrial chain is nearing completion. The construction of new system and regional planning has been basically determined. Based on the current Zhuge Shangyu processing plant implemented step by step from point to area, the production construction of the whole park will develop towards unmanned and intelligent in the future. Up to now, the overall construction of the civil construction main body of the plant has been completed, the steel structure processing has been completed, and 95% of the installation has been completed. The main roof of the crushing workshop has been sealed, and equipment installation is underway, the main frame of the steel structure of the sorting workshop has been completed, the construction of the steel structure of the tailings workshop has been completed. The construction of the supporting waste rock warehouse is nearing completion, 1-2# loading warehouse, 1-2# transfer station, 1-3# transformer and distribution room are under construction, outdoor pipe network and road in the plant have been completed.
- IV. Continued to release the existing production capacity of Zhuge Shangyu processing plant, and strived to increase production with guaranteed quantity with production of 103,000 tons in the first half of the year.
- V. Strengthened internal control management and made market-based comprehensive assessment of related transactions. The Group improved integrated and standardized management level, monitored the supply, production and sales in a timely manner, and laid the management foundation for performance improvement.

Management Discussion and Analysis

- VI. Low-carbon, environmental protection and innovation in technology. Focused on low-carbon, environmental protection and new energy sustainable growth projects in the first half of the year for examining and selecting, and planned to adjust our industrial structure for the benefit of investors. Ecological protection has been implemented in all stages of our development to create a “garden-style” plant. In the first half of the year, the Group also promoted the ecological environment improvement project. Up to now, the terrain arrangement, seedling planting and lawn laying on both sides of the lake road have completed, and all landscape projects in the factory are planned to be completed by the end of the year. The ecological lake now has splendid view throughout the year with vibrant scene everywhere. The Group proactively cooperated with China University of Geosciences and China University of Mining and Technology to carry out research experiments on the comprehensive utilization of Zhuge Shangyu Ilmenite Mine, entrusted Yunnan Minzu University to complete titanium slag experiments, and collaborated with Shenyang Metallurgical Research Institute. The Group has obtained a series of innovative achievements in the first half of the year, and also made great progress in respect of application for innovation platform and enterprise honors. Shandong Shengtai Mining Technology Company Limited was awarded as a provincial “innovative small and medium-sized enterprise” and “technological innovation enterprise”. Meanwhile, Zhuge Shangyu 10 million tons/year processing project was awarded as a “green, low-carbon and high-quality development key project in Shandong Province”, “One Enterprise, One Technology (一企一技) Research and Development Center in Linyi City”, “Morning Star Factory (晨星工廠) in Shandong Province”, and “New and Old Kinetic Energy Conversion Public Relations Project in Shandong Province”.
- VII. Application for Zhuge Shangyu mining rights. The Group has obtained the 800,000 tons/year mining rights of Zhuge Shangyu, and received the reply on the installation, environmental assessment and approval for the project. The Group has completed the land leasing of the mine and the clearing of the attachments above the ground, and met all legal conditions for the construction period. The Group has obtained the prospecting permit for Zhuge Shangyu 10 million tons/year ilmenite ore expansion project upon retention. The Group has completed the preparation of the exploration and reserve verification report for No. I ore body and passed the expert review, and the preparation of the development and utilization plan has commenced simultaneously. In the first half of the year, 250,000 cubic meters of overburden were stripped and 50,000 cubic meters of ore were transported.
- VIII. In the first half of the year, while developing the principal business, the Group followed up the market on the new technologies, new materials and new business opportunities, so as to respond to market changes in a timely manner.

Management Discussion and Analysis

Connected Transactions

Shareholder's Loan

Mr. Li Yunde ("Mr. Li"), the chairman of the Board, an executive Director and a controlling shareholder of the Company (as defined under the Listing Rules) 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. During the six months ended 30 June 2025, Mr. Li and Hongfa have further advanced RMB100,280,000 and HK\$7,600,000 (equivalent to approximately RMB6,896,000) to the Group. The advance is interest-free, unsecured and with no fixed repayment term.

Management Discussion and Analysis

FINANCIAL REVIEW

For the six months ended 30 June 2025, the Group recorded revenue of approximately RMB12.9 million as compared with approximately RMB157.3 million for the six months ended 30 June 2024, representing a decrease of approximately 91.8%. For the six months ended 30 June 2025, 67.4% of the Group's total revenue were derived from provision of processing services, while 32.6% were from trading of coarse iron powder and blended coal. Since 2021, the Group started to provide processing services to customers, in order to utilise its production capacity before mining business to be resumed.

Prices of the Group's products

Iron Concentrates

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

The Group did not produce and sell 65% or 64% iron concentrates for the six months ended 30 June 2025 and 2024.

Trading commodities

The average selling prices of coarse iron powder and blended coal were RMB858.5 and RMB312.2 per tonne respectively, for the six months ended 30 June 2025, representing an increase of approximately 12.9% and 8.7% respectively as compared to the average unit price of approximately RMB760.2 and RMB287.2 per tonne for the corresponding period in last year.

Management Discussion and Analysis

Revenue

Revenue recorded for the six months ended 30 June 2025 was generated from the Group's trading activities and processing service. The Group's revenue is mainly affected by the Group's ability to tackle the market demand through available supplies, as well as the market conditions and the prices of the minerals traded by the Group. The following table sets forth a breakdown of the Group's revenue for the periods indicated:

	Six months ended 30 June 2025 <i>RMB'000</i>		Six months ended 30 June 2024 <i>RMB'000</i>	
Revenue				
Sales from trading activities				
– coarse iron powder	3,404	26.3%	27,327	17.4%
– blended coal	818	6.3%	119,125	75.7%
	4,222	32.6%	146,452	93.1%
Processing service				
– processing of iron and other mineral ores	8,713	67.4%	10,836	6.9%
	12,935	100.0%	157,288	100.0%

The following table sets forth a breakdown of the volume of trading commodities sold by the Group for the periods indicated:

	Six months ended 30 June 2025 (Kt)	Six months ended 30 June 2024 (Kt)
Sales volume of trading activities		
– coarse iron powder	4.0	35.9
– blended coal	2.6	414.8
	6.6	450.7

For the six months ended 30 June 2025, revenue is mainly derived from provision of processing services to third party customers. Revenue is also derived from trading of blended coal and coarse iron powder.

Management Discussion and Analysis

The Group recorded revenue of approximately RMB12.9 million for the six months ended 30 June 2025, representing a decrease of approximately 91.8% from the revenue of approximately RMB157.3 million for the six months ended 30 June 2024. The decrease in revenue of the Group was primarily resulted from the slow-down of trading activities due to fierce price fluctuation of minerals, as well as decrease in processing orders received in first few months of 2025.

Cost of Sales

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

	Six months ended 30 June 2025 RMB'000		Six months ended 30 June 2024 RMB'000	
Cost of Sales				
Cost of sales of trading activities				
– sales of coarse iron powder	3,403	36.7%	27,269	18.8%
– sales of blended coal	816	8.8%	109,583	75.5%
	4,219	45.5%	136,852	94.3%
Cost of sales of processing services				
– processing of iron and other mineral ores	5,061	54.5%	8,252	5.7%
	9,280	100.0%	145,104	100.0%

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

Total cost of sales decreased by approximately 93.6% to approximately RMB9.3 million for the six months ended 30 June 2025, as compared with approximately RMB145.1 million for the corresponding period in last year. Such decrease was consistent with the decrease in the Group's revenue for the six months ended 30 June 2025, which was mainly due to the decrease in sales volume from trading minerals by approximately 444.1 Kt, together with the decrease of processing services provided to customers.

Management Discussion and Analysis

Gross profit and gross profit margin

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

	Six months ended 30 June 2025 RMB'000		Six months ended 30 June 2024 RMB'000	
Gross profit				
Gross profit of trading activities				
– sales of coarse iron powder	1	0.0%	58	0.5%
– sales of blended coal	2	0.1%	9,542	78.3%
	3	0.1%	9,600	78.8%
Gross profit of processing services				
– processing of iron and other mineral ores	3,652	99.9%	2,584	21.2%
	3,655	100.0%	12,184	100.0%

Management Discussion and Analysis

	Six months ended 30 June 2025	Six months ended 30 June 2024
Gross profit margin		
Gross profit margin of trading activities		
– sales of coarse iron powder	0.0%	0.2%
– sales of blended coal	0.2%	8.0%
Gross profit margin of provision of processing services		
– processing of iron and other mineral ores	41.9%	23.8%
Total gross profit margin	28.3%	7.7%

Gross profit decreased by approximately RMB8.5 million from approximately RMB12.2 million for the six months ended 30 June 2024 to approximately RMB3.7 million for the six months ended 30 June 2025. The main reason for the decrease was slow-down of trading activities and decrease in processing orders received from customers.

Overall gross profit margin increased from approximately 7.7% for the six months ended 30 June 2024 to 28.3% for the six months ended 30 June 2025. The increase is due to greater attribution of processing services which earned a higher margin than trading activities.

Management Discussion and Analysis

Distribution costs and administrative expenses

The total of distribution costs and administrative expenses decreased by approximately RMB1.8 million or 5.7%, from approximately RMB31.6 million for the six months ended 30 June 2024 to approximately RMB29.8 million for the current period. The major reason is due to the decrease in distribution costs by RMB3.1 million, which is generally due to the sharp decrease in trading activities for which distribution costs relate to.

Finance costs, net

Net finance costs mainly comprised of discounting effect of amount payable for mining rights, offset by interest income from bank deposits. Finance costs decreased due to no interest expense incurred on borrowings of the Group which has been fully settled in 2024.

Total comprehensive income

The total comprehensive loss attributable to owners of the Company was approximately RMB1.8 million for the six months ended 30 June 2025, as compared with approximately RMB12.8 million for the six months ended 30 June 2024. Despite of the drop in gross profit by approximately RMB8.5 million as a result of decrease in revenue, the total comprehensive loss attributable to owners of the Company decreased by approximately RMB11.0 million as a gain of approximately RMB27.4 million was recognised for the six months ended 30 June 2025, which was resulted from reversal of over-provision for accrued expenses relating to Yangzhuang Iron Mine for which the new mining certificate has been formally issued to the Purchaser, as compared to a gain on disposal of an exploration right amounting to approximately RMB7.5 million in the corresponding period.

WORK PLAN FOR THE SECOND HALF OF 2025

In the second half of 2025, the Group will release new production capacity in a planned manner based on its annual work plan, and continue to strengthen its traditional principal business of protective mining and production of iron and titanium mines, as well as investment in scientific research for the expansion of the entire titanium industrial chain. Active efforts will also be made to push forward the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project.

- I. Coal and coal products trade. The Group will capture suitable business opportunities and leverage the logistics advantages of Xinjiang, the favorable geographical conditions of Yumen Office in Gansu Province and the existing customer relationship resources to increase the trade volume of coal and coal products, further improve sales and boost profitability.
- II. Zhuge Shangyu mining and processing plant construction. Zhuge Shangyu Mine is ready to start infrastructure construction and mining period in the second half of the year. The phased strategic investment of new projects in Zhuge Shangyu Mine and processing plant is approximately RMB1.5 billion, mainly focusing on mining, ilmenite ores production line construction, living office area construction, science and technology center and production automation construction. The existing production system of Shangyu Park is ready for normal production, and the construction of new system and regional planning has been basically determined. Based on the current Shangyu processing plant implemented step by step from point to area, the production construction of the whole park will develop towards unmanned and intelligent in the future. In the second half of the year, it is planned to complete equipment installation and joint debugging. During the period, the Group will promote ore processing and high titanium slag experiments, strengthen close cooperation with scientific research institutes, and promote the effective connection of production, education and research integration construction. According to the experimental results, the Group will seek advice from experts in the industry to determine feasible process routes, so as to provide scientific and accurate data support for the subsequent project construction.

Management Discussion and Analysis

- III. Continue to release the existing production capacity of Zhuge Shangyu processing plant, and strive to increase production with guaranteed quantity, with better-than-first half performance in production capacity and yield in the second half of the year.
- IV. Strengthen internal control management and make market-based comprehensive assessment of related transactions. The Group will improve the integrated and standardized management level, monitor supply, production and sales in a timely manner, and lay the management foundation for performance improvement in the fair market.
- V. Focus on low-carbon, environmental protection and new energy sustainable growth projects in the second half of the year for examining and selecting, and plan to adjust our industrial structure for the benefit of investors as appropriate.
- VI. Zhuge Shangyu 10 million tons/year ilmenite ore expansion project: obtain opinions on the delineation of the mining area; the development and utilization plan is approved by the provincial Department of Natural Resources; complete the preparation of the feasibility study report and geological environmental protection and land reclamation plan, and pass the expert review.
- VII. In the second half of the year, the Group will not only develop the principal business, but also follow up the new technologies, new materials and new business opportunities in the market and collaborate with college research institutes and other scientific research platforms, aiming to keep pace with the times and respond to market changes in a timely manner.
- VIII. Respond to possible market reactions in a timely manner to enhance the Company's ability of normal operation and sustainable profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the total amount of the borrowings of the Group was approximately RMB374.3 million (as at 31 December 2024: approximately RMB267.1 million), representing amount due to the controlling shareholder and the ultimate holding company. The Group's cash and bank balances amounted to approximately RMB72.4 million as at 30 June 2025 (as at 31 December 2024: approximately RMB80.0 million).

CAPITAL STRUCTURE

The Company's issued share capital as at 30 June 2025 is HK\$14,011,461.12 divided into 350,286,528 shares with par value of HK\$0.04 each (the "Shares").

The Group adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings (including amounts due to the controlling shareholder and the ultimate holding company) divided by the aggregate amount of total equity and total borrowings) as at 30 June 2025 was approximately 40.8% (as at 31 December 2024: approximately 32.9%). The current ratio (calculated as current assets divided by current liabilities) as at 30 June 2025 was approximately 0.87 times (as at 31 December 2024: approximately 1.07 times). The decrease in current ratio is mainly attributed to continuing capital expenditure incurred by the Group in the development of Zhuge Shangyu Ilmenite Mine by utilising advances from the controlling shareholder and the ultimate holding company.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS

As at 30 June 2025, the Group did not have any significant investment held.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had 126 employees (as at 31 December 2024: 119 employees), most of whom were stationed in the PRC. The employee benefit expense (including Directors' emoluments) amounted to approximately RMB7.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB6.8 million). The Group entered into employment contracts with all its employees. Apart from salary remuneration, employees are entitled to retirement benefits under a state-managed retirement scheme operated by the PRC government which covers the Group's eligible employees in the PRC and a mandatory provident fund scheme for the employees in Hong Kong. The Company had also adopted a restricted share award scheme.

CHARGE OVER THE GROUP'S ASSETS

As at 30 June 2025, except for a fixed deposit of RMB2,500,000 (as at 31 December 2024: Nil) pledged to a bank for issuing guarantee of RMB2,500,000 (as at 31 December 2024: Nil) in favour of a contractor of the Group, there was no charge over the assets of the Group.

FOREIGN CURRENCY EXPOSURE

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

CONTINGENT LIABILITIES

As at 30 June 2025, 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.

Other Information

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

As at 30 June 2025, the interest or short positions of the Directors or chief executives in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, are set out below:

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

Name of Director	Capacity/ Nature of interest	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Li Yunde ("Mr. Li")	Interest of controlled corporation	Long position	186,822,631 (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 30 June 2025, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2025, 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 shareholding in the Company
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 30 June 2025, no other parties had, or deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE AWARD SCHEME

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

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

The Company has appointed Greenfield Services Limited as trustee for the Share Award Scheme. As at 30 June 2025, 501,000 restricted shares were held by the trustee for the purpose of the Share Award Scheme. Since the adoption of the Share Award Scheme and up to 30 June 2025, 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 2025 and 30 June 2025, the restricted shares available for grant under the Share Award Scheme was 35,028,652. Save for the Share Award Scheme, the Company does not have any other share scheme.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2025.

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company established the Audit Committee on 9 April 2012 with written terms of reference in compliance with the CG Code, which currently comprises of four independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman), Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther. The Audit Committee had reviewed the unaudited interim consolidated results for the six months ended 30 June 2025 before such documents were tabled at a meeting of the Board held on 29 August 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 had been made.

By order of the Board

Add New Energy Investment Holdings Group Limited

Li Yunde

Chairman

Hong Kong, 29 August 2025