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 2023

FINANCIAL HIGHLIGHTS

The Group recorded revenue of approximately RMB1,263.7 million for the year ended 31 December 2023, representing a decrease of approximately 32.3% from the revenue of approximately RMB1,865.9 million for the year ended 31 December 2022.

The Group's results decreased from total comprehensive income attributable to owners of the Company of approximately RMB66.8 million for the year ended 31 December 2022 to RMB48.3 million for the year ended 31 December 2023.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Add New Energy Investment Holdings Group Limited (the "**Company**") announces the audited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 and the Group's audited consolidated statement of financial position as at 31 December 2023, together with the relevant comparative figures for the year ended 31 December 2022, as follows:

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Note	Year ended 31 December 2023	2022
		RMB'000	*RMB'000*
Revenue	*4*	**1,263,727**	1,865,892
Cost of sales		**(1,122,263)**	(1,720,793)
Gross profit		**141,464**	145,099
Other income	*5*	**145**	13,633
Distribution expenses		**(3,162)**	(1,127)
Administrative expenses		**(75,141)**	(78,817)
Reversal of impairment loss/(impairment loss) on financial assets		**122**	(653)
Write-down of inventories		**(350)**	–
Operating profit		**63,078**	78,135
Interest income		**1,876**	3,040
Interest expenses		**(3,374)**	(12,333)
Finance costs – net		**(1,498)**	(9,293)
Net foreign exchange loss		**(1,895)**	(6,850)
Profit before income tax		**59,685**	61,992
Income tax	*6*	**(9,160)**	(4,357)
Profit for the year attributable to owners of the Company		**50,525**	57,635
Other comprehensive (loss)/income:			
Item that will not be reclassified to profit or loss			
Change in the fair value of financial assets at fair value through other comprehensive income		**(2,219)**	9,139
Total comprehensive income for the year attributable to the owners of the Company		**48,306**	66,774
Earnings per share for profit attributable to owners of the Company *(expressed in RMB cents per share)*			
Basic and diluted earnings per share	*7*	**16.36**	21.94

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

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**318,349**	299,379
Right-of-use assets		**67,852**	12,687
Intangible assets	*8*	**222,167**	–
Prepayments for renewal of mining rights	*8(c)*	**–**	76,815
Financial assets at fair value through other comprehensive income		**11,177**	13,396
Other non-current assets		**13,970**	28,896
		633,515	431,173
Current assets			
Inventories		**9,702**	49,458
Trade and bill receivables	*9*	**30,314**	22,982
Contract assets		**–**	17,374
Prepayments and other receivables	*10*	**48,133**	100,393
Pledged bank deposits		**1,500**	–
Cash and cash equivalents		**146,133**	124,665
		235,782	314,872
Total assets		**869,297**	746,045
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**11,802**	8,571
Share premium	*11*	**774,217**	687,845
Other reserves		**(49,148)**	(46,917)
Accumulated losses		**(244,990)**	(295,515)
Total equity		**491,881**	353,984

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Provisions for close down, restoration and environmental costs		**12,918**	12,112
Amount payable for mining rights – non-current portion	*8(d)*	**101,693**	–
Lease liabilities – non-current portion		**1,391**	1,840
Deferred income – non-current portion		**77**	154
Deferred income tax liabilities		**–**	–
		116,079	14,106
Current liabilities			
Borrowings		**30,000**	68,002
Trade payables	*12*	**48,885**	34,412
Accruals and other payables	*13*	**51,419**	39,597
Amounts due to the controlling shareholder and the ultimate holding company		**88,000**	55,400
Contract liabilities		**4,054**	166,804
Amount payable for mining rights – current portion	*8(d)*	**19,229**	–
Lease liabilities – current portion		**475**	933
Deferred income – current portion		**39**	39
Income tax payable		**19,236**	12,768
		261,337	377,955
Total liabilities		**377,416**	392,061
Total equity and liabilities		**869,297**	746,045

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

Notes:

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Group are principally engaged in iron ore mining and processing, and sales of iron concentrates and trading of mineral commodities in the People's Republic of China (the "**PRC**"). The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 April 2012.

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

These consolidated financial statements have been approved for issuance by the Board on 27 March 2024.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from A Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The Group has adopted the amendments for the first time in the current year. HKAS 1 – Presentation of Financial Statements replace all instance of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information include in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that are accounting policy information may be material because of the nature of the related transactions, other events or conditions, is itself is material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

Amendments to HKFRS Practice Statement 2 – Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

3. DIVIDENDS

The Board did not recommend a final dividend for the year ended 31 December 2023 (2022: nil).

4. REVENUE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trading		
– Sales of coarse iron powder	**206,234**	456,280
– Sales of semi-coke	**238,128**	536,214
– Sales of blended coal	**519,517**	689,694
– Sales of coke	**35,056**	–
	998,935	1,682,188
Processing service income		
– from processing of iron and other mineral ores	**241,891**	183,704
Production		
– sales of iron concentrates	**22,901**	–
	1,263,727	1,865,892

5. OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Government grants	**136**	67
Consultancy fee income *(Note (a))*	–	9,585
Compensation income *(Note (b))*	–	3,308
Others	**9**	673
	145	13,633

Notes:

a) During the year ended 31 December 2022, Shandong Ishine Mining Industry Co., Ltd ("**Shandong Ishine**", being the principal subsidiary of the Group in the PRC) provided consultancy services to an independent wind power operator in relation to a wind power generation project situated in the Shandong province at a total consideration, net of value-added tax, amounting to RMB9,585,000, for which, RMB4,001,000 was received in previous years and included in contract liabilities as at 31 December 2021 and RMB5,584,000 was received during the year ended 31 December 2022 and was recognised as consultancy fee income for the year ended 31 December 2022.

b) On 24 September 2020, Shandong Ishine entered into a conditional cooperating agreement with an independent third party (the "**JV Party**"), pursuant to which, the JV Party has agreed to cooperate with Shandong Ishine on the mining and processing operations in relation to the Yangzhuang iron ore mine of Shandong Ishine (the "**Joint Arrangement**") and will be entitled to 49% of net profit derived from such operations, for which, the JV Party shall contribute RMB132,000,000 as working capital of the Joint Arrangement under which the JV Party shall not be entitled to the distribution rights on the assets and residual working capital at the end of the Joint Arrangement. Pursuant to the cooperating agreement, Shandong Ishine shall have 60% voting rights in the management board of the Joint Arrangement and share 51% of its operating results, and has control over the Joint Arrangement. Up to 31 December 2021, Shandong Ishine received a refundable deposit of RMB27,450,000 from the JV Party, which was included in accruals and other payables of the Group as at 31 December 2021. The operations as set out in the cooperating agreement had not yet started given that the renewal of the relevant mining right certificate was still in progress at that time.

On 3 August 2022, Shandong Ishine and the JV Party entered into an additional agreement, pursuant to which, the Joint Arrangement was cancelled with effect on 3 August 2022, and the JV Party shall compensate Shandong Ishine for a sum of approximately RMB3,308,000, which have been deducted against the refundable deposit of RMB30,430,000 paid to the Group up to 3 August 2022. Accordingly, compensation income of RMB3,308,000 was recognised in the consolidated profit or loss for the year ended 31 December 2022 and the remaining balance of the deposit was refunded to the JV Party during the year ended 31 December 2022.

6. INCOME TAX

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

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

Hong Kong profits tax has not been provided for the subsidiaries of the Company in Hong Kong as there is no taxable income arising in or derived from Hong Kong during the years ended 31 December 2023 and 2022.

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

No provision for the PRC corporate income tax has been made for Shandong Ishine in the current year as Shandong Ishine has available tax losses brought forward from previous years which fully offset its assessable profit for the year. PRC corporate income tax has been provided for at the rate of 25% on the assessable profits of other subsidiaries of the Group in the PRC.

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current tax	**9,160**	9,770
Deferred tax	**–**	(5,413)
	9,160	4,357

7. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**50,525**	57,635
Weighted average number of ordinary shares in issue	**308,766,501**	262,698,196
Basic earnings per share (Expressed in RMB cents per share)	**16.36**	21.94

On 20 June 2023, the Company completed the rights issue (as detailed in Note 11 below). As the subscription price of the rights shares was higher than the market price of the Company's ordinary shares immediately before the completion of the rights issue, there was no bonus element in the rights issue. Accordingly, the weighted average number of ordinary shares for the year ended 31 December 2023 and 2022 has not been adjusted in respect of the rights issue.

The weighted average number of ordinary shares for the year ended 31 December 2023 and 2022 has only been adjusted in respect of the share consolidation being effective on 9 May 2023 (as detailed in Note 11 below).

(b) Diluted

No diluted earnings per share for 2023 and 2022 were presented as there were no potential ordinary shares in issue for 2023 and 2022.

8. INTANGIBLE ASSETS/PREPAYMENTS FOR RENEWAL OF 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:

Mining rights

	Yangzhuang *RMB'000* *(note (a))*	**Zhuge Shangyu** *RMB'000* *(note (b))*	**Total** *RMB'000*
As at 1 January 2022, 31 December 2022 and 1 January 2023	–	–	–
Additions	67,853	154,314	222,167
As at 31 December 2023	67,853	154,314	222,167

Notes:

a) The Group applied for the renewal of the mining right of Shandong Ishine's Yangzhuang iron ore mine which expired on 20 June 2019. Pursuant to an agreement dated 3 August 2020 entered into between Shandong Ishine and the PRC relevant authorities, Shandong Ishine is required to pay a total consideration of RMB70,466,000 for the renewal of mining right in relation to Shandong Ishine's Yangzhuang iron ore mine. In August 2023, the mining permit for the Yangzhuang iron ore mine has been granted. The agreed consideration of RMB70,466,000 (including RMB45,466,000 paid and RMB25,000,000 payable) with a fair value of approximately RMB67,853,000, was capitalised as intangible assets of the Group during the year ended 31 December 2023. No amortisation on the mining rights has been recognsied for the year ended 31 December 2023 as there was no mining activity during the year due to that the relevant application of environmental and safety certificates for the mine is still in progress.

   As at 31 December 2023, Shandong Ishine has paid RMB45,466,000 (2022: RMB40,466,000), which was previously recognised as prepayments for renewal of mining right. The remaining amount of RMB25,000,000 (2022: RMB30,000,000) will be payable in five (2022: six) instalments from 2024 to 2028 (2022: 2023 to 2028), for which the amounts payable discounted by the interest rate being Shandong Ishine's cost of debt at 4.6% per annum, of approximately RMB4,889,000 and RMB17,498,000, were included in the Group's current liabilities and non-current liabilities as at 31 December 2023, respectively.

b) The Group also applied for the renewal of the mining right of Shandong Ishine's Zhuge Shangyu ilmenite ore mine which expired on 31 December 2020. Pursuant to an agreement dated 17 November 2022 entered into between Shandong Ishine and the PRC relevant authorities, Shandong Ishine is required to pay a total consideration of approximately RMB171,349,000 for the renewal of mining right in relation to Shandong Ishine's Zhuge Shangyu ilmenite ore mine. In November 2023, the mining permit for the Zhuge Shangyu ilmenite ore mine has been granted. The agreed consideration of RMB171,349,000 (including RMB51,349,000 paid and RMB120,000,000 payable) with a fair value of approximately RMB149,884,000, together with the relevant other costs of approximately RMB4,430,000, totalling approximately RMB154,314,000 was capitalised as intangible assets of the Group during the year ended 31 December 2023. No amortisation on the mining rights has been recognsied for the year ended 31 December 2023 as there was no mining activity during the year due to that the relevant application of environmental and safety certificates for the mine is still in progress.

   As at 31 December 2023, Shandong Ishine has paid approximately RMB51,349,000 (2022: RMB36,349,000), which was previously recognised as prepayments for renewal of mining right. The remaining amount of RMB120,000,000 (2022: RMB135,000,000) will be payable in eight (2022: nine) instalments from 2024 to 2031 (2022: 2023 to 2031), for which the amounts payable discounted by the interest rate being Shandong Ishine's cost of debt at 4.6% per annum, of approximately RMB14,340,000 and RMB84,195,000, were included in the Group's current liabilities and non-current liabilities as at 31 December 2023, respectively.

c) As at 31 December 2022, prepayments for renewal of mining rights are as follows:

	Yangzhuang *RMB'000* *(note (a))*	Zhuge Shangyu *RMB'000* *(note (b))*	Total *RMB'000*
Prepayments for renewal of mining rights	40,466	36,349	76,815

Upon obtaining the relevant mining permits for these mines during the year ended 31 December 2023, all the prepayments for renewal of mining rights have been transferred to costs of mining rights as disclosed in notes (a) and (b) above. As at 31 December 2023, there was no prepayments for mining rights.

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

	Yangzhuang *RMB'000* *(note (a))*	Zhuge Shangyu *RMB'000* *(note (b))*	Total *RMB'000*
Classified as current liabilities	4,889	14,340	19,229
Classified as non-current liabilities	17,498	84,195	101,693
	22,387	98,535	120,922

9. TRADE AND BILL RECEIVABLES

	As at 31 December	
	2023 ***RMB'000***	2022 *RMB'000*
Trade receivables	**32,950**	23,790
Less: allowance for impairment of trade receivables	**(4,036)**	(4,158)
Trade receivables – net	**28,914**	19,632
Bill receivables	**1,400**	3,350
Trade and bill receivables – net	**30,314**	22,982

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

	As at 31 December	
	2023 ***RMB'000***	2022 *RMB'000*
Within 3 months	**29,235**	18,075
3 to 6 months	**–**	2,000
6 months to 1 year	**–**	–
Over 1 year	**3,715**	3,715
	32,950	23,790

As at 31 December 2023 and 2022, the carrying amounts of the Group's trade and bill receivables were denominated in RMB.

10. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade deposits to suppliers	**17,301**	70,081
Utility deposits	**1,847**	4,047
Prepaid taxes	**7,271**	7,278
Land restoration deposits	**36**	36
Deductible input value-added tax	**5,022**	874
Advances to employees	**192**	914
Compensation receivable	**15,000**	15,000
Others	**1,464**	2,163
	48,133	100,393

11. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	**Share capital**	**Share premium**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
At 31 December 2021 and 31 December 2022	5,253,963,920	8,571	687,845	696,416
Share consolidation *(Note (a))*	(4,991,265,724)	–	–	–
Issue of shares under rights issue *(Note (b))*	87,588,332	3,231	86,372	89,603
At 31 December 2023	350,286,528	11,802	774,217	786,019

Notes:

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

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

12. TRADE PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**48,885**	34,412

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**44,017**	32,015
6 months to 1 year	**968**	289
Over 1 year	**3,900**	2,108
	48,885	34,412

As at 31 December 2023 and 2022, the carrying amounts of the Group's trade payables were denominated in RMB.

13. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Accrued land compensation costs	**12,623**	9,429
Advance construction funds from government	**11,950**	11,950
Advances from third parties	**9,800**	–
Guarantee deposits	**8,784**	7,198
Employee benefits payable	**6,031**	7,692
Interest payable	**–**	222
Others	**2,231**	3,106
	51,419	39,597

14. COMMITMENTS

Capital commitments

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Property, plant and equipment *(Note (a))*	**485,388**	–
Mining rights *(Note (b))*	**–**	165,000
	485,388	165,000

Notes:

a) During the year ended 31 December 2023, the Group contracted for the construction of new processing and production lines for the Zhuge Shangyu Ilmenite Mine at an estimated total sum of RMB500,000,000. Up to 31 December 2023, amounts totalling approximately RMB14,612,000 has been paid and the remaining amount of RMB485,388,000 is regarded as capital commitment of the Group as at 31 December 2023.

b) The amount as at 31 December 2022 represented outstanding committed balance payable by the Group in relation to the renewal of mining rights, details of which are disclosed in Note 8 to this announcement. As the relevant mining permits have been granted during the year ended 31 December 2023, the remaining unsettled amount has been recognised as liabilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The principal activities of the Group are iron and ilmenite ore exploration, mining and processing in Shandong Province, as well as trading of iron concentrates and other minerals in Shandong Province and Gansu Province, the People's Republic of China (the "**PRC**" or "**China**"). Since 2013, the Group has started to engage in ilmenite ore mining and ilmenite ore processing to produce and sell iron concentrates and titanium concentrates, establish the full titanium industrial chain in Shandong Province, the PRC. The Group's major customers are iron pellets makers and steel manufacturers located in close proximity. Starting from 2021, the Group utilised its processing capacity to provide processing services on iron and other mineral ores which attributed to an increasing profitability to the Group.

The Group possessed mining rights in respect of Yangzhuang Iron Mine (楊莊鐵礦), an iron ore mine located in Qinjiazhuang Village, Yangzhuang Town, Shandong Province, the PRC ("**Yangzhuang Iron Mine**"), Zhuge Shangyu Ilmenite Mine (諸葛上峪鈦鐵礦), an ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC ("**Zhuge Shangyu Ilmenite Mine**"), both of which were renewed during the year ended 31 December 2023. The Group also owns the exploration rights over Yangzhuang Iron Mine, Qinjiazhuang Ilmenite Project, an ilmenite ore project located in Qinjiazhuang District, Yishui County, Shandong Province, the PRC ("**Qinjiazhuang Ilmenite Project**") and Zhuge Shangyu Ilmenite Mine. The Group used to own the exploration right over Gaozhuang Shangyu Ilmenite Project, an ilmenite ore project located in Shangyu District, Yishui County, Shandong Province, the PRC ("**Gaozhuang Shangyu Ilmenite Project**") in previous years.

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

The Group's revenue decreased by approximately RMB602.2 million, or approximately 32.3%, to approximately RMB1,263.7 million for the year ended 31 December 2023, as compared with approximately RMB1,865.9 million for the year ended 31 December 2022. The decrease in revenue was primarily due to the decrease in turnover of sales of trading commodities by approximately RMB683.3 million, resulted from the slowing down of the Group's trading activities due to fluctuation of mineral prices in the second half of 2023.

The total comprehensive income of the Group was approximately RMB48.3 million for the year ended 31 December 2023, representing a decrease of RMB18.5 million from RMB66.8 million for the year ended 31 December 2022. This is mainly due to (1) the decrease in other income of approximately RMB13.5 million which was attributable by, among others, compensation income and consultancy fee income of approximately RMB3.3 million and RMB9.6 million, respectively, recognised in 2022, which were non-recurring in nature, (2) the recognition of deferred tax credit of RMB5.4 million in 2022 due to the stability of Shandong Ishine's profitability starting from 2022, for which deferred tax assets in relation to tax losses had been recognised in 2022, and (3) the decrease in fair value of the Group's investment in listed equity of approximately RMB2.2 million in 2023, in compare to the increase of RMB9.1 million in 2022, resulting a drop in total comprehensive income by RMB11.3 million, which was partly offset by (I) the decrease in net finance costs by approximately RMB7.8 million due to the decrease in interest-bearing borrowings, and (II) the decrease by RMB2.6 million in exchange loss resulted from appreciation of HKD against RMB mainly on the Group's bonds denominated in HKD, due to the full settlement of bonds during 2023.

Measures Taken by the Management in 2023

The total comprehensive income of the Group was approximately RMB48.3 million for the year ended 31 December 2023, representing a decrease of RMB18.5 million from RMB66.8 million for the year ended 31 December 2022; and the operating revenue decreased by RMB602.2 million, representing a decrease of 32.3% as compared to RMB1,865.9 million for 2022.

The management has taken the following measures during the year ended 31 December 2023:

2023 WORK REVIEW

In 2023, the Group released new production capacity in a planned manner in accordance with changes in the market situation, and continued to strengthen its traditional principal business of protective mining, production, sales and services of iron and titanium ores. The Group continued to invest in scientific research for the expansion of the entire titanium industrial chain, and strengthened the expansion of such investment businesses as logistics and new energy in Xinjiang. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project was further strengthened.

The main work is reviewed as follows:

I. The Group continued its protective mining, production and sales of mines and continued to maintain close ties with the upstream and downstream industrial chain businesses in the region. The Group fully utilized its technological advantages in ore processing and production and continued to increase its efforts in trading deep processing products, bringing better economic benefits to the Group and achieving operating revenue of RMB1,263.7 million, with a profit of RMB50.5 million.

II. Made great efforts in the planning and implementation of an industrial value chain, including mining and processing of ilmenite ore and production of titanium concentrates. On the basis of continuing to enhance research and development cooperation with the Chinese Academy of Sciences and the Russian Academy of Sciences, the Group cooperated with Lanzhou Engineering & Research Institute of Nonferrous Metallurgy, and entrusted it to carry out the processing design, processing process improvement and technical guidance of ilmenite ore concentrates, with an aim to achieve substantial industrialization and technical breakthroughs.

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

By making use of the advanced machinery and equipment of Yangzhuang iron ore and Shangyu processing plant, the Group actively conducted the businesses of overseas mines processing. Throughout the year, it processed 1.83 million tons of Brazil coarse powder and produced 1.19 million tons of iron concentrate, realizing a gross profit of RMB89.4 million.

IV. After obtaining certificate of reserves, filing geological data, completing the registration of occupying reserves and making partial payment for the mining right, the application procedures for the new exploration certificates for Yangzhuang Iron Ore Mine and Zhuge Shangyu Ilmenite Mine have been completed in August 2023 and November 2023, respectively.

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

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

V. Construction of Zhuge Shangyu processing plant

1. A large amount of basic work was done in half a year for the construction of a high standard intelligent ore processing plant in Shangyu. Shangyu Mine and processing plant this year mainly focused 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 processing plant has been in normal production, the construction of new system and regional planning has been basically determined.

2. For the construction of the second-phase processing plant, the construction of intermediate silo, belt corridors, medium fine crushing workshop, sorting workshop, sedimentation tanks and others has commenced in accordance with the design plan of Lanzhou Engineering & Research Institute of Nonferrous Metallurgy, and is expected to be completed by July 2024.

3. As of the end of December, five land certificates for the factory with an area of about 405 mus have been successfully obtained.

VI. Yangzhuang iron ore production and processing technology reform

In order to improve the production capacity of Yangzhuang Iron Mine and enhance its product competitiveness, on the basis of reforming the process of ball milling production, the purchase and installation of major equipment such as new filter, high gradient magnetic separator and thickening tanks have been completed. With the input of this production line, the overseas mines processing capacity of Yangzhuang Mine has increased to 3.0 million tons/year.

During the environmental protection and land reclamation of Yangzhuang Mine, the Group mined 200,000 tons of open-pit ore and processed more than 24,000 tons of iron concentrates with a gross profit of more than RMB14 million, generating good economic benefit.

VII. The Group will capture suitable business opportunities and take advantage of the logistics advantages of Xinjiang and the favorable geographical conditions of Yumen Office in Gansu Province in making full use of the existing customer relationship resources to increase the trade volume of coal and coal products, and strived for sustainable and compliant operation, and created better economic benefits. Tianshan subsidiary achieved operating revenue of RMB939.3 million and net profit of RMB25.5 million.

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

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

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

OPERATION OVERVIEW AND CAPITAL EXPENDITURE

I. Production and operation of titanium and iron mines

1. Yangzhuang Iron Mine

The Group currently 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 2023, there was no processing nor production in relation to the iron ore in Yangzhuang Iron Mine.

In 2023, the Group invested approximately RMB3.5 million in processing and production lines in Yangzhuang Iron Mine.

During the year ended 31 December 2020, an agreement was reached by the Group with the relevant authorities for the renewal of the mining permit for Yangzhuang Iron Mine, pursuant to which, the Group is required to pay for approximately RMB70.5 million of which approximately RMB45.5 million were paid by the Group up to 31 December 2023. The new mining permit for Yangzhuang Iron Mine has been issued by the relevant authorities to the Group in August 2023. Up to 31 December 2023, there was no production activities carried out in the mine. Certain exploration activities were conducted in the mine during 2023.

2. Zhuge Shangyu Ilmenite Mine

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

The Group 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.

The Group has contracted for the construction of a new 10.0 Mt processing line and production line in the mine in the current year. The estimated total sum of the phase one construction is approximately RMB500 million.

In 2023, the Group invested approximately RMB97.0 million in processing line and production lines in Zhuge Shangyu Ilmenite Mine.

During the year ended 31 December 2022, an agreement was reached by the Group with the relevant authorities for the renewal of the mining permit for Zhuge Shangyu Ilmenite Mine, pursuant to which, the Group is required to pay for approximately RMB171.3 million of which approximately RMB51.3 million were paid by the Group up to 31 December 2023. The new mining permit for Zhuge Shangyu Iron Mine has been issued by the relevant authorities to the Group in November 2023. Up to 31 December 2023, there was no production activities carried out in the mine. Certain exploration activities were conducted in the mine during 2023.

3. Qinjiazhuang Ilmenite Mine

In 2023, the Group was determining whether it will make investment in or conduct production activities at Qinjiazhuang Ilmenite Mine based on market changes.

Due to the market condition, there was no investments made and no production activities carried out in the mine in 2023. Certain exploration activities were conducted in the mine during 2023.

4. Gaozhuang Shangyu Ilmenite Mine

In 2023, there was no capital expenditure and no exploration and mining activity carried out in the mine.

II. Development of green mines

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

In 2023, 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 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 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 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 ore body) 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. There was no mining activity carried out in Yangzhuang Iron Mine from 1 January 2014 to 31 December 2023.

Zhuge Shangyu Ilmenite Mine

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

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

3. Mineral resources are inclusive of the ore reserve.

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

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

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

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

Reason for the changes in the resources and reserves estimates:

During the period from November 2011 to August 2013, there was no difference in resources and reserves. During the period from September 2013 to December 2013, reserves were reduced by approximately 0.27 Mt due to mining activities. There was no mining activity carried out in Zhuge Shangyu Ilmenite Mine from 1 January 2014 to 31 December 2023.

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 2023.

In February 2024, Law & Godfrey Consulting has updated the JORC resources and reserves of the Yangzhuang Iron Mine as of 1 January 2024. The results are similar to those previously reported.

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 2023 were as follows:

JORC ore reserve estimate as of 31 December 2023: ***(Note: JORC are reserves as of 1 January 2024 for the Yangzhuang Iron Mine, and JORC ore reserves as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2023 for other mines. 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	5.90	199.40	45.33
– probable	31.20	204.50*(Note)*	41.30
Total ore reserves	37.10	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 2023: ***(Note: JORC are reserves as of 1 January 2024 for the Yangzhuang Iron Mine, and JORC ore reserves as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2023 for other mines)***

	Yangzhuang Iron Mine	**Zhuge Shangyu Ilmenite Mine**	**Qinjiazhuang Ilmenite Project**
Ore reserves (Mt)			
– proved	5.90	199.40	45.33
– probable*(Note)*	31.20	204.50	41.30
Total ore reserves	37.10	403.90	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 2023: ***(Note: JORC mineral resources as of 1 January 2024)***

Resources Category	**Resources** *(Mt)*	**SG** *(t/m³)*	**TFe** *(%)*	**mFe** *(%)*
Measured	11.0	3.25	26.0	10.6
Indicated	50.1	3.25	26.8	10.4
Total Measured and Indicated	61.1	3.25	26.6	10.4
Inferred	17.6	3.22	24.6	8.7
Total Resources	78.7	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 2023: ***(Note: JORC mineral resources as of 31 December 2013 less exploration during the period from 1 January 2014 to 31 December 2023. On 2 November 2017, the Company disclosed the area of exploration was changed in Zhuge Shangyu, which deduced the total reserve.)***

Resources Category	**Resources** *(Mt)*	**SG** *(t/m³)*	**TiO_2** *(%)*	**TFe** *(%)*
Measured	372.6	3.19	6.23	14.04
Indicated	118.3	3.13	6.14	14.18
Total Measured and Indicated	490.9	3.17	6.19	14.10
Inferred	4.0	3.13	5.92	15.03
Total Resources	494.9	3.16	6.19	14.10

Qinjiazhuang Ilmenite Project resources estimate as of 31 December 2023: ***(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 2023)***

Resources Category	**Resources** *(Mt)*	**SG** *(t/m³)*	**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 Mining Industry Co., Ltd ("**Shandong Ishine**") has engaged an independent third party surveying agency to conduct preliminary exploration work in 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 2023, the Group did not have any plan to carry out mining work or other expansion plan.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES AND COSTS

The Group did not process any iron ores previously mined from the Group's mines during the years ended 31 December 2023 and 2022. Accordingly, no analysis of cost is presented.

CONTINUING CONNECTED TRANSACTIONS

Coal purchase and Sale Agreement

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

Xinjiang Jiangna Mining is a company wholly and beneficially owned by Mr. Li Yunde ("**Mr. Li**"), the chairman of the Board, an executive Director and a controlling shareholder of the Company (as defined under the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")). The annual caps for Hami Xinxing to purchase blended coal from Xinjiang Jiangna Mining under the Coal Purchase and Sale Agreement for each year up to 31 December 2024 amounted to RMB1.5 billion. During the year ended 31 December 2023, the Group purchased blended coal amounting to approximately RMB170,124,000 from Xinjiang Jiangna under the Coal Purchase and Sale Agreement.

The Coal Purchase and Sale Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. An extraordinary general meeting of the Company was convened and held on 22 April 2022 and the Coal Purchase and Sale Agreement was approved. For details, please refer to the circular of the Company dated 30 March 2022.

Shareholder's Loan

On 23 March 2022, Mr. Li has agreed to grant an interest-free, unsecured loan in the principal amount of RMB120 million with no fixed repayment term (the "**Shareholder's Loan**") to Shandong Ishine, pursuant to a loan agreement entered into between Mr. Li and Shandong Ishine on 23 March 2022 (the "**Loan Agreement**"). The Shareholder's Loan was granted to the Group for the purpose of repayment of the bonds issued by the Company in the aggregate principal amount of approximately HK$130 million at an annual interest rate of 7.0% which was due for repayment within the year ended 31 December 2022 (the "**Bonds**"). The repayment of the Bonds will reduce the Group from the interest payment of the Bonds. During the year ended 31 December 2022, an amount of RMB42,000,000 has been advanced by Mr. Li to the Group under the Loan Agreement.

During the year ended 31 December 2022, an additional amount of approximately RMB13,400,000 has been advanced to the Company by Hongfa Holdings Limited ("**Hongfa**"), a company wholly-owned by Mr. Li and being the ultimate holding company of the Company. The advance is interest-free, unsecured and with no fixed repayment term.

During the year ended 31 December 2023, an additional amount of approximately RMB17.9 million has been advanced to the Company by Hongfa. On 13 June 2023, the Shareholder's Loan in the principal amount of HK$71.2 million has been repaid by the proceeds from the Rights Issue (as defined below). The remaining balance of the Shareholder's Loan of approximately RMB9.0 million was also fully repaid during the year ended 31 December 2023.

After the abovementioned settlement, Mr. Li has further advanced RMB88,000,000 to the Group during the year ended 31 December 2023.

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

FINANCIAL REVIEW

For the year ended 31 December 2023, the Group recorded revenue of approximately RMB1,263.7 million as compared with approximately RMB1,865.9 million for the year ended 31 December 2022, representing a decrease of approximately RMB602.2 million. For the year ended 31 December and 2023 and 2022, approximately 79.0% and 90.2% of the Group's total sales, respectively, consisted of the sales of trading commodities, including blended coal, semi-coke, coarse iron powder and coke. Starting from 2021, the Group started to provide processing services to customers, the attribution of processing service income increased from approximately 9.8% of the total sales in 2022 to approximately 19.2% of the total sales in 2023, providing the Group a stable profitability from utilising its production capacity.

PRICES OF THE GROUP'S PRODUCTS

Iron Concentrates

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

The Group did not sell 65% and 64% iron concentrates for the year ended 31 December 2023.

Titanium Concentrates

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

The Group did not sell titanium concentrates for the year ended 31 December 2023.

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 2023 *RMB'000*		Year ended 31 December 2022 *RMB'000*	
Revenue				
Sales from trading activities				
– from coarse iron powder	**206,234**	**16.3%**	456,280	24.5%
– from semi-coke	**238,128**	**18.8%**	536,214	28.7%
– from blended coal	**519,517**	**41.1%**	689,694	37.0%
– from coke	**35,056**	**2.8%**	–	–
	998,935	**79.0%**	1,682,188	90.2%
Processing service income				
– from processing of iron and other mineral ores	**241,891**	**19.2%**	183,704	9.8%
Sales of iron concentrates produced by the Group	**22,901**	**1.8%**	–	–
	1,263,727	**100.0%**	1,865,892	100.0%

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

	Year ended 31 December 2023 ***(Kt)***	Year ended 31 December 2022 *(Kt)*
Sales volume of trading activities		
– from coarse iron powder	306.8	629.8
– from semi-coke	494.8	1,190.3
– from blended coal	1,857.5	2,356.6
– from coke	13.7	–
	2,672.8	4,176.7
Sales volume of iron concentrates produced by the Group	24.4	–
	2,697.2	4,176.7

For the year ended 31 December 2023, revenue was mainly derived from trading of blended coal, semi-coke, coarse iron powder and coke. Resulted from the establishment of a subsidiary which operates a trading business in the Gansu province starting from late 2021 which geographically guaranteed a stable supply of blended coal and semi-coke, together with the coal supply contract entered into between the Group and Xinjiang Jiangna Mining Co., Ltd., which is indirectly wholly-owned by Mr. Li Yunde who is an executive Director and a Controlling Shareholder of the Company, which guarantee a stable supply of blended coal to the Group, the trading activities continued to attribute a major portion of revenue of the Group. However, due to the fluctuation in the price of minerals in the second half of 2023, the Group has slowed down its trading activities and resulted in a drop in annual trading revenue compared to 2022. The Group has also engaged in subcontracting arrangements with customers on processing iron and other mineral ores starting from second half of 2021, which contributed increasing revenue of RMB241.9 million in 2023 compared to RMB183.7 million in 2022.

The Group's revenue decreased by approximately RMB602.2 million, or approximately 32.3%, to approximately RMB1,263.7 million for the year ended 31 December 2023, as compared with approximately RMB1,865.9 million for the year ended 31 December 2022. The decrease in revenue was primarily due to the decrease in turnover of sales of trading commodities by approximately RMB683.3 million, resulted from the slowing down of the Group's trading activities due to fluctuation of mineral prices in the second half of 2023.

In 2023, the mineral market is gradually recovering resulted from the cessation of epidemic measures in relation to COVID-19, and the demand for minerals stably increased. However, considering the experience in decreasing profitability from the trading sales of coarse iron powder in 2021 due to the price fluctuation of iron concentrates, the management has strategically limited the Group's trading activities, and to reduce the trading volume when the mineral prices are subjected to significant unexpected fluctuations.

Cost of Sales

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

	Year ended 31 December 2023		Year ended 31 December 2022	
	RMB'000		*RMB'000*	
Cost of Sales				
Cost of sales of trading activities				
– from coarse iron powder	**202,137**	**18.0%**	447,952	26.0%
– from semi-coke	**233,537**	**20.8%**	515,255	30.0%
– from blended coal	**490,583**	**43.7%**	657,490	38.2%
– from coke	**34,829**	**3.1%**	–	–
	961,086	**85.6%**	1,620,697	94.2%
Cost of sales of processing service income				
– from processing of iron and other mineral ores	**152,540**	**13.6%**	100,096	5.8%
Cost of sales of iron concentrates produced by the Group	**8,637**	**0.8%**	–	–
	1,122,263	**100.0%**	1,720,793	100.0%

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

Total cost of sales decreased by approximately RMB598.5 million, or approximately 34.8%, to approximately RMB1,122.3 million for the year ended 31 December 2023, as compared with approximately RMB1,720.8 million for the year ended 31 December 2022, was mainly due to decrease in volume of trading activities.

Gross profit and gross profit margin

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

	Year ended 31 December 2023 *RMB'000*		Year ended 31 December 2022 *RMB'000*	
Gross profit				
Gross profit of trading activities				
– from coarse iron powder	**4,097**	**2.9%**	8,328	5.7%
– from semi-coke	**4,591**	**3.2%**	20,959	14.5%
– from blended coal	**28,934**	**20.5%**	32,204	22.2%
– from coke	**227**	**0.2%**	–	–
	37,849	**26.8%**	61,491	42.4%
Gross profit of provision of processing services				
– from processing of iron and other mineral ores	**89,351**	**63.1%**	83,608	57.6%
Gross profit of iron concentrates produced by the Group	**14,264**	**10.1%**	–	–
	141,464	**100.0%**	145,099	100.0%

	Year ended 31 December 2023	Year ended 31 December 2022
Gross profit margin		
Gross profit margin of trading activities		
– from coarse iron powder	**2.0%**	1.8%
– from semi-coke	**1.9%**	3.9%
– from blended coal	**5.6%**	4.7%
– from coke	**0.6%**	–
Gross profit margin of provision of processing services		
– from processing of iron and other mineral ores	**36.9%**	45.5%
Gross profit margin of sales of iron concentrates produced by the Group	**62.3%**	–
Overall gross profit margin	**11.2%**	7.8%

Gross profit decreased by approximately RMB3.6 million from approximately RMB145.1 million for the year ended 31 December 2022 to approximately RMB141.5 million for the year ended 31 December 2023. The major reason for the decrease is due to the decrease in volume of trading activities, which has been largely offset by the increase in gross profit from production activities carried out by the Group in 2023.

Overall gross profit margin increased from approximately 7.8% for the year ended 31 December 2022 to gross profit margin of approximately 11.2% for the year ended 31 December 2023. The increase in gross profit margin is mainly due to the increase in attribution of processing service income and the sales of iron concentrates produced by the Group which had higher gross margins in compare to trading activities.

Other income

The Group's other income was approximately RMB0.1 million for the year ended 31 December 2023 as compared to approximately RMB13.6 million for the year ended 31 December 2022. The increase is mainly due to that non-recurring income including consultancy fee income from an independent wind power operator of RMB9.6 million and compensation income from business partner of RMB3.3 million were recognised in 2022.

Finance costs, net

Net finance costs mainly represented interest expense on bank loans and bonds of the Group, offsetting by interest income on bank deposits. Interest expenses decreased from approximately RMB12.3 million for the year ended 31 December 2022 to approximately RMB3.4 million for the year ended 31 December 2023, mainly due to total interest-bearing borrowing of the Group decreased from approximately RMB68.0 million as at 31 December 2022 to RMB30.0 million as at 31 December 2023 resulted from the expiry of bonds issued by the Company, and accordingly the relevant interest expenses decreased.

Total comprehensive income

The total comprehensive income of the Group was approximately RMB48.3 million for the year ended 31 December 2023, representing a decrease of RMB18.5 million from RMB66.8 million for the year ended 31 December 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the total amount of the borrowings (including amounts due to the controlling shareholder and the ultimate holding company) of the Group was approximately RMB118.0 million (as at 31 December 2022: approximately RMB123.4 million). The Group's cash and bank balances amounted to approximately RMB146.1 million as at 31 December 2023 (as at 31 December 2022: approximately RMB124.7 million).

SHARE CONSOLIDATION AND RIGHTS ISSUE

On 11 January 2023, the Board proposed to implement the share consolidation on the basis that every twenty (20) issued and unissued shares of HK$0.002 each to be consolidated into one (1) consolidated share of HK$0.04 each ("**Share**") (the "**Share Consolidation**"). The Share Consolidation is conditional upon, among other things, the approval by the shareholders of the Company (the "**Shareholders**") by way of poll at an extraordinary general meeting of the Company ("**EGM**").

Subject to the Share Consolidation having become effective, the Board also proposed to implement the rights issue (the "**Rights Issue**"), on the basis of one (1) rights share ("**Rights Share**") for every three (3) Shares held as at the record date at the subscription price of HK$1.14 per Rights Share (the "**Subscription Price**"), to raise gross proceeds of up to HK$99,850,698 before the offset of the part amount of subscription monies payable by Mr. Li Yunde, the chairman of the Board, an executive Director and a controlling shareholder of the Company ("**Mr. Li**"), and Hongfa Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and is wholly and beneficially owned by Mr. Li ("**Hongfa**"), for the Rights Shares to which each of them is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement (as defined below) (the "**Offset**") and expenses by issuing 87,588,332 Rights Shares (assuming no change in the issued share capital of the Company on or before the record date). The Rights Issue is only available to the qualifying Shareholders (the "**Qualifying Shareholders**") and will not be extended to the Non-Qualifying Shareholders (as defined below). Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the non-qualifying Shareholders (other than overseas Shareholders in respect of whom to exclude from the Rights Issue ("**Non-Qualifying Shareholders**") whose names appear on the register of members on the record date), to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained.

The Company will make arrangements to dispose of those Rights Shares that are not subscribed by the Qualifying Shareholders and the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form ("**NQS Rights Shares**") that are not successfully sold by the Company (the "**Unsubscribed Rights Shares**"), by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders by way of placing by the placing agent appointed by the Company (the "**Placing Agent**") for the benefit of the relevant Qualifying Shareholders who do not subscribe for the Rights Shares ("**No Action Shareholders**"). After the trading hours of the Stock Exchange on 11 January 2023, the Company and the Placing Agent entered into the placing agreement (the "**Placing Agreement**"), pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement (the "**Compensatory Arrangements**").

On 11 January 2023 (after trading hours), the Company also entered into the underwriting agreement with Hongfa (the "**Underwriter**") in relation to the underwriting and respective arrangements in respect of the Rights Issue (the "**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite up to 50,791,988 Rights Shares (the "**Underwritten Shares**"), being all the Underwritten Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained in the Underwriting Agreement.

Subject to the terms and conditions set out in the Underwriting Agreement, if there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 50,791,988 Underwritten Shares pursuant to the allocations under the terms set out in the Underwriting Agreement.

The Underwriter, Mr. Li and the Company agreed that the total amount of subscription monies payable by Mr. Li and the Underwriter for the Rights Shares to which each of them is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, would be partially settled by cash and partially offset on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loan advanced by Mr. Li thereon on the completion date of the Rights Issue. The exact amount of the Shareholder's Loan to be offset depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the independent placees pursuant to the Compensatory Arrangements. If there remain any balance of the Shareholder's Loan after the Offset, the Company shall continue to assume its repayment obligations and settle the balance of the Shareholder's Loan by use of the proceeds from Rights Issue (the "**Repayment**"). In circumstances that if there remain any outstanding subscription monies payable after the Offset, Mr. Li and the Underwriter shall settle the payments in accordance with the terms of the Rights Issue and the Underwriting Agreement.

Since Mr. Li is a controlling shareholder of the Company, the Offset and the Underwriting Agreement constituted connected transactions on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the independent Shareholders (the "**Independent Shareholders**").

Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those pursuant to the irrevocable undertakings executed by each of Mr. Li, Hongfa, Mr. Geng Guohua ("**Mr. Geng**") and Mr. Lang Weiguo ("**Mr. Lang**") in favour of the Company (the "**Irrevocable Undertakings**")); and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, the aggregate shareholding of Mr. Li, the Underwriter and parties acting in concert with any of them (including Mr. Geng and Mr. Lang) in the Company upon the close of the Rights Issue will increase from approximately 42.1% to approximately 56.5% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, the Underwriter would be required to make a mandatory general offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it, unless the waiver to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the "**Executive**") pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of Shares not already owned or agreed to be acquired by Mr. Li, the Underwriter and parties acting in concert with any of them (the "**Whitewash Waiver**").

An application has been made by Mr. Li and Hongfa to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has granted to Hongfa a conditional Whitewash Waiver on 9 March 2023, and the Whitewash Waiver was subject to (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder. Therefore, the Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and passing of resolutions by the Independent Shareholders at the EGM by way of poll approving the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the transactions contemplated thereunder, and the Whitewash Waiver.

The EGM was originally scheduled to be held on 22 March 2023 for approving the Share Consolidation, the Rights Issue, the connected transactions in relation to the Underwriting Agreement and Offset, and the Whitewash Waiver. Taking in account to provide the Shareholders more time to review the proposed resolutions and the annual results of the Group for the year ended 31 December 2022, the Shareholders approved by show of hands to adjourn the EGM to a date, time and place to be determined by the Board. The adjourned EGM was held on 5 May 2023, at which (i) the Shareholders have approved the Share Consolidation, and (ii) the Independent Shareholders have approved the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Offset and the Whitewash Wavier.

All the conditions with respect to the Rights Issue, the Placing Agreement and the Underwriting Agreement had been fulfilled, and the Rights Issue became unconditional on Tuesday, 13 June 2023.

A total of four valid applications had been received for a total of 37,308,277 Rights Shares, representing approximately 42.6% of the total number of Rights Shares offered under the Rights Issue. Pursuant to the Irrevocable Undertakings, Mr. Li, Hongfa, Mr. Geng and Mr. Lang have respectively subscribed for 2,034,300 Rights Shares, 34,135,643 Rights Shares, 314,733 Rights Shares and 311,666 Rights Shares provisionally allotted to them respectively. The remaining 50,280,055 Unsubscribed Rights Shares, representing approximately 57.4% of the total number of Rights Shares offered under the Rights Issue, were subject to the Compensatory Arrangements. No Unsubscribed Rights Shares had been successfully placed. Therefore, there is no net gain available to be distributed to the No Action Shareholders under the Compensatory Arrangements.

As a result of the under-subscription of the Rights Shares and the Placing, Hongfa had performed its underwriting obligations to subscribe for a total of 50,280,055 Rights Shares, pursuant to the terms of the Underwriting Agreement, representing approximately 57.4% of the total number of Rights Shares available for subscription under the Rights Issue.

On 20 June 2023, an aggregate of 87,588,332 Rights Shares with nominal value of HK$3,503,533.28 had been issued and allotted. The Subscription Price of HK$1.14 per Rights Share represents a discount of approximately 13.6% to the adjusted closing price of approximately HK$1.32 per Share as quoted on the Stock Exchange on 11 January 2023 adjusted for the effect of the Share Consolidation.

The gross proceeds from the Rights Issue (before the Offset and deducting expenses) were approximately HK$99.9 million and the net proceeds from the Rights Issue (before the Offset and after deducting the related expenses) were approximately HK$97.1 million (equivalent to a net subscription price of approximately HK$1.11 per Rights Share). The Company intended to apply the net proceeds from the Rights Issue as to (i) approximately 73.3% (being approximately HK$71.2 million) for Offset/Repayment of the outstanding Shareholder's Loan; (ii) approximately 3.2% (being approximately HK$3.1 million) for settlement of the outstanding borrowings and accrued interest of the Group; (iii) approximately 10.4% (being approximately HK$10.1 million) for developing low-carbon project(s); and (iv) approximately 13.1% (being approximately HK$12.7 million) as general working capital of the Group, including but not limited to daily operational expenses and staff cost of the Group.

As at 31 December 2023, the net proceeds were fully utilized as intended, of which (i) approximately HK$71.2 million had been utilized for Offset/Repayment; (ii) approximately HK$3.1 million had been used for settlement of outstanding borrowings; (iii) approximately HK$10.1 million had been used for developing low-carbon project; and (iv) approximately HK$12.7 million had been used for general working capital of the Group.

For details of the above (including the reasons for and benefits of the Rights Issue), please refer to the prospectus of the Company dated 19 May 2023, and the announcements of the Company dated 7 June 2023 and 19 June 2023.

CAPITAL STRUCTURE

The Company's issued share capital as at 31 December 2023 is HK$14,011,461.12 divided into 350,286,528 shares with par value of HK$0.04 each.

The Group adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings (including amounts due to the controlling shareholder and the ultimate holding company) divided by the aggregate amount of total equity and total borrowings) as at 31 December 2023 was approximately 19.3% (as at 31 December 2022: approximately 25.8%). The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2023 was approximately 0.90 times (as at 31 December 2022: approximately 0.84 times). The slight increase in current ratio is mainly attributed to the effect of the Rights Issue completed during 2023 which reduced the impact of the Group's continuing payments made for acquisition of non-current assets for the Group's future development.

SIGNIFICANT INVESTMENTS

As at 31 December 2023, the Group did not have any significant investment held.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 179 employees (31 December 2022: 224 employees), most of whom were stationed in the PRC. The employee benefit expense (including Directors' emoluments) amounted to approximately RMB24.2 million for the year ended 31 December 2023 (31 December 2022: approximately RMB25.5 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 31 December 2023, a fixed deposit of RMB1,500,000 was pledged to a bank for issuing guarantee of RMB1,500,000 in favour to a contractor 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 31 December 2023, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

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

2024 DEVELOPMENT AND FUTURE PLANS

2024 WORK PLAN

In 2024, the Group will further release the new production capacity in adapting to market changes, and continue to strengthen its traditional principal business of protective mining, production, sales and services of iron and titanium mines. The Group will continue to invest in scientific research for the expansion of the entire titanium industrial chain, and strengthen the expansion of such investment businesses as logistics and new energy in Xinjiang. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project will be further strengthened.

I. Continue overseas ore coarse powder processing business

In 2024, the Group will continue to follow up on the negotiation of an agreement on overseas ore coarse powder processing, and on the basis of continuing to maintain the relationship with Wali (瓦力), and based on the actual situation, a new oversea ore processing contract with Rui Gang Lian (瑞鋼聯) was signed. The coarse powder processing volume of overseas ores is initially estimated to reach 1.2 million tons for this year.

II. Coal and coal products trade

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

III. Zhuge Shangyu mining and Processing Plant construction

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

At present, the small-scale mining permit of Zhuge Shangyu Mine has been completed smoothly. In the second half of the year, the construction of Zhuge Shangyu Processing Plant will be completed basically. Some ore will be mined for trial production if conditions permit. In view of current market conditions, it will become a new driver for profit growth.

IV. Increase the production capacity release of Yangzhuang Iron Mine after the production and processing technology transformation and strive to stabilize economic benefits.

V. Continue to release the existing production capacity of Zhuge Shangyu Processing Plant, and strive to increase production with guaranteed quantity and achieve good returns.

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

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

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

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: 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 to be held on Thursday, 6 June 2024 ("**2024 AGM**"), the register of members of the Company will be closed from Friday, 31 May 2024 to Thursday, 6 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 30 May 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the purchase of Shares on the market for the purpose of the share award scheme of the Company, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in the CG Code throughout the year ended 31 December 2023.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the "**Audit Committee**") on 9 April 2012 with written terms of reference in compliance with the CG Code, which currently comprises of three independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman), Mr. Li Xiaoyang and Mr. Zhang Jingsheng. The main objectives of the Audit Committee are to be responsible for relationship with the Company's auditor, review of the Company's financial information and monitoring of the Company's financial reporting system and to review the risk management and internal control systems. The Audit Committee had reviewed audited annual results for the year ended 31 December 2023 before such documents were tabled at a meeting of the Board held on 27 March 2024 for the Board's review and approval.

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

Hong Kong, 27 March 2024

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