Add New Energy Investment Holdings Group Limited
愛德新能源投資控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02623)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

The Group recorded revenue from continuing operations of approximately RMB30.3 million for the year ended 31 December 2017, representing a decrease of approximately 47.1% over the revenue of approximately RMB57.3 million for the year ended 31 December 2016.

The Group's total comprehensive loss attribute to owners of the Company increased by approximately 19.2% from approximately RMB116.9 million for the year ended 31 December 2016 to approximately RMB139.3 million for the year ended 31 December 2017.

The Group recorded net cash inflows from operating activities of approximately RMB4.2 million for the year ended 31 December 2017.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Add New Energy Investment Holdings Group Limited (the "Company") announces the audited consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 and the Group's audited consolidated balance sheet as at 31 December 2017, together with the relevant comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 31 December 2017** *RMB'000*	2016 *RMB'000*
Continuing operations			
Revenue	*4*	**30,306**	57,278
Cost of sales		**(68,004)**	(55,182)
Gross (loss)/profit		**(37,698)**	2,096
Distribution expenses		**(62)**	(249)
Administrative expenses		**(40,612)**	(76,907)
Other income/(loss)		**66**	(332)
Other gains – net	*5*	**40**	1,716
Operating loss		**(78,266)**	(73,676)
Finance income	*6*	**3,837**	2,993
Finance expenses	*6*	**(11,217)**	(25,547)
Finance expenses – net		**(7,380)**	(22,554)
Loss before income tax		**(85,646)**	(96,230)
Income tax expense	*7*	**(365)**	(9,348)
Loss from continuing operations		**(86,011)**	(105,578)
Loss from discontinued operations	*15*	**(55,586)**	(12,477)
Loss for the year		**(141,597)**	(118,055)
Loss for the year attributable to:			
Owners of the Company		**(139,633)**	(117,240)
Non-controlling interests		**(1,964)**	(815)
		(141,597)	(118,055)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Change in value on available-for-sale financial assets		**559**	1,190
Currency translation differences		**594**	(90)
Total comprehensive loss for the year		**(140,444)**	(116,955)

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(139,285)**	(116,907)
Non-controlling interests		**(1,159)**	(48)
		(140,444)	(116,955)
Total comprehensive loss for the year attributable to:			
Continuing operations		**(86,011)**	(105,245)
Discontinued operations		**(54,433)**	(11,710)
		(140,444)	(116,955)
Losses per share for loss from continuing operations attributable to owners of the Company *(expressed in RMB per share)*			
Basic losses per share	*8*	**(0.02)**	(0.03)
Diluted losses per share	*8*	**(0.02)**	(0.03)
Losses per share for loss attributable to owners of the Company *(expressed in RMB per share)*			
Basic losses per share	*8*	**(0.03)**	(0.03)
Diluted losses per share	*8*	**(0.03)**	(0.03)

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**256,862**	302,137
Intangible assets		**–**	58,150
Investments accounted for using the equity method		**13,830**	–
Available-for-sale financial assets		**–**	1,665
Deferred income tax assets	*9*	**–**	15,044
Other non-current assets	*10*	**8,783**	7,370
		279,475	384,366
Current assets			
Inventories	*11*	**33,122**	32,275
Trade receivables	*12*	**26,151**	77,419
Notes receivables	*13*	**42,000**	7,000
Prepayments and other receivables		**24,745**	133,775
Cash and cash equivalents		**123,627**	120,354
Term deposits		**160,000**	100,000
Restricted bank deposits		**83,366**	28,308
		493,011	499,131
Total assets		**772,486**	883,497
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**641,741**	644,393
Reserves		**(9,570)**	66,726
Accumulated losses		**(248,198)**	(185,209)
		383,973	525,910
Non-controlling interests		**–**	5,247
Total equity		**383,973**	531,157

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**107,210**	111,412
Provisions for close down, restoration and environmental costs		**8,955**	26,992
Deferred income		**463**	501
Deferred income tax liabilities	*9*	**8,262**	17,433
		124,890	156,338
Current liabilities			
Borrowings		**100,000**	100,000
Trade payables	*14*	**17,353**	19,447
Notes payables		**100,000**	20,000
Accruals and other payables		**46,231**	55,354
Current portion of long-term liabilities		**39**	39
Current income tax liabilities		**–**	1,162
		263,623	196,002
Total liabilities		**388,513**	352,340
Total equity and liabilities		**772,486**	883,497

Notes:

1. GENERAL INFORMATION

Add New Energy Investment Holdings Group Limited (the "Company", formerly known as China Zhongsheng Resources Holdings Limited) was incorporated in the Cayman Islands on 8 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") are principally engaged in iron ore mining and processing, sales of iron concentrates 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 on 27 April 2012.

The directors considered Hongfa Holdings Limited, a company incorporated in the British Virgin Islands ("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 on 28 March 2018.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to HKAS 12, and

- Disclosure initiative – amendments to HKAS 7.

The Group also elected to adopt the following amendment early.

- Annual Improvements to HKFRS Standards 2014-2016 Cycle

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) HKFRS 9, 'Financial instruments'

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The financial asset held by the Group is equity instrument currently classified as available-for-sale for which a fair value through other comprehensive income ("FVOCI") election is available under the HKFRS 9, and accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss ("FVPL") and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018.

(ii) HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return – HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018.

(iii) HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION

(a) General information

The Chief Operating Decision Maker ("CODM") has been identified as the Senior Executive Management of the Company ("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 considers the business from both a geographic and industrial perspective. Geographically, management considers the performance in the PRC and Australia. From an industrial perspective, management separately considers activities of ore mining and processing and sales of concentrates and activities of finance lease in these geographies.

During the year ended 31 December 2017, the CODM made the following changes to the reportable segments to reflect the changes of relevant business, the comparatives have also been restated.

(i) In January 2017, Tianjin Ever Grand Financial Leasing Co., Ltd. ("Ever Grand") terminated its external finance lease contract. The SEM decided to temporarily suspend finance lease business and Ever Grand is no longer reported as a separate reportable operating segment for the year ended 31 December 2017.

(ii) On 18 November 2017, the Company announced that Shandong Ishine Mining Industry Co., Ltd ("Shandong Ishine") and the Controlling Shareholders has entered into an agreement with two independent natural persons, pursuant to which Shandong Ishine sold all its interests in Linyi Luxing Titanium Co., Ltd. ("Luxing Titanium"), with a cash consideration amounting to RMB20,900,000. The transaction was completed on 30 November 2017. Luxing Titanium is reported in the current period as a discontinued operation.

(iii) In 2017, the SEM decided not to actively pursue business in Australia. On 29 December 2017, Mr. Li Yunde, the Controlling Shareholders of the Company, submitted his resignation to the board of directors of Ishine International Resources Ltd. ("Ishine International"), and retired from the position of executive director and chairman of Ishine International. The Group no longer has control in Ishine International since from 29 December 2017. Ishine International is reported in the current period as a discontinued operation.

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

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.

Expenses, assets and liabilities of the holding companies (the Company, Alliance Worldwide Investment Limited, Fortune Shine Investment Limited, Shine Mining Investment Limited, Ishine Mining International Limited, China Rongsheng Holdings Limited, Alpha Charm Investments Limited, Grandson Holdings Limited, Active Fortune Group Limited), and Yishui Shengrong New Energy Limited ("Yishui Shengrong") in the Group are presented as 'Unallocated' in the segment information.

The segment information provided to the SEM for the years ended 31 December 2017 and 2016 is as follows:

	Shandong Ishine *RMB'000*	**Discontinued operations** *RMB'000*	**Unallocated** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2017					
Revenue	**30,306**	**–**	**–**	**–**	**30,306**
Gross profit	**(37,698)**	**–**	**–**	**–**	**(37,698)**
Finance income	**3,833**	**4**	**4**	**–**	**3,841**
Finance expenses	**(4,407)**	**(4,337)**	**(6,810)**	**–**	**(15,554)**
Impairment losses	**(2,581)**	**–**	**–**	**–**	**(2,581)**
– Inventories	**2,991**	**–**	**–**	**–**	**2,991**
– Trade receivables	**(866)**	**–**	**–**	**–**	**(866)**
– Other receivables	**456**	**–**	**–**	**–**	**456**
Income tax expense	**(365)**	**(1,026)**	**–**	**–**	**(1,391)**
Net (loss)/profit	**(67,515)**	**(55,586)**	**(18,496)**	**–**	**(141,597)**
Other information					
Depreciation of PPE	**(15,339)**	**(425)**	**–**	**–**	**(15,764)**
Expenditures for non-current assets	**5,959**	**–**	**1,262**	**–**	**7,221**
As at 31 December 2017					
Segment assets and liabilities					
Total assets	**727,731**	**110,003**	**2,046,618**	**(2,111,866)**	**772,486**
Total liabilities	**415,885**	**125,683**	**713,356**	**(866,411)**	**388,513**

	Shandong Ishine *RMB'000*	Discontinued operations *RMB'000*	Unallocated *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Year ended 31 December 2016					
Revenue	55,237	970	5,492	(3,451)	58,248
Gross profit	157	(55)	5,390	(3,451)	2,041
Finance income	2,981	2	12	–	2,995
Finance expenses	(9,671)	(1,900)	(18,247)	2,371	(27,447)
Impairment losses	(28,797)	(2,019)	–	–	(30,816)
– PPE	(34,144)	(2,019)	–	–	(36,163)
– Intangible assets	(3,137)	–	–	–	(3,137)
– Inventories	8,629	–	–	–	8,629
– Trade receivables	(145)	–	–	–	(145)
Income tax expense	(9,348)	893	–	–	(8,455)
Net loss	(72,558)	(12,477)	(33,020)	–	(118,055)
Other information					
Depreciation of PPE	(19,980)	(1,871)	(11)	–	(21,862)
Expenditures for non-current assets	6,928	–	871	–	7,799
As at 31 December 2016					
Segment assets and liabilities					
Total assets	794,204	146,632	965,318	(1,022,657)	883,497
Total liabilities	314,756	177,018	131,110	(270,544)	352,340

4. REVENUE

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Production		
– Sales of iron concentrates	**8,188**	3,591
– Sales of titanium concentrates	**251**	6,781
Trading		
– Sales of coarse iron powder	**21,867**	44,386
Rental		
– Finance lease	**–**	3,122
Others	**–**	368
	30,306	58,248
Revenue is attributable to:		
– Continuing operations	**30,306**	57,278
– Discontinued operations *(Note 15(b))*	**–**	970
	30,306	58,248

5. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
(Losses)/gains on disposal of PPE	**(1)**	(323)
Government grants	**41**	2,117
Others	**–**	(78)
	40	1,716
Gains is attributable to:		
– Continuing operations	**40**	1,716
– Discontinued operations *(Note 15(b))*	**–**	–
	40	1,716

6. FINANCE EXPENSES – NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Interest expense:		
– Borrowings	**(15,763)**	(19,843)
– Provisions: unwinding of discount	**(1,822)**	(1,406)
– Discount of bank acceptance notes	**(2,946)**	(907)
Net foreign exchange gains/(losses)	**5,126**	(5,046)
Other finance expenses	**(149)**	(245)
Finance expenses	**(15,554)**	(27,447)
Finance income:		
– Interest income on bank deposits	**3,841**	2,995
Net finance expenses	**(11,713)**	(24,452)
Finance expense is attributable to:		
– Continuing operations	**(7,380)**	(22,554)
– Discontinued operations *(Note 15(b))*	**(4,333)**	(1,898)
	(11,713)	(24,452)

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Deferred tax *(Note 9):*		
Origination and reversal of temporary differences	**(1,391)**	(8,455)
Income tax is attributable to:		
– Continuing operations	**(365)**	(9,348)
– Discontinued operations *(Note 15(b))*	**(1,026)**	893
	(1,391)	(8,455)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 revised) of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

The subsidiaries incorporated in BVI under the International Business Companies Acts of the British Virgin Islands are exempted from payment of BVI income tax.

Hong Kong profit 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 years ended 31 December 2017 and 2016.

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.

In December 2015, Shandong Ishine was awarded with the National High-Tech Enterprise qualification. Pursuant to the related regulations, Shandong Ishine is entitled to a reduced income tax rate of 15%, effective from 1 January 2016 till 1 January 2019.

The tax rate for the Company's other PRC subsidiaries is 25% for the year ended 31 December 2017.

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

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Loss before tax	**(140,206)**	(109,600)
Tax calculated at domestic tax rates applicable in the respective countries	**16,864**	13,069
Tax effects of:		
– Expenses not deductible for tax purposes	**(94)**	(162)
– Tax losses for which no deferred income tax asset was recognised	**(16,243)**	(11,536)
– Income not taxable	**(1,918)**	–
Reversal of deferred income tax assets recognised in prior years	**–**	(9,826)
Tax charge	**(1,391)**	(8,455)

8. LOSSES PER SHARE

(a) Basic

Basic losses 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 year.

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Loss attributable to owners of the Company	**(139,633)**	(117,240)
– From continuing operations	**(86,011)**	(105,578)
– From discontinued operations	**(53,622)**	(11,662)
Weighted average number of ordinary shares in issue	**4,609,499,032**	4,468,948,029
Basic losses per share (Expressed in RMB per share)	**(0.03)**	(0.03)
Basic losses per share from continuing operations (Expressed in RMB per share)	**(0.02)**	(0.02)

(b) Diluted

As at 31 December 2017 and 2016, there were no dilutive instruments of the Company, the diluted losses per share were calculated in the same way as basic losses per share.

9. 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	
	2017	2016
	RMB'000	*RMB'000*
Deferred tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**–**	14,152
– Deferred income tax assets to be recovered within 12 months	**–**	892
	–	15,044
Deferred tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	**(8,262)**	(17,393)
– Deferred income tax liabilities to be recovered within 12 months	**–**	(40)
	(8,262)	(17,433)
Deferred tax liabilities, net	**(8,262)**	(2,389)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
At 1 January	**(2,389)**	6,066
Charge to the statement of comprehensive income	**(1,391)**	(8,455)
Disposal of subsidiaries	**(4,482)**	–
At 31 December	**(8,262)**	(2,389)

The movement 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

	Provisions for close down, restoration and environmental costs	Tax losses	Impairment losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015	4,359	13,596	31,005	400	49,360
Credited/(charged) to the statement of comprehensive income	291	(9,826)	2,307	(339)	(7,567)
At 31 December 2016	4,650	3,770	33,312	61	41,793
Credited/(charged) to the statement of comprehensive income	161	–	(196)	(811)	(846)
Disposal of subsidiaries	(4,604)	(2,890)	(21,336)	–	(28,830)
At 31 December 2017	**207**	**880**	**11,780**	**(750)**	**12,117**

(b) Deferred income tax liabilities

	Depreciation of mining infrastructure *RMB'000*	Fair value adjustment in business combination *RMB'000*	Total *RMB'000*
At 31 December 2015	(19,758)	(23,536)	(43,294)
Charged to the statement of comprehensive income	(888)	–	(888)
At 31 December 2016	(20,646)	(23,536)	(44,182)
Charged to the statement of comprehensive income	(545)	–	(545)
Disposal of subsidiaries	812	23,536	24,348
At 31 December 2017	**(20,379)**	**–**	**(20,379)**

(i) As at 31 December 2017, the Group did not recognise deferred income tax assets of RMB26,255,000 (2016: RMB24,693,000) in respect of accumulated losses arising from Shandong Ishine amounting to RMB175,030,000 (2016: RMB164,620,000), that can be carried forward against future taxable income.

(ii) The expiry dates of the taxable losses of the Company and its subsidiaries for which no deferred income tax assets were recognised are summarised as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Year of expiry		
2017	**–**	–
2018	**–**	–
2019	**–**	–
2020	**106,933**	106,933
2021	**57,687**	57,687
2022	**10,410**	–
	175,030	164,620

10. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Land restoration deposits	**5,224**	3,790
Prepaid taxes	**3,559**	3,580
	8,783	7,370

11. INVENTORIES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Raw materials		
– Iron ore and ilmenite ore	**74**	12,428
– Others	**1,968**	5,228
Finished goods	**29,646**	5,067
Spare parts and others	**4,425**	9,552
Provision for inventory	**(2,991)**	–
	33,122	32,275

For the year ended 31 December 2017, the costs of inventories recognised as 'cost of sales' amounted to RMB55,577,000 (2016: RMB53,307,000).

During the year ended 31 December 2017, net realisable value of finished goods with cost of RMB26,655,000 was lower than its cost, therefore, impairment provision of RMB2,991,000 has been charged to the statement of comprehensive income.

12. TRADE RECEIVABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**32,739**	87,077
Less: allowance for impairment of trade receivables	**(6,588)**	(9,658)
Trade receivables – net	**26,151**	77,419

As at 31 December 2017 and 2016, the carrying amounts of the Group's trade receivables approximated their fair values.

The majority of the Group's sales are with credit terms of 90 days. As of 31 December 2017, gross trade receivables of RMB32,739,000 were past due but not impaired (2016: gross amount of RMB84,020,000). At 31 December 2017 and 2016, the ageing analysis of trade receivables was as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**–**	3,057
3 to 6 months	**–**	–
6 months to 1 year	**–**	2,344
Over 1 year	**32,739**	81,676
	32,739	87,077

The carrying amounts of the Group's trade receivables are denominated in RMB.

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

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
At 1 January	**9,658**	9,513
(Reversal)/provision for trade receivables impairment	**(866)**	145
Disposal of subsidiaries	**(2,204)**	–
At 31 December	**6,588**	9,658

13. NOTES RECEIVABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Bank acceptance notes	**42,000**	7,000

All bank acceptance notes are due within 12 months as at 31 December 2017 and 2016.

As at 31 December 2017 and 2016, the carrying amounts of the Group's notes receivables approximated their fair values.

14. TRADE PAYABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade payables	**17,353**	19,447

As at 31 December 2017 and 2016, the ageing analysis of trade payables was as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 6 months	**10,515**	8,192
6 months to 1 year	**74**	958
Over 1 year	**6,764**	10,297
	17,353	19,447

At as at 31 December 2017 and 2016, all the Group's trade payables are denominated in RMB.

15. DISCONTINUED OPERATIONS

(a) Description

The Group's interests in Luxing Titanium were disposed on 30 November 2017. The Group ceased the control in Ishine International on 29 December 2017. The Group reports Luxing Titanium and Ishine International in the current period as discontinued operations.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

(i) Luxing Titanium

The financial performance and cash flow information presented are for the eleven months ended 30 November 2017 and the year ended 31 December 2016.

	2017	2016
	RMB'000	*RMB'000*
Revenue	**–**	601
Expenses	**(325)**	(11,327)
Finance expenses – net	**(4,333)**	(1,975)
Loss before income tax	**(4,658)**	(12,701)
Income tax expense	**(1,026)**	893
Loss after income tax of discontinued operation	**(5,684)**	(11,808)
Loss on disposal of the subsidiary after income tax (c(i))	**(60,295)**	–
Total comprehensive loss from discontinued operations	**(65,979)**	(11,808)
Net cash used in operating activities	**(69,576)**	(58,624)
Net cash generated from investing activities (2017 includes an inflow of RMB20,900,000 from the disposal of the subsidiary)	**20,900**	–
Net cash generated from financing activities	**30,000**	40,000
Net decrease in cash used by the subsidiary	**(18,676)**	(18,624)

(ii) Ishine International

The financial performance and cash flow information presented are for the period from 1 January 2017 to 29 December 2017 and the year ended 31 December 2016.

	2017	2016
	RMB'000	*RMB'000*
Revenue	**–**	369
Expenses	**(1,848)**	(1,115)
Other income/(loss)	**(559)**	–
Finance expenses – net	**–**	77
Loss before income tax	**(2,407)**	(669)
Income tax expense	**–**	–
Loss after income tax of discontinued operation	**(2,407)**	(669)
Gain on fair value change in the Group's remaining interests	**12,800**	–
Gain/(Loss) from discontinued operations	**10,393**	(669)
Change in value on available-for-sale financial assets	**559**	1,190
Currency translation differences	**594**	(90)
Total comprehensive income/(loss) from discontinued operations	**11,546**	(431)

	2017	2016
	RMB'000	*RMB'000*
Net cash used in operating activities	**(3,568)**	(3,319)
Net cash used in investing activities (2017 includes an outflow of RMB2,253,000 from the disposal of the subsidiary)	**(2,254)**	–
Net cash generated from financing activities	**–**	(1,555)
Net decrease in cash used by the subsidiary	**(5,822)**	(4,874)

(c) Details of the disposal of subsidiaries

(i) Luxing Titanium

	2017
	RMB'000
Proceeds received in cash on disposal of Luxing Titanium	**20,900**
Less: carrying amounts of the Group's interests in Luxing Titanium's net assets	**18,134**
Less: The Group's receivables due from Luxing Titanium	**(99,329)**
Loss on disposal of Luxing Titanium	**(60,295)**

i) The carrying amounts of assets and liabilities as at the date of disposal (30 November 2017) were:

	30 November 2017
	RMB'000
Property, plant and equipment	**36,696**
Intangible assets	**58,150**
Other non-current assets	**1,000**
Deferred income tax assets	**4,482**
Inventory	**3,160**
Trade receivables	**2,835**
Prepayments and other receivables	**91**
Total assets	**106,414**
Provision for close down, restoration and environmental costs	**(18,763)**
Trade payables	**(905)**
Accruals and other payables	**(105,834)**
Total liabilities	**(125,502)**
Net assets	**(19,088)**
The Group's share of net assets (95%)	**(18,134)**

ii) Inflow of cash to dispose Luxing Titanium, net of cash disposed:

	30 November 2017
	RMB'000
Proceeds received in cash	20,900
Cash and cash equivalents in Luxing Titanium	–
Net proceeds received from disposal of Luxing Titanium	20,900

(ii) Ishine International

	2017
	RMB'000
Less: carrying amounts of the Group's interests in Ishine International's net assets	**(1,030)**
Fair value of the Group's remaining interests upon disposal	**13,830**
Gain on disposal of Ishine International	**12,800**

Fair value of Ishine International is determined by reference to its share price published on Australian Securities Exchange as of 29 December 2017.

i) The carrying amounts of assets and liabilities as at the date of disposal (29 December 2017) were:

	29 December 2017
	RMB'000
Property, plant and equipment	**7**
Investment in subsidiaries	**153**
Available for sale financial assets	**1,141**
Prepayments and other receivables	**35**
Cash and cash equivalents	**2,253**
Total assets	**3,589**
Accruals and other payables	**(181)**
Total liabilities	**(181)**
Net assets	**3,408**
The Group's share of net assets (30.22%)	**1,030**

ii) Outflow of cash to dispose Ishine International, net of cash disposed:

Proceeds received in cash	**–**
Outflow of cash in disposal of Ishine International	**(2,253)**
Net outflow of cash on disposal of Ishine International	**(2,253)**

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The principal activities of the Group are iron and ilmenite ore exploration, iron ore and ilmenite ore mining, iron ore processing to produce iron concentrates and titanium concentrates and trading of iron concentrates in Shandong 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, finance lease activities and wind power electricity generation in Shandong Province, the PRC.

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

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 from continuing operations decreased by approximately RMB27.0 million, or approximately 47.1%, to approximately RMB30.3 million for the year ended 31 December 2017, as compared with approximately RMB57.3 million for the year ended 31 December 2016. The decrease in revenue was primarily due to (1) the decrease in turnover by approximately RMB22.5 million from trading of coarse iron powder and (2) the decrease in sales of titanium concentrates produced from ilmenite ore of Zhuge Shangyu Ilmenite Mine by approximately RMB5.9 million, which was offset by the increase in sales of iron concentrates produced from Yangzhuang Iron Mine by approximately RMB4.60 million for the year ended 31 December 2017.

The total comprehensive loss of the Group was approximately RMB140.4 million for the year ended 31 December 2017, representing an increase of approximately RMB23.4 million or approximately 20% as compared to that of approximately RMB117.0 million for the year ended 31 December 2016.

This is mainly due to:

1. The total comprehensive loss from continuing operations of the Group was approximately RMB86.0 million for the year ended 31 December 2017, representing a decrease of approximately RMB19.2 million or approximately 18.3% as compared to that of approximately RMB105.2 million for the year ended 31 December 2016 due to the following main reasons: (1) Administrative expenses decreased approximately RMB36.3 million as compared to that of the same period last year, which is mainly due to impairment losses in assets decreased approximately RMB21.7 million compared to that of the same period last year, and depreciation costs in fixed assets decreased approximately RMB9.3 million for the year. (2) Finance expenses decreased approximately RMB15.2 million as compared to that of the same period last year, which is primarily due to exchange rate fluctuations of the Hong Kong dollar; foreign exchange gains for the year of approximately RMB5.1 million increased approximately RMB10.2 million as compared to foreign exchange losses of approximately RMB5.1 million for the same period last year; interest expense from borrowings decreased approximately RMB4.0 million for the year. (3) Gross profit decreased approximately RMB39.8 million as compared to that of the same period last year, mainly due to increased cost of sales from filling expenses of approximately RMB38.9 million in the mined-out areas of the Yangzhuang Iron Mine in 2017.

2. The total comprehensive loss from discontinued operations of the Group was approximately RMB54.4 million for the year ended 31 December 2017, representing an increase approximately RMB42.7 million or approximately 364.9% as compared to that of approximately RMB11.7 million for the year ended 31 December 2016 for the following reasons: (1) The Group recorded a loss for the year of approximately RMB60.3 million from the disposal of Luxing Titanium. (2) The Group recorded gains at fair valuation of approximately RMB12.8 million as at the date of when control was lost over Australia Ishine International. (3) Luxing Titanium recorded a loss for the year of approximately RMB5.7 million; Australia Ishine International recorded a loss for the year of approximately RMB2.4 million. Loss for the year from both companies amounted to a total of approximately RMB8.1 million, representing a decrease of approximately RMB4.4 million as compared to that of approximately RMB12.5 million for the same period last year.

Measures adopted by the management in 2017:

I. Enhanced cash flow management to ensure stable and healthy corporate operations.

During the year, the Company recorded net cash inflows from operating activities of approximately RMB4.2 million, despite being in a state of loss. In respect of operations, the Company focused on increasing its revenue and reducing its operation costs, and set cash flows management as one of the priorities. The Company also improved the recovery of trade receivables (especially for the payment collection) and effectively controlled the market risks, allowing the Company to maintain optimal liquidity, thus enhancing its risk resistance effectively.

II. Enhanced safety production management to ensure compliance safety production.

The PRC has stressed on safety production management since the beginning of 2017. Under the sluggish industry environment, the Group strictly complied with the requirements of the national laws and regulations related to safety production. We increased the investment in safety production, and strengthened mine backfilling. The backfilling work supported the hanging-wall rock and footwall rock of the mine, solidifying the mine and rib pillar around and creating favorable conditions for mining recovery of rib pillar and the mines around, which greatly enhanced the mining recovery rate. The backfilling work also eliminated the potential safety risks in mined-out area by keeping surface configuration, thus maintaining the balance between safety production of the mine and the ecosystem and laying a solid foundation for further development of the Company.

III. Strengthened the research and development of the full titanium industrial chain and increasing the titanium and iron concentrate production capacity.

The Company continued to maintain its business relationship with the Chinese Academy of Sciences and the Russian Academy of Sciences. We constantly made great efforts in technology research and development and full titanium industrial chain development, looked for suitable partners for every section of the titanium industrial chain, and made certain progress in these aspects. Meanwhile, based on market recovery trend, the Company especially increased the production capacity for 46% titanium concentrates and the 65% iron concentrates. The Company aimed to maximize profits by promoting sales in the market window period. The Company made a significant progress particularly in enhancement of production technology for 46% titanium concentrates. In June 2017, the Group's Comprehensive Utilization of Ultra-low Vanadium Bearing Tinano-magnetite Iron Ore Resources Project won the Shandong Industrial Outstanding Contribution Project Award.

IV. Adjusted the directions for new energy technology development and optimized strategic plans to lay a solid foundation for future development of the Company.

During the year, the management has been continuously adjusting the ways on making full use of national policy related to new energy industry. It has conducted in-depth researches on the application of wind power generation, photovoltaic power generation and integrated technology of solar thermal power. Adhering to the long-term strategic plans instead of short-term planning, the Company optimized the development direction and focused on plans on highlighting the Company's edges in sustainable development. In particular, the Company made progress in the transformation of the integrated utilization of solar thermal power technology through continuous exploration and researches.

V. Valued talent reserves, strengthening employee trainings and improving remuneration system to maintain stable workforce.

In order to meet the needs for the Company's steady and long-term development, the Company sought excellent talents through investigation and assessment, and nurtured them with extra resources to establish a back-up talent team.

The Company strengthened the training and education for its employees. It particularly provided safety trainings, professional skills enhancement trainings and management enhancement trainings for employees in key positions and technicians.

The Company implemented strict remuneration management, and constantly improved the remuneration assessment and assignment system, making the system more reasonable and fully motivating the enthusiasm of employees.

VI. Disposed non-performing assets to avoid further loss on cash flow.

In the first quarter of 2013, the Group acquired Luxing Titanium together with the titanium processing techniques which have been absorbed by the Group and developed into more advanced techniques. However, the results of Luxing Titanium were unsatisfactory and it has been in loss for consecutive years due to market reasons. Luxing Titanium has been in net deficit and was unable to pay its debts due to prolonged loss and unfavorable market conditions for iron concentrate and ilmenite concentrate. The central government has further tightened their policies regarding the environmental protection of mines and mining safety. The expenses on reclamation and ecological restoration of mines for the purpose of environmental protection have gradually increased. The market prices are currently volatile and if such expenses further increase, more losses will be recorded under normal production and operation. Furthermore, with the increase in mining depth, cost will further rise. To avoid further loss on cash flow and further loss in following years, the Group disposed Luxing Titanium in November this year.

VII. Mastered the brand new processing technique through researches.

Shandong Ishine, a wholly-owned subsidiary of the Group, conducted researches on the process of mineral processing technique, and has developed a brand new processing technique for non-magnetic minerals while breaking the limits of mineral processing. With a larger operating range, the new processing technique is able to process the non-magnetic minerals that could be processed before, while the operation is environmental-friendly and reliable because the work process is purely physical. By the end of 2017, Yangzhuang Iron Mine commenced its first processing line remodelling for the brand new processing technique.

OPERATION OVERVIEW AND CAPITAL EXPENDITURE

By closely following market changes, the Group continued to develop the titanium business, adjusted titanium and iron concentrates production in a timely manner and further expanded new energy business so as to protect the interests of shareholders and investors.

I. Continuing sparing no efforts to develop titanium business

The Group continued to make great efforts in planning and implementation of a comprehensive industrial chain, including mining and processing of ilmenite ore and production of titanium concentrates, high titanium slag, titanium tetrachloride and sponge titanium. In addition to the above-mentioned internal production research and development, the production recovery of titanium concentrates by 46% this year was seen as a promising market outlook. The Group continued to enhance technology cooperation with the Chinese Academy of Sciences and the Russian Academy of Sciences, closely monitored market changes and made timely investment preparations, while striving to transform these technical advantages into production capabilities and to improve profitability of the Company.

II. Expanding into new businesses relating to clean energy

Riding on the breakthrough made in respect of new energy projects in 2016, the Group integrated external resources to deepen cooperation and achieved results in respect of the development of renewable resources, such as wind power, solar energy and solar thermal power so as to seek for a breakthrough in profit increase.

In 2017, the Group invested approximately RMB0.8 million in the wind power project of Yishui Shengrong. In respect of solar thermal comprehensive energy engineering applications, the Group has acquired leading technologies within the country and has achieved substantial progress.

III. Advancing the soil pollution treatment business by way of promptly putting microbial technology into practical use

In order to solve soil pollution problems, the Ministry of Environmental Protection of the PRC has drafted and implemented the “Soil Pollution Treatment Action Plan”. By transforming and making use of the acquired skills and technologies of efficient and high quality microbial fertilizer, the Company endeavored to make investments or carry out cooperation in a timely manner on the production of efficient and organic microbial fertilizer according to market demands. In doing so, the Company participated in solving the problems currently faced in China, including soil compaction, pesticide and fertilizer residue and heavy metals contamination issues, and capitalized on which the Company will be able to increase profit and improve profitability.

IV. Production and operation of titanium and iron mines

1. Yangzhuang Iron Mine

   Currently, the Group possesses a mining permit of Yangzhuang Iron Mine with an approved annual mining production scale of 2.3 Mt.

   The Group planned to decide whether to mine and process its own mines based on the market conditions. It analysed operating risks and judged the timing for trading, and based on profitability to decide whether to process with part of coarse powders purchased from other suppliers. In 2017, the iron ore processed and iron concentrates with 65% iron content produced in the Yangzhuang Iron Mine amounted to 0.286 Mt and 0.035 Mt, respectively.

   In 2017, the Group invested approximately RMB3.7 million in Yangzhuang Iron Mine of which approximately RMB1 million was invested in equipment for the brand new processing lines. Due to the market condition, there was no exploration and mining activity carried out in the mine.

2. Zhuge Shangyu Ilmenite Mine

   Zhuge Shangyu Ilmenite Mine currently possesses a mining permit with an approved annual mining production scale of 0.4 Mt.

   The Group rented an ore processing plant and installed a new titanium processing line in it in 2013. The Group used the production line as the platform for testing to continue to strengthen the cooperation with national scientific and research institutions, such as the Chinese Academy of Sciences, in order to improve titanium processing techniques and control production costs and enhance the value of ilmenite ore.

   If the market recovers, the Group will increase its investment in the 2.0 Mt processing line and production line in the mine and commence operation in the current year. If the market remains stagnant and less profitable or not profitable at all, the Group will reduce its investments. The construction schedule of the mine will be based on the market conditions.

   In 2017, the Group invested approximately RMB3.7 million in processing line and production line as well as infrastructure in Zhuge Shangyu Ilmenite Mine.

   In 2017, the ilmenite ore mined, ilmenite ore processed, ilmenite concentrates with 46% titanium content produced and iron concentrates with 57% iron content produced in the Zhuge Shangyu Ilmenite Mine amounted to approximately 0.197 Mt, 0.188 Mt, 0.003 Mt and 0.003 Mt, respectively. There was no exploration, mining or processing activity carried out in the mine.

3. Qinjiazhuang Ilmenite Mine

In 2017, the Group was determining whether it will make investment in or conduct production activities at Qinjiazhuang Ilmenite based on market changes.

Due to the market condition, there was no investments made and no exploration or production activities carried out in the mine in 2017.

4. Luxing Titanium

The Group completed the disposal of Luxing Titanium in November 2017. Luxing Titanium has been operating at a loss on a long-term basis and has been unable to offset its debts with its capitals, the disposal has prevented the Group from incurring any further loss on its cash flows for the subsequent years.

5. Gaozhuang Shangyu Ilmenite Mine

In 2017, there was no capital expenditure and no exploration and mining activity carried out in the mine.

V. 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 2017, by closely following market changes, the Group stuck to the development of titanium business, adjusted titanium and iron concentrates production in a timely manner and focused on expanding new energy business, particularly for solar thermal projects. The Group made targeted adjustment to its working plan and actively sought for new sources of economic growth.

RESOURCES AND RESERVES OF MINES

The mines and projects owned by the Group have 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 aggregate proved and probable reserve of ore in the Yangzhuang Iron Mine was approximately 43.93 Mt at an average grade of approximately 24.58% TFe (total iron); the total proved and probable reserve of ore in the 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); whereas the total proved and probable reserve of ore in the Qinjiazhuang Ilmenite Project was approximately 86.63 Mt at an average grade of approximately 4.50% TiO_2 and approximately 13.56% 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:

Yangzhuang Iron Mine

1. Resource reporting cutoff grade: 15% TFe

2. An mFe grade cut-off of 8.0% was applied to each mining block based on the breakeven analysis.

3. The Ore Reserve depletion for the Yangzhuang Iron Mine was approximately 4.6 Mt @ 24.6% TFe and 10.6% mFe compared to reported production of approximately 4.5 Mt @ 24.1% TFe and 10.5% mFe for the period from November 2011 to December 2013 inclusive.

4. Stope design parameters are 50 metres in length by approximately 16 metres wide (matching the thickness of the orebody) with a 6 metre wide pillar between stopes as well as a crown pillar of 6 metres.

5. It is assumed that there are no significant geotechnical difficulties.

6. Inferred Resources were excluded from the mine design used to determine the reserves.

7. Parameters for Short Hole Shrinkage mining method:

   Length of Block: 48 m
   Minimum width of Block: 8 m
   Pillar between Blocks: 6 m
   Crown Pillar: 5 m
   Distance between levels: 60 m

Reason for the changes in the resources and reserves estimates:

During the period from November 2011 to December 2013, reserves were reduced by approximately 4.6 Mt due to mining activities.

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.

Qinjiazhuang Ilmenite Project

No reported exploration or mining activities have been undertaken at the Qinjiazhuang Ilmenite Project between 1 November 2011 and 31 December 2013. Micromine has concluded that there has been no material change to the mineral resources and reserves for the Qinjiazhuang Ilmenite Project, which remains the same as those published in the previous Micromine report dated 17 April 2012.

There was no exploration or mining activity carried out in Qinjiazhuang Ilmenite Project from 1 January 2014 to 31 December 2017.

Based on (1) the resources and reserves under the JORC for the Yangzhuang Iron Mine, Zhuge Shangyu Ilmenite Mine and Qinjiazhuang Ilmenite Project 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 November 2011 to December 2013, the Group's estimated resources and reserves as at 31 December 2017 were as follows:

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

	Yangzhuang Iron Mine	Zhuge Shangyu Ilmenite Mine	Qinjiazhuang Ilmenite Project
Ore reserves (Mt)			
– proved	5.86	199.40	45.33
– probable	31.20	204.50 *(Note)*	41.30
Total ore reserves	37.06	403.90	86.63
Grade of total iron (TFe) (%)			
– proved	24.15	12.78	13.50
– probable	24.65	12.83	13.61
Average grade of total iron (TFe) (%)	24.55	12.82	13.56
Grade of titanium dioxide (TiO_2) (%)			
– proved	N/A	5.76	4.52
– probable	N/A	5.65	4.48
Average grade of total titanium dioxide (TiO_2) (%)	N/A	5.69	4.50

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

JORC ore reserve estimate as of 31 December 2016: ***(Note: JORC ore reserves as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2016)***

	Yangzhuang Iron Mine	Zhuge Shangyu Ilmenite Mine	Qinjiazhuang Ilmenite Project
Ore reserves (Mt)			
– proved	5.86	199.60	45.33
– probable	31.20	346.20 *(Note)*	41.30
Total ore reserves	37.06	545.80	86.63

Note: Out of the total probable reserves, about 256.29 Mt is underground reserves.

Yangzhuang Iron Mine resources estimate as of 31 December 2017: ***(Note: JORC mineral resources as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2017)***

Resources Category	**Resources** *(Mt)*	**SG** *(t/m^3)*	**TFe** *(%)*	**mFe** *(%)*
Measured	11.3	3.25	26.0	10.6
Indicated	50.1	3.25	26.8	10.4
Total Measured and Indicated	61.4	3.25	26.6	10.4
Inferred	17.6	3.22	24.6	8.7
Total Resources	79.0	3.24	26.2	10.0

Note: Numbers have been rounded to reflect that the resources are an estimate. Resources may not ultimately be extracted at a profit.

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

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

Qinjiazhuang Ilmenite Project resources estimate as of 31 December 2017: ***(Note: JORC mineral resources as of 31 December 2013, there was no mining activity or exploration activity carried out from 1 January 2014 to 31 December 2017)***

Resources Category	**Resources** *(Mt)*	**SG** *(t/m^3)*	**TiO_2** *(%)*	**TFe** *(%)*
Measured	46.2	3.23	4.90	14.72
Indicated	42.1	3.19	4.88	14.84
Total Measured and Indicated	88.3	3.21	4.89	14.78
Inferred	11.3	3.29	5.06	15.05
Total Resources	99.6	3.22	4.91	14.81

Gaozhuang Shangyu Ilmenite Project

Gaozhuang Shangyu Ilmenite Project is located in Yishui County and Yinan County of Shandong Province, the PRC. Shandong Ishine has engaged an independent third party surveying agency to conduct preliminary exploration work in the Gaozhuang Shangyu Ilmenite Project and the work was completed in 2012. It has exploration rights over an area of approximately 1.53 km^2, with the exploration term expiring in March 2019. According to Titanium Mine Detailed Survey Report in respect of the project, it was estimated that the exploration area had approximately 46.0 Mt of resources of Type 332 and 333 of ilmenite ores as at 2 September 2012 under PRC classification standard with an average grading of iron and titanium contents of approximately 12.4% and 6.8%. As there is no change in resources and reserves from October 2012 to December 2017, the Group did not have any plan to carry out mining work or other expansion plan.

CONTRACTS AND COMMITMENTS

The Group has signed 16 new contracts with a total amount of approximately RMB39.8 million during 2017. The details are summarised as below:

Yangzhuang Iron Mine

Type of contracts		Nature of contracts signed	Total amount *RMB million*
(i)	Equipment suppliers	2	3.2
(ii)	Technical service	8	0.5
(iii)	Backfilling	3	35.6
Total		13	39.3

Zhuge Shangyu Ilmenite Mine

Type of contracts		Nature of contracts signed	Total amount *RMB million*
(i)	Construction	1	0.4
Total		1	0.4

Yishui Shengrong

Type of contracts		Number of contracts signed	Total amount *RMB million*
(i)	Technical service	2	0.1
Total		2	0.1

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group recorded revenue from continuing operations of approximately RMB30.3 million as compared with approximately RMB57.3 million for the year ended 31 December 2016, representing a decrease of approximately 47.1%. For the year ended 31 December 2017, approximately 72.2% of total sales were derived from trading of coarse iron powder, while the remaining approximately 27.8% of the Group's total sales consisted of the sales of iron concentrates and titanium concentrates produced by the Group's processing plants. The Group mainly sold iron concentrates and titanium concentrates produced by the Group to iron pellets and steel producers in Shandong Province, the PRC. In addition to the above customers of iron and titanium concentrates, the Group sold coarse iron powder to other customers engaged in trading and manufacturing of iron-related products in the PRC.

PRICES OF THE GROUP'S PRODUCTS

Iron Concentrates

The unit price of 65% 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's average unit selling price of 65% iron concentrates for the year ended 31 December 2017 was approximately RMB613.2 per tonne, representing an increase of approximately 35.8% as compared with the average unit selling price of approximately RMB451.5 per tonne for the year ended 31 December 2016.

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 and Shandong supply of and the demand for ilmenite ore products and the prosperity of the Shandong steel industry.

The Group's average unit selling price of 46% ilmenite concentrates for the year ended 31 December 2017 was approximately RMB1,636.2 per tonne representing an increase of approximately 164.3% as compared with the average unit selling price of approximately RMB619.1 per tonne for the year ended 31 December 2016.

Revenue

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

	Year ended 31 December 2017		Year ended 31 December 2016	
	RMB'000		*RMB'000*	
Revenue				
Sales of iron concentrates produced by the Group				
– from iron ore of Yangzhuang Iron Mine (65% iron concentrates)	**8,188**	**27.0%**	3,591	6.2%
	8,188	**27.0%**	3,591	6.2%
Sales of titanium concentrates produced by the Group				
– from ilmenite ore of Zhuge Shangyu Ilmenite Mine (46% titanium concentrates)	**251**	**0.8%**	6,180	10.6%
– from ilmenite ore of Luxing Titanium Mine (46% titanium concentrates)	**–**	**–**	601	1.0%
	251	**0.8%**	6,781	11.6%
Sales from trading activities				
– from coarse iron powder	**21,867**	**72.2%**	44,386	76.2%
Income from Ever Grand	**–**	**–**	3,122	5.4%
Others	**–**	**–**	368	0.6%
	30,306	**100%**	58,248	100%
Revenue is attributable to:				
– Continuing operations	**30,306**	**100%**	57,278	98.3%
– Discontinued operations	**–**	**–**	970	1.7%
	30,306	**100%**	58,248	100%

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

	Year ended 31 December 2017 ***(Kt)***	Year ended 31 December 2016 *(Kt)*
Sales volume of iron concentrates produced by the Group		
– from iron ore of Yangzhuang Iron Mine (65% iron concentrates)	**13.4**	8.0
	13.4	8.0
Sales volume of titanium concentrates produced by the Group		
– from ilmenite ore of Zhuge Shangyu Ilmenite Mine (46% titanium concentrates)	**0.2**	9.9
– from ilmenite ore of Luxing Titanium Mine (46% titanium concentrates)	**–**	1.0
	0.2	10.9
Sales volume of trading activities		
– from coarse iron powder	**46.7**	114.9
	60.3	133.8

The following table shows the Group's total production volumes of iron concentrates and titanium concentrates by types of materials used.

	Year ended 31 December 2017		Year ended 31 December 2016	
	(Kt)	***(approximately)***	*(Kt)*	*(approximately)*
Iron concentrates produced by the Group				
Amount of iron concentrates produced from iron ore of Yangzhuang Iron Mine (65% iron concentrates)	**35.5**	**93.2%**	11.4	100.0%
Amount of iron concentrates produced from ilmenite ore of Zhuge Shangyu Ilmenite Mine (57% iron concentrates)	**2.6**	**6.8%**	–	–
	38.1	**100%**	11.4	100.0%
Titanium concentrates produced by the Group				
Amount of titanium concentrates produced from ilmenite ore of Zhuge Shangyu Ilmenite Mine (46% titanium concentrates)	**3.3**	**100%**	–	–
	3.3	**100%**	11.4	100%

During 2017, the price of the iron concentrates is gradually increased due to the recovery of steel market, the Group has increased the production of iron concentrates. For the year ended 31 December 2017, revenue is mainly derived from sales of coarse iron powder to the Group's trading customers. Revenue is also derived from sales of iron concentrates and titanium concentrates produced by the Group.

The Group's revenue from continuing operations decreased by approximately RMB27.0 million, or approximately 47.1%, to approximately RMB30.3 million for the year ended 31 December 2017, as compared with approximately RMB57.3 million for the year ended 31 December 2016. The decrease in revenue was primarily due to (1) the decrease in turnover by approximately RMB22.5 million from trading of coarse iron powder; (2) the decrease in sales of titanium concentrates produced from ilmenite ore of Zhuge Shangyu Ilmenite Mine by approximately RMB5.9 million for the year ended 31 December 2017; which was offset by the increase in sales of iron concentrates produced from Yangzhuang Iron Mine by approximately RMB4.6 million for the year ended 31 December 2017.

Although the iron and steel market is gradually rebounced in 2017, the customers have not reacted to the market immediately for the year ended 31 December 2017. So, the demand in coarse iron powder is still not reached the normal level. The total sales generated from trading activities significantly decreased by approximately 50.7%, which was mainly due to the decrease of trading turnover of coarse iron powder from approximately RMB44.4 million for the year ended 31 December 2016 to approximately RMB21.9 million for the year ended 31 December 2017.

In order to improve the downward pressure on the sluggish economy, China government has stabilised the economic growth in many aspects. The government has introduced some large scale infrastructure construction, and also promoted a steady increase in overall steel market demand, however, the prices of iron concentrate still did not meet the management's expectations. The management still held a cautious attitude, it decided to protect its own mine resources. Therefore, the overall sales volume this year was still relatively small.

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 2017 *RMB'000*		Year ended 31 December 2016 *RMB'000*	
Cost of Sales				
Cost of sales of iron concentrates produced by the Group				
– from iron ore of Yangzhuang Iron Mine (65% iron concentrates)	**45,987**	**67.6%**	3,386	6.0%
	45,987	**67.6%**	3,386	6.0%
Cost of sales of titanium concentrates produced by the Group				
– from ilmenite ore of Zhuge Shangyu Ilmenite Mine (46% titanium concentrates)	**156**	**0.3%**	6,823	12.2%
– from ilmenite ore of Luxing Titanium Mine (46% titanium concentrates)	**–**	**–**	737	1.3%
	156	**0.3%**	7,560	13.5%
Cost of sales of trading activities				
– from coarse iron powder	**21,861**	**32.1%**	44,870	79.8%
Costs from Ever Grand	**–**	**–**	103	0.2%
Others	**–**	**–**	288	0.5%
	68,004	**100%**	56,207	100%
Cost of sales is attributable to:				
– Continuing operations	**68,004**	**100%**	55,182	98.2%
– Discontinued operations	**–**	**–**	1,025	1.8%
	68,004	**100%**	56,207	100%

Cost of sales was mainly incurred during production of iron concentrates and titanium concentrates and from purchase of iron-related products for trading purposes. The cost of sales incurred during production activities mainly consists of mining contracting fees, blasting contracting fees, cost of raw materials, power and utilities expenses, employee benefits, depreciation and amortisation, and other overhead costs.

Total cost of sales increased by approximately RMB11.8 million, or approximately 21.0%, to approximately RMB68.0 million for the year ended 31 December 2017, as compared with approximately 56.2 million for the year ended 31 December 2016. Such increase was mainly due to increased cost of sales from filling expenses of approximately RMB38.9 million in the mined-out areas of Yangzhuang Iron Mine for the year, which was offset by the decreased cost of sales of approximately RMB23.0 million resulting from a reduced sales volume of trading coarse powder for the year.

Gross profit/(loss) and gross profit/(loss) margin

The following table sets forth a breakdown of the Group's gross profit/(loss) and gross profit/(loss) margins for the years indicated:

	Year ended 31 December 2017 *RMB'000*		Year ended 31 December 2016 *RMB'000*	
Gross profit/(loss)				
Gross profit/(loss) of iron concentrates produced by the Group				
– from iron ore of Yangzhuang Iron Mine (65% iron concentrates)	**(37,799)**	**100.3%**	205	10.0%
	(37,799)	**100.3%**	205	10.0%
Gross (loss)/profit of titanium concentrates produced by the Group				
– from ilmenite ore of Zhuge Shangyu Ilmenite Mine (46% titanium concentrates)	**95**	**(0.3)%**	(643)	(31.5%)
– from ilmenite ore of Luxing Titanium Mine (46% titanium concentrates)	**–**	**–**	(136)	(6.6%)
	95	**(0.3)%**	(779)	(38.1%)
Gross loss of trading activities				
– from coarse iron powder	**6**	**–**	(484)	(23.7%)
Gross profit from Ever Grand	**–**	**–**	3,019	147.9%
Others	**–**	**–**	80	3.9%
	(37,698)	**100%**	2,041	100%
Gross profit is attributable to:				
– Continuing operations	**37,698**	**100%**	2,096	(102.7%)
– Discontinued operations	**–**	**–**	(55)	(2.7%)
	37,698	**100%**	2,041	100%

	Year ended 31 December 2017	Year ended 31 December 2016
Gross profit/(loss) margin		
Gross profit/(loss) margin of iron concentrates		
– from iron ore of Yangzhuang Iron Mine (65% iron concentrates)	**(461.6)%**	5.7%
Gross (loss)/profit margin of titanium concentrates		
– from ilmenite ore of Zhuge Shangyu Ilmenite Mine (46% titanium concentrates)	**37.8%**	(10.4%)
– from ilmenite ore of Luxing Titanium Mine (46% titanium concentrates)	**–**	(22.6%)
Gross loss margin of trading activities of coarse iron powder	**0.03%**	(1.1%)
Gross profit margin from Ever Grand	**–**	96.7%
Others	**–**	21.7%
Overall gross profit/(loss) margin	**(124.4)%**	3.5%

Gross profit decreased by approximately RMB39.7 million from the gross profit of approximately RMB2 million for the year ended 31 December 2016 to the gross loss of approximately RMB37.7 million for the year ended 31 December 2017. The main reasons for the decrease were (i) the decrease in gross profit of iron concentrates produced from the iron ore of Yangzhuang Iron Mine by approximately RMB38.0 million from the gross profit of approximately RMB0.2 million for the year ended 31 December 2016 to the gross loss of approximately RMB37.8 million for the year ended 31 December 2017, mainly due to filling expenses of approximately RMB38.9 million in the mined-out areas of Yangzhuang Iron Mine for the year which resulted in an increase in cost of sales; (ii) the decrease of gross profit from finance lease in Tianjin Ever Grand Financial Leasing of approximately RMB3.0 million, which was offset by the increase in gross profit of titanium concentrates produced from the ilmenite ore of Zhuge Shangyu by approximately RMB0.7 million from the gross loss of approximately RMB0.6 million for the year ended 31 December 2016 to the gross profit of approximately RMB0.1 million for the year ended 31 December 2017.

Overall gross profit margin decreased from gross profit margin of approximately 3.5% for the year ended 31 December 2016 to gross loss margin of approximately 124.4% for the year ended 31 December 2017. During the year, excluding the effect of the increase in cost of sales due to filling expenses of approximately RMB38.9 million in the mined-out areas of Yangzhuang Iron Mine, the gross profit of 65% iron concentrates produced from the iron ore of Yangzhuang Iron Mine was approximately 13.5%, with an overall gross profit margin of approximately 4.0%.

Other gains/(losses), net

The Group's other gains were approximately RMB0.04 million for the year ended 31 December 2017 as compared with other gains of approximately RMB1.7 million for the year ended 31 December 2016, which was mainly due to the decrease in government subsidy in 2017.

Finance expenses, net (including discontinued operations)

Net finance expenses mainly represented interest expense on bank loans, bonds, and discount of bank acceptance notes of the Group, offset by interest income on bank deposits. Finance expenses decreased from approximately RMB24.5 million for the year ended 31 December 2016 to approximately RMB11.7 million for the year ended 31 December 2017.

Total comprehensive loss

The total comprehensive loss of the Group was approximately RMB140.4 million for the year ended 31 December 2017, representing an increase of approximately RMB23.4 million or approximately 20% as compared to that of approximately RMB117.0 million for the year ended 31 December 2016.

CAPITAL STRUCTURE

The Company's issued share capital as at 31 December 2017 is HK$9,180,843.84 divided into 4,590,421,920 shares with par value of HK$0.002 each.

The Group adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings divided by the aggregate amount of total equity and total borrowings) as at 31 December 2017 was approximately 35.1% (as at 31 December 2016: approximately 28.5%). The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2017 was approximately 1.9 times (as at 31 December 2016: approximately 2.5 times).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the total amount of the borrowings of the Group was approximately RMB207.2 million (as at 31 December 2016: approximately RMB211.4 million). The Group settled borrowings in the amount of approximately RMB100 million for the year ended 31 December 2017. The Group's cash and bank balances amounted to approximately RMB123.6 million as at 31 December 2017 (as at 31 December 2016: approximately RMB120.4 million).

2018 DEVELOPMENT AND FUTURE PLANS

By closely following market demands and trend changes, the Group will maintain its competitive edge in the sector of its traditional businesses, including mining, production, sales of and other services for iron and titanium ores and concentrates and other protective mining resources. At the same time, the Group will continue to invest in the expansion of the titanium industrial chain and substantially promote its new energy business. The Group will make greater efforts towards the following plans in 2018 and further.

I. Utilizing the brand new processing technique acquired in 2017 and achieving mass production while maintaining its competitive edge in the sector of its principal businesses

The Group will continue to maintain its competitive edge in mining, production and sales of protective mining resources, while providing after sales services to establish close relationships with upstream and downstream businesses within the industrial value chain of the sector. In particular, the Group will utilize the intellectual proprietary rights of the brand new processing technique acquired in 2017 and strengthen its efforts towards achieving mass production. The Group will aim to reach a mass production scale of 120 Mt or above and strive to bring economic benefits for the Group by leveraging on this technique. The Group will continue to make greater efforts in the planning and implementation of a comprehensive industrial value chain, including mining and processing of ilmenite ore and production of titanium concentrates, high titanium slag, titanium tetrachloride and sponge titanium. Based on internal research and development of production, the Group will continue to enhance research and development cooperation with the Chinese Academy of Sciences and technology transfer cooperation with the Russian Academy of Sciences with an aim to achieve significant technical breakthroughs. In response to market demands, the Group will make timely investments in technical transformation and strive to transform the above-mentioned technical advantages into productivity, with an aim to improve the profitability of the Company.

II. Actively expanding the clean energy business of solar thermal power

By applying the world advanced solar power generation technology, the Group will systematically rebuild a set of advanced solar thermal power generation system with the application of globally leading original innovations at every key point of such system (including research and development, production and manufacturing, and technological consultancy). The Group will aim to complete construction of the pilot project in 2018, which is expected to bring significant economic returns for the Group in 2019 and beyond.

The wind power project will be ready to generate income through cooperation or other means in the near future.

III. Seizing opportunities arising from the increasing market demand for lithium carbonate, while making preparations to sell lithium powder products by importing and processing spodumene with existing production lines

With the rapid development of artificial intelligence and battery powered vehicles, lithium carbonate products have been in keen market demand. For the sake of long term development in the long run, the Group has promptly recruited leading industry engineers and technicians and completed redesigning outmoded production lines in the shortest time possible to process and manufacture spodumene, thereby achieving industrial mass production of spodumene products in the original production line. It is expected that approximately 0.4 Mt of spodumene will be processed and manufactured in 2018, and approximately 0.08 Mt of lithium powder with a grade of 5.5% will be manufactured. The development of this business will generate long-term economic benefits for the Group.

IV. Capitalising on the platform as a listed group and taking proactive measures for various projects in the capital market

Capitalising on the financing platform as a listed group, the Group will take proactive and adequate measures in respect of shareholders communication and investor relations, while continuing to strengthen its financing efforts, expand its shareholder base and enhance liquidity of its shares. Financing will also be provided for key construction projects, merger and acquisition projects, or expansion of the titanium industry value chain.

In conclusion, the Group will realize the new profitability potential out of its traditional businesses, with spodumene as one of the main profit driver in the long term, achieve significant breakthroughs in the new energy business and make preparations for commercial production. The Group will also strengthen its financing efforts through the capital market in order to help its various businesses build a solid basis for future performances. This will also make new contributions to the development of the real economy. The Group will actively seek new sources of economic growth, with a view to rewarding our investors with better returns.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the Shareholders to attend and vote at the annual general meeting of the Company ("2018 AGM") to be held on Friday, 25 May 2018, the register of members of the Company will be closed from Friday, 18 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2018 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 May 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, the Group repurchased 25,958,000 shares of HK$0.002 each in the capital of the Company at prices ranged from HK$0.091 to HK$0.136 per share on the Stock Exchange.

Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share		Aggregate purchase consideration (excluding expenses)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
August 2017	4,646,000	0.096	0.091	437,222
September 2017	10,264,000	0.133	0.096	1,258,632
October 2017	11,048,000	0.136	0.127	1,452,844
	25,958,000			3,148,698

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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 10 to the Rules Governing the Listing of Securities on the Stock Exchange (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 2017.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 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 2017.

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 three independent non-executive Directors, namely Mr. Lin Chu Chang (as chairman of the Audit Committee), Mr. Li Xiaoyang and Mr. Zhang Jingsheng. The Audit Committee is mainly responsible for the relationship with the Company's auditor, review of the Company's financial information and monitoring of the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed this announcement and the audited annual financial statements for the year ended 31 December 2017 before such documents were tabled for the Board's review and approval, and is of the opinion that such documents complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

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

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo; one non-executive Director, namely Ms. Chau Ching; and three independent non-executive Directors, namely Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Mr. Lin Chu Chang.