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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

The Group recorded revenue of approximately RMB12.9 million for the six months ended 30 June 2025, representing a decrease of approximately 91.8% from the revenue of approximately RMB157.3 million for the six months ended 30 June 2024.

The Group's total comprehensive loss attributable to owners of the Company decreased from approximately RMB12.8 million for the six months ended 30 June 2024 to approximately RMB1.8 million for the six months ended 30 June 2025, representing a decrease of approximately 85.9%.

UNAUDITED INTERIM RESULTS

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the six months ended 30 June 2025

(Amounts expressed in thousands of RMB, except for per share data)

		Six months ended 30 June	
	Note	**2025**	2024
		(unaudited)	(unaudited)
Revenue	*6*	**12,935**	157,288
Cost of sales		**(9,280)**	(145,104)
Gross profit		**3,655**	12,184
Other income	*7*	**532**	17
Other gain or losses, net	*8*	**27,190**	7,533
Distribution costs		**–**	(3,143)
Administrative expenses		**(29,811)**	(28,489)
Reversal of provision for expected credit loss on trade receivables		**203**	–
Write-down of inventories		**(94)**	(712)
Operating profit/(loss)		**1,675**	(12,610)
Interest income		**237**	584
Interest expenses		**(2,022)**	(3,937)
Finance costs – net	*9*	**(1,785)**	(3,353)
Net foreign exchange gain		**91**	1,361
Loss before income tax		**(19)**	(14,602)
Income tax expense	*10*	**(3,545)**	(1,751)
Net loss for the period		**(3,564)**	(16,353)

	Note	Six months ended 30 June **2025** **(unaudited)**	2024 (unaudited)
Other comprehensive 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		**1,759**	3,511
Other comprehensive income for the period		**1,759**	3,511
Total comprehensive loss for the period		**(1,805)**	(12,842)
Loss per share for loss attributable to owners of the Company (expressed in RMB cents per share)			
Basic loss per share	*11*	**(1.02)**	(4.68)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Amounts expressed in thousands of RMB)

	Note	**As at 30 June 2025 (unaudited)**	As at 31 December 2024 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**387,563**	315,584
Right-of-use assets		**72,885**	65,168
Intangible assets		**157,194**	157,194
Financial assets at fair value through other comprehensive income		**5,175**	3,416
Other non-current assets		**52,073**	51,330
		674,890	592,692
Current assets			
Inventories		**4,132**	3,771
Trade and bill receivables	*13*	**4,860**	22,671
Contract assets		**–**	10,405
Prepayments and other receivables	*14*	**278,705**	306,441
Pledged bank deposits		**2,500**	–
Cash and cash equivalents		**69,912**	80,001
		360,109	423,289
Total assets		**1,034,999**	1,015,981
EQUITY			
Equity attributable to owners of the Company			
Share capital		**11,802**	11,802
Share premium		**774,217**	774,217
Other reserves		**(66,830)**	(51,430)
Accumulated losses		**(175,151)**	(188,746)
Total equity		**544,038**	545,843

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Amounts expressed in thousands of RMB)

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

3. ACCOUNTING POLICIES

Overview

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

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

Amendments to HKAS 21	*Lack of Exchangeability*

The adoption of these amendments has had no significant financial effect on this interim financial information.

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

4. ESTIMATES

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

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

5. SEGMENT INFORMATION

(a) General information

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

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

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

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

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

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

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

	Mining and ore processing	Trading of minerals	Unallocated	Inter-segment elimination	Total
Six months ended 30 June 2025 (unaudited)					
Revenue	**8,713**	**4,222**	**–**	**–**	**12,935**
Gross profit	**3,652**	**3**	**–**	**–**	**3,655**
Other income	**532**	**–**	**–**	**–**	**532**
Other gain or losses, net	**27,190**	**–**	**–**	**–**	**27,190**
Interest income	**147**	**89**	**1**	**–**	**237**
Interest expenses	**(2,003)**	**–**	**(19)**	**–**	**(2,022)**
Exchange gain	**–**	**–**	**91**	**–**	**91**
Income tax expense	**(3,490)**	**(55)**	**–**	**–**	**(3,545)**
Net profit/(loss)	**2,334**	**74**	**(5,972)**	**–**	**(3,564)**
Other information					
Depreciation of property, plant and equipment	**(7,953)**	**(66)**	**–**	**–**	**(8,019)**
Amortisations of right-of-use assets	**(915)**	**–**	**(504)**	**–**	**(1,419)**
Additions to property, plant and equipment	**80,232**	**–**	**–**	**–**	**80,232**
Additions to right-of-use assets	**9,136**	**–**	**–**	**–**	**9,136**
As at 30 June 2025 (unaudited)					
Segment assets and liabilities					
Total assets	**1,139,900**	**61,900**	**183,549**	**(350,350)**	**1,034,999**
Total liabilities	**(690,838)**	**(4,212)**	**(146,261)**	**350,350**	**(490,961)**
Property, plant and equipment, right-of-use assets and mining rights included in total assets	**617,232**	**120**	**290**	**–**	**617,642**
Six months ended 30 June 2024 (unaudited)					
Revenue	10,836	146,452	–	–	157,288
Gross profit	2,584	9,600	–	–	12,184
Other income	14	3	–	–	17
Other gain or losses, net	7,533	–	–	–	7,533
Interest income	339	226	19	–	584
Interest expenses	(3,882)	–	(55)	–	(3,937)
Exchange gain	–	–	1,361	–	1,361
Income tax expense	–	(1,751)	–	–	(1,751)
Net profit/(loss)	(11,081)	3,699	(8,971)	–	(16,353)
Other information					
Depreciation of property, plant and equipment	(10,976)	(86)	–	–	(11,062)
Amortisations of right-of-use assets	(838)	–	(504)	–	(1,342)
Additions to property, plant and equipment	52,574	–	–	–	52,574
As at 31 December 2024 (audited)					
Segment assets and liabilities					
Total assets	1,108,583	73,017	184,731	(350,350)	1,015,981
Total liabilities	(663,614)	(15,403)	(141,471)	350,350	(470,138)
Property, plant and equipment, right-of-use assets and mining rights included in total assets	536,966	186	794	–	537,946

6. REVENUE

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

7. OTHER INCOME

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

Note:

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

8. OTHER GAIN OR LOSSES, NET

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

Notes:

(a) During the six months ended 30 June 2025, the new mining certificate has been formally issued to Shandong Dane Mining Technology Co., Ltd. (the "**Purchaser**") for which the Group disposed of Yangzhuang Iron Mine and the related assets to (the "**Disposal**") during the year ended 31 December 2024. As at 31 December 2024, the Group has accrued for certain expenses during the course of its operations in Yangzhuang Iron Mine in previous years, which remained unpaid up to date.

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

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

9. FINANCE COSTS – NET

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

10. INCOME TAX EXPENSE

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

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

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

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

For the six months ended 30 June 2025 and 2024, PRC corporate income tax has been provided for at the rate of 25% on the assessable profits of the Group's PRC subsidiaries, except for Shandong Shengtai (six months ended 30 June 2024: Shandong Ishine and Shandong Shengtai) which incurred losses for the period.

11. LOSS PER SHARE

(a) Basic

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

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

(b) Diluted

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

12. DIVIDENDS

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

13. TRADE AND BILL RECEIVABLES

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

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

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

14. PREPAYMENTS AND OTHER RECEIVABLES

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

Note:

(a) During the six months ended 30 June 2025, the new mining certificate has been issued to the Purchaser and therefore the Purchaser has taken up the obligations to settle the remaining outstanding consideration for the ming right in respect of Yangzhuang Iron Mine amounting to RMB20,000,000. In accordance with the assets transfer agreement dated 21 May 2024 (as supplemented by two supplemental agreements) with the Purchaser, the outstanding consideration payable for the mining right in respect of Yangzhuang Iron Mine shall be deducted from the consideration receivable by the Group. Upon the issuance of the formal mining certificate to the Purchaser, RMB20,000,000 and the relevant tax payable of approximately RMB1,200,000 has been deducted from the consideration receivable from the Purchaser.

(b) In accordance with a settlement agreement dated 15 January 2021 entered into with a state-owned highway operator which is the defendant (the "**Defendant**") under the legal actions taken by the Group for unlawful encroachment of the mining areas of the Group's Yangzhuang iron mine in the previous years, compensation payable to the Group amounting to RMB50,000,000 was agreed by the Defendant, an amount of RMB35,000,000 was received by the Group during the year ended 31 December 2021 and the remaining RMB15,000,000 to be received upon the change in mining area as stipulated in the renewed mining certificate for the Yangzhuang Iron Mine. As at 30 June 2025, there was no significant increase in credit risk of the Defendant and the default risk on the remaining compensation receivable to be insignificant and no provision for expected credit loss for the compensation receivable is necessary.

15. TRADE PAYABLES

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

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

16. CAPITAL COMMITMENT

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

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

Note:

During the year ended 31 December 2023, the Group entered into a contract with a main contractor (the "**Main Contractor**") for the construction of the first phase of new processing and production lines for Zhuge Shangyu Ilmenite Mine at an estimated total project cost of RMB500,000,000, pursuant to which the Main Contractor would charge the Group management fee at the rate of 2.8% of the project cost. During the year ended 31 December 2024, the estimated total project cost has been adjusted downward to RMB440,000,000 pursuant to a supplemental agreement entered into between the Group and the Main Contractor. Up to 30 June 2025, project costs amounting to approximately RMB507,473,000 (31/12/2024: RMB430,600,000) in aggregate have been paid to various contractors, suppliers and other counterparties, and it is considered that the Group had no material capital commitment as at 30 June 2025 (31/12/2024: the remaining amount of approximately RMB9,400,000 was regarded as capital commitment of the Group).

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2025 (30 June 2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

Summary of work in the first half of 2025

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

I. Continued Brazil coarse powder processing business. In the first half of the year, the Group continued to promote the production of Brazil coarse powder processing, and the Brazil coarse powder processing volume was 103,000 tons in the first half of the year.

II. Trading of coal and coal products. The Group captured suitable business opportunities and took advantage of the logistics advantages of Xinjiang and the favorable geographical conditions of Yumen Office in Gansu Province in making full use of the existing customer relationship resources to increase the trade volume of coal and coal products, and recorded sales revenue of RMB6,171,000 in the first half of the year.

III. Zhuge Shangyu mining and processing plant construction. The phased strategic investment of new projects in Zhuge Shangyu Mine and processing plant is approximately RMB1.5 billion, mainly focusing on mining, ilmenite ores production line construction, living office area construction, science and technology center and production automation construction. The upstream ore processing system of Zhuge Shangyu's titanium industrial chain is nearing completion. The construction of new system and regional planning has been basically determined. Based on the current Zhuge Shangyu processing plant implemented step by step from point to area, the production construction of the whole park will develop towards unmanned and intelligent in the future. Up to now, the overall construction of the civil construction main body of the plant has been completed, the steel structure processing has been completed, and 95% of the installation has been completed. The main roof of the crushing workshop has been sealed, and equipment installation is underway, the main frame of the steel structure of the sorting workshop has been completed, the construction of the steel structure of the tailings workshop has been completed. The construction of the supporting waste rock warehouse is nearing completion, 1-2# loading warehouse, 1-2# transfer station, 1-3# transformer and distribution room are under construction, outdoor pipe network and road in the plant have been completed.

IV. Continued to release the existing production capacity of Zhuge Shangyu processing plant, and strived to increase production with guaranteed quantity with production of 103,000 tons in the first half of the year.

V. Strengthened internal control management and made market-based comprehensive assessment of related transactions. The Group improved integrated and standardized management level, monitored the supply, production and sales in a timely manner, and laid the management foundation for performance improvement.

VI. Low-carbon, environmental protection and innovation in technology. Focused on low-carbon, environmental protection and new energy sustainable growth projects in the first half of the year for examining and selecting, and planned to adjust our industrial structure for the benefit of investors. Ecological protection has been implemented in all stages of our development to create a "garden-style" plant. In the first half of the year, the Group also promoted the ecological environment improvement project. Up to now, the terrain arrangement, seedling planting and lawn laying on both sides of the lake road have completed, and all landscape projects in the factory are planned to be completed by the end of the year. The ecological lake now has splendid view throughout the year with vibrant scene everywhere. The Group proactively cooperated with China University of Geosciences and China University of Mining and Technology to carry out research experiments on the comprehensive utilization of Zhuge Shangyu Ilmenite Mine, entrusted Yunnan Minzu University to complete titanium slag experiments, and collaborated with Shenyang Metallurgical Research Institute. The Group has obtained a series of innovative achievements in the first half of the year, and also made great progress in respect of application for innovation platform and enterprise honors. Shandong Shengtai Mining Technology Company Limited was awarded as a provincial "innovative small and medium-sized enterprise" and "technological innovation enterprise". Meanwhile, Zhuge Shangyu 10 million tons/year processing project was awarded as a "green, low-carbon and high-quality development key project in Shandong Province", "One Enterprise, One Technology (一企一技) Research and Development Center in Linyi City", "Morning Star Factory (晨星工廠) in Shandong Province", and "New and Old Kinetic Energy Conversion Public Relations Project in Shandong Province".

VII. Application for Zhuge Shangyu mining rights. The Group has obtained the 800,000 tons/year mining rights of Zhuge Shangyu, and received the reply on the installation, environmental assessment and approval for the project. The Group has completed the land leasing of the mine and the clearing of the attachments above the ground, and met all legal conditions for the construction period. The Group has obtained the prospecting permit for Zhuge Shangyu 10 million tons/year ilmenite ore expansion project upon retention. The Group has completed the preparation of the exploration and reserve verification report for No. I ore body and passed the expert review, and the preparation of the development and utilization plan has commenced simultaneously. In the first half of the year, 250,000 cubic meters of overburden were stripped and 50,000 cubic meters of ore were transported.

VIII. In the first half of the year, while developing the principal business, the Group followed up the market on the new technologies, new materials and new business opportunities, so as to respond to market changes in a timely manner.

Connected Transactions

Shareholder's Loan

Mr. Li Yunde ("**Mr. Li**"), the chairman of the Board, an executive Director and a controlling shareholder of the Company (as defined under the Listing Rules) has advanced RMB88,000,000 to the Group during the year ended 31 December 2023. During the year ended 31 December 2024, Mr. Li and Hongfa Holdings Limited ("**Hongfa**"), a company wholly-owned by Mr. Li and being the ultimate holding company of the Company, have further advanced RMB175,900,000 and HK$3,500,000 (equivalent to approximately RMB3,227,000) to the Group, respectively. During the six months ended 30 June 2025, Mr. Li and Hongfa have further advanced RMB100,280,000 and HK$7,600,000 (equivalent to approximately RMB6,896,000) to the Group. The advance is interest-free, unsecured and with no fixed repayment term.

FINANCIAL REVIEW

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

Prices of the Group's products

Iron Concentrates

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

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

Trading commodities

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

Revenue

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

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

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

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

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

Cost of Sales

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

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

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

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

Gross profit and gross profit margin

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

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

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

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

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

Distribution costs and administrative expenses

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

Finance costs, net

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

Total comprehensive income

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

WORK PLAN FOR THE SECOND HALF OF 2025

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

I. Coal and coal products trade. The Group will capture suitable business opportunities and leverage the logistics advantages of Xinjiang, the favorable geographical conditions of Yumen Office in Gansu Province and the existing customer relationship resources to increase the trade volume of coal and coal products, further improve sales and boost profitability.

II. Zhuge Shangyu mining and processing plant construction. Zhuge Shangyu Mine is ready to start infrastructure construction and mining period in the second half of the year. The phased strategic investment of new projects in Zhuge Shangyu Mine and processing plant is approximately RMB1.5 billion, mainly focusing on mining, ilmenite ores production line construction, living office area construction, science and technology center and production automation construction. The existing production system of Shangyu Park is ready for normal production, and the construction of new system and regional planning has been basically determined. Based on the current Shangyu processing plant implemented step by step from point to area, the production construction of the whole park will develop towards unmanned and intelligent in the future. In the second half of the year, it is planned to complete equipment installation and joint debugging. During the period, the Group will promote ore processing and hightitanium slag experiments, strengthen close cooperation with scientific research institutes, and promote the effective connection of production, education and research integration construction. According to the experimental results, the Group will seek advice from experts in the industry to determine feasible process routes, so as to provide scientific and accurate data support for the subsequent project construction.

III. Continue to release the existing production capacity of Zhuge Shangyu processing plant, and strive to increase production with guaranteed quantity, with better-than-first half performance in production capacity and yield in the second half of the year.

IV. Strengthen internal control management and make market-based comprehensive assessment of related transactions. The Group will improve the integrated and standardized management level, monitor supply, production and sales in a timely manner, and lay the management foundation for performance improvement in the fair market.

V. Focus on low-carbon, environmental protection and new energy sustainable growth projects in the second half of the year for examining and selecting, and plan to adjust our industrial structure for the benefit of investors as appropriate.

VI. Zhuge Shangyu 10 million tons/year ilmenite ore expansion project: obtain opinions on the delineation of the mining area; the development and utilization plan is approved by the provincial Department of Natural Resources; complete the preparation of the feasibility study report and geological environmental protection and land reclamation plan, and pass the expert review.

VII. In the second half of the year, the Group will not only develop the principal business, but also follow up the new technologies, new materials and new business opportunities in the market and collaborate with college research institutes and other scientific research platforms, aiming to keep pace with the times and respond to market changes in a timely manner.

VIII. Respond to possible market reactions in a timely manner to enhance the Company's ability of normal operation and sustainable profitability.

LIQUIDITY AND FINANCIAL RESOURCES

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

CAPITAL STRUCTURE

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

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

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

EMPLOYEES AND REMUNERATION POLICY

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

CHARGE OVER THE GROUP'S ASSETS

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

FOREIGN CURRENCY EXPOSURE

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

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no significant contingent liabilities.

SHARE AWARD SCHEME

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

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

The Company has appointed Greenfield Services Limited as trustee for the Share Award Scheme. As at 30 June 2025, 501,000 restricted shares were held by the trustee for the purpose of the Share Award Scheme. Since the adoption of the Share Award Scheme and up to 30 June 2025, there was no new share allotted and issued to the trustee by the Company and no restricted shares was granted to any employees of the Group under the Share Award Scheme.

As at 1 January 2025 and 30 June 2025, the restricted shares available for grant under the Share Award Scheme was 35,028,652. Save as the Share Award Scheme, the Company does not have any other share scheme.

EVENTS AFTER THE REPORTING PERIOD

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company established the Audit Committee on 9 April 2012 with written terms of reference in compliance with the CG Code. It currently comprises of four independent non-executive Directors, namely Mr. Leung Nga Tat (chairman), Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther. The main objectives of the Audit Committee are to be responsible for relationship with the Company's auditor, review of the Company's financial information and monitoring the Company's financial reporting system and to review the risk management and internal control systems. The Audit Committee had reviewed this unaudited interim consolidated results for the six months ended 30 June 2025 before such documents were tabled at a meeting of the Board held on 29 August 2025 for the Board's review and approval, and was of the opinion that such documents had complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

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

Hong Kong, 29 August 2025

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