



愛德新能源投資控股集團有限公司

Add New Energy Investment Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2623

2021

Interim Report



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Corporate Information

Board of Directors

Executive Directors

Li Yunde (*Chairman*)

Geng Guohua (*Chief Executive Officer*)

Lang Weiguo

Independent Non-executive Directors

Leung Nga Tat

Li Xiaoyang

Zhang Jingsheng

Company Secretary

Chan Yuen Ying, Stella

Authorised Representatives

Geng Guohua

Chan Yuen Ying, Stella

Audit Committee

Leung Nga Tat (*Committee Chairman*)

Li Xiaoyang

Zhang Jingsheng

Remuneration Committee

Leung Nga Tat (*Committee Chairman*)

Li Yunde

Zhang Jingsheng

Nomination Committee

Li Yunde (*Committee Chairman*)

Li Xiaoyang

Zhang Jingsheng

Auditor

Crowe (HK) CPA Limited

Legal Adviser

As to Cayman Islands law:

Appleby

Registered Office

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

Headquarters in the PRC

Qin Jia Zhuang

Yangzhuang Town

Yishui County

Shandong Province

The PRC

Principal Place of Business in Hong Kong

Suite 3105, 31/F

Tower 6, The Gateway

Harbour City, 9 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Principal Bankers

Agricultural Bank of China Limited,

Yishui Branch

China Construction Bank Corporation, Yishui Branch

Bank of China Limited, Yishui Branch

Industrial and Commercial Bank of China Limited,

Yishui Branch

Rural Commercial Bank of Shandong Yishui Linshang Bank,

Yishui Branch

Shanghai Pudong Development Bank Co., Ltd.,

Yishui Branch

Ping An Bank Co., Ltd., Linyi Branch

Industrial Bank Co., Ltd., Linyi Branch

Stock Code

2623

Company Website

www.addnewenergy.com.hk

The board (the “Board”) of directors (the “Director(s)”) of Add New Energy Investment Holdings Group Limited (the “Company”) presents the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020. The unaudited interim financial information has not been audited but has been reviewed by the audit committee of the Company (the “Audit Committee”).

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021 (Amounts expressed in thousands of RMB)

	<i>Notes</i>	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>6</i>	217,143	224,965
Right-of-use assets	<i>7</i>	1,339	2,074
Intangible assets, net		–	–
Financial assets at fair value through other comprehensive income		3,978	4,473
Prepayments for renewal of mining right		30,466	30,466
Other non-current assets		10,996	10,996
		263,922	272,974
Current assets			
Inventories	<i>8</i>	80,161	71,587
Trade and bill receivables	<i>9</i>	27,182	36,732
Prepayments and other receivables	<i>10</i>	221,358	144,876
Restricted bank deposits	<i>11</i>	12,622	11,942
Cash and cash equivalents	<i>11</i>	140,432	124,398
		481,755	389,535
Total assets		745,677	662,509

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021 (Amounts expressed in thousands of RMB)

	<i>Notes</i>	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	8,583	8,638
Share premium	12	688,951	695,493
Reserves		(53,824)	(53,190)
Accumulated losses		(306,877)	(323,322)
Total equity		336,833	327,619
LIABILITIES			
Non-current liabilities			
Borrowings	15	56,659	129,516
Provisions for close down, restoration and environmental costs		11,000	10,646
Lease liabilities – non-current portion	7	270	724
Deferred income		194	310
Deferred income tax liabilities		5,413	5,413
		73,536	146,609
Current liabilities			
Borrowings	15	130,018	60,000
Trade payables	13	46,607	19,186
Contract liabilities		97,162	47,391
Lease liabilities – current portion	7	1,095	1,180
Accruals and other payables	14	60,387	60,485
Current portion of deferred income		39	39
		335,308	188,281
Total liabilities		408,844	334,890
Total equity and liabilities		745,677	662,509

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

Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB except for per share data)

	Notes	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Revenue	16	886,491	342,591
Cost of sales	17	(838,058)	(306,443)
Gross profit		48,433	36,148
Other income	18	1,123	8,036
Other gains or losses, net	19	5,296	4,911
Distribution costs	17	(1,934)	(1,148)
Administrative expenses	17	(27,897)	(22,312)
Impairment losses of financial assets	20	–	(1,290)
Reversal of write-down of inventories, net		–	2,612
Operating profit		25,021	26,957
Finance income	21	508	116
Finance expenses	21	(9,223)	(8,878)
Finance cost – net		(8,715)	(8,762)
Profit before income tax		16,306	18,195
Income tax expense	22	–	–
Net profit for the period		16,306	18,195

Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB except for per share data)

	Notes	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss</i>			
Change in the fair value of financial assets at fair value through other comprehensive income		(495)	154
Other comprehensive (loss)/income for the period		(495)	154
Total comprehensive income for the period		15,811	18,349
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
Basic earnings per share	23	0.31	0.34

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

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

	Attributable to Owners of the Company			Total equity
	Share capital and share premium (Note 12)	Reserves	Accumulated losses	
Balance at 1 January 2021 (audited)	704,131	(53,190)	(323,322)	327,619
Profit for the period	–	–	16,306	16,306
Other comprehensive loss	–	(495)	–	(495)
Total comprehensive income for the period	–	(495)	16,306	15,811
Utilisation	–	(139)	139	–
Transactions with owners in their capacity as owners				
Repurchase of shares:				
– Pending for cancellation	(6,597)	–	–	(6,597)
Balance at 30 June 2021 (unaudited)	697,534	(53,824)	(306,877)	336,833
Balance at 1 January 2020 (audited)	706,067	(26,006)	(412,291)	267,770
Profit for the period	–	–	18,195	18,195
Other comprehensive income	–	154	–	154
Total comprehensive income for the period	–	154	18,195	18,349
Transactions with owners in their capacity as owners				
Repurchase of shares:				
– Pending for cancellation	(75)	–	–	(75)
– Repurchase and cancelled	(48)	–	–	(48)
Balance at 30 June 2020 (unaudited)	705,944	(25,852)	(394,096)	285,996

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

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

	Notes	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities			
Cash generated from operations		29,985	14,812
Interest received		508	116
Net cash generated from operating activities		30,493	14,928
Cash flows from investing activities			
Placement of restricted bank deposits		(680)	(670)
Purchases of property, plant and equipment		(478)	(2,526)
Proceeds from disposal of property, plant and equipment		–	20,027
Net cash (used in)/generated from investing activities		(1,158)	16,831
Cash flows from financing activities			
Repurchase of ordinary shares		(6,597)	(123)
Payment for lease liabilities		(568)	(2,120)
Interest paid		(5,806)	(5,432)
Net cash used in financing activities		(12,971)	(7,675)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	11	124,398	89,796
Exchange (loss)/gains on cash and cash equivalents		(330)	224
Cash and cash equivalents at end of period	11	140,432	114,104

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (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 Law 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, 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 30 August 2021.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with the applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

3. ACCOUNTING POLICIES

Overview

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

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's unaudited interim condensed consolidated financial information:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19 Related Rent Concessions

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.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

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 2020.

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 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 2020.

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

The segment information provided to the SEM for the six months ended 30 June 2021 and 2020 is as follows:

	Shandong Ishine	Unallocated	Inter-segment elimination	Total
Six months ended 30 June 2021 (unaudited)				
Revenue	886,491	–	–	886,491
Gross profit	48,433	–	–	48,433
Other income	1,123	–	–	1,123
Other gains or losses, net	–	5,296	–	5,296
Finance income	508	–	–	508
Finance expenses	(2,484)	(6,739)	–	(9,223)
Reversal of write-down of inventories	–	–	–	–
Impairment losses of trade and bill receivables	–	–	–	–
Income tax expense	–	–	–	–
Net profit/(loss)	23,745	(7,439)	–	16,306
Other information				
Depreciation of property, plant and equipment	(8,300)	–	–	(8,300)
Amortisation of right-of-use assets	–	(735)	–	(735)
Expenditures for non-current assets	478	–	–	478
As at 30 June 2021 (unaudited)				
Segment assets and liabilities				
Total assets	766,699	1,473,630	(1,494,652)	745,677
Total liabilities	(455,480)	(888,336)	934,972	(408,844)
Six months ended 30 June 2020 (unaudited)				
Revenue	342,591	–	–	342,591
Gross profit	36,148	–	–	36,148
Other income	7,962	74	–	8,036
Other gains	8,059	–	–	8,059
Finance income	116	–	–	116
Finance expenses	(1,699)	(10,327)	–	(12,026)
Reversal of write-down of inventories	2,612	–	–	2,612
Reversal of impairment loss on trade receivables	(1,290)	–	–	(1,290)
Income tax expense	–	–	–	–
Net loss	36,894	(18,699)	–	18,195
Other information				
Depreciation of property, plant and equipment	(8,662)	–	–	(8,662)
Amortisations of right-of-use assets	(252)	(564)	–	(816)
Expenditures for non-current assets	2,311	–	–	2,311
As at 31 December 2020 (audited)				
Segment assets and liabilities				
Total assets	665,352	1,491,470	(1,494,313)	662,509
Total liabilities	377,382	892,141	(934,633)	334,890

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Mining infrastructures	Vehicles, equipment and others	Construction in progress	Total
At 31 December 2020 (audited)					
Cost	110,268	121,005	178,371	68,328	477,972
Accumulated depreciation and impairment	(69,827)	(27,755)	(155,425)	–	(253,007)
Net book amount	40,441	93,250	22,946	68,328	224,965
Six months ended 30 June 2021 (unaudited)					
Opening net book amount	40,441	93,250	22,946	68,328	224,965
Additions	–	–	478	–	478
Depreciation charge	(2,567)	(335)	(5,398)	–	(8,300)
Closing net book amount	37,874	92,915	18,026	68,328	217,143
At 30 June 2021 (unaudited)					
Cost	110,268	121,005	178,849	68,328	478,450
Accumulated depreciation and impairment	(72,394)	(28,090)	(160,823)	–	(261,307)
Net book amount	37,874	92,915	18,026	68,328	217,143

7. LEASES

Movements of the leases during the six months ended 30 June 2021 are as follows:

	Right-of-use assets	Lease Liabilities
As at 31 December 2020 (audited)	2,074	1,904
Amortisation of right-of-use assets	(735)	–
Amortisation of interest	–	51
Repayments	–	(568)
Exchange retranslation differences	–	(22)
As at 30 June 2021 (unaudited)	1,339	1,365

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

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

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

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Right-of-use assets		
Land and buildings	1,339	2,074
	1,339	2,074
Lease liabilities		
Current portion	1,095	1,180
Non-current portion	270	724
	1,365	1,904

(ii) **Amounts recognised in the consolidated statement of total comprehensive income**

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Amortisation of right-of-use assets		
Land and buildings	735	589
Plant and equipment	–	227
	735	816
Interest expense (included in finance expenses)	51	142

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

8. INVENTORIES

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Raw materials		
– Iron ore and ilmenite ore	74	74
Commodities held for trading		
– Iron concentrates	53,417	52,624
– Semi-coke	4,165	11,731
Finished goods	19,029	3,374
Spare parts and others	4,431	4,739
Provision for inventory write-down	(955)	(955)
	80,161	71,587

9. TRADE RECEIVABLES

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Trade receivables	16,226	17,632
Bill receivables	14,856	23,000
	31,082	40,632
Less: allowance for impairment of trade and bill receivables	(3,900)	(3,900)
Trade and bill receivables – net	27,182	36,732

As at 30 June 2021 and 31 December 2020, the ageing analysis of trade and bill receivables (before deduction of provision for impairment loss) was presented based on invoice date as follows:

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Within 3 months	21,422	26,193
3 to 6 months	6,356	11,000
6 months to 1 year	–	135
Over 1 year	3,304	3,304
	31,082	40,632

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

10. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Trade deposits to suppliers	195,360	80,737
Prepaid taxes	7,278	7,278
Land restoration deposits	38	38
Deductible input value-added tax	–	5,553
Advances to employees	11	11
Compensation receivable (Note)	15,000	50,000
Others	3,671	1,259
	221,358	144,876

Note:

In accordance with a settlement agreement entered into with a third party 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 and recognised by the Group as other income and compensation receivable for the year ended 31 December 2020, out of which an amount of RMB35,000,000 has been received by the Group during the six months ended 30 June 2021.

11. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Cash and cash equivalents		
– Cash on hand	16	23
– Cash at bank	140,416	124,375
	140,432	124,398
Restricted bank deposits – Deposits for land restoration	12,622	11,942
	153,054	136,340

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

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

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
RMB	141,118	106,959
HKD	11,008	28,466
USD	925	912
AUD	3	3
	153,054	136,340

12. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Share capital	Share premium	Total
At 31 December 2020 (audited)	5,293,993,920	8,638	695,493	704,131
Repurchase of shares:				
– Pending for cancellation	(32,614,000)	(55)	(6,542)	(6,597)
30 June 2021 (unaudited)	5,261,379,920	8,583	688,951	697,534

13. TRADE PAYABLES

As at 30 June 2021 and 31 December 2020, the ageing analysis of trade payables was presented based on invoice date as follows:

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Within 6 months	44,211	16,996
6 months to 1 year	1,254	875
Over 1 year	1,142	1,315
	46,607	19,186

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

14. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Accrued land compensation costs	3,843	6,211
Advance construction funds from government	11,950	11,950
Guarantee deposits	1,639	1,656
Employee benefits payable	2,387	3,766
Interest payable	4,308	3,973
Refundable deposit received	25,000	25,000
Value-added tax payable	4,209	–
Other tax payables	4,178	4,087
Others	2,873	3,842
	60,387	60,485

15. BORROWINGS

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Non-current Bonds	56,659	129,516
Current Bonds	70,018	–
Bank borrowings	60,000	60,000
	130,018	60,000
Total Borrowings	186,677	189,516
Representing: Unsecured		
– Bonds wholly repayable in 1 to 5 years (a)	56,659	129,516
– Bonds repayable within 1 year (a)	70,018	–
	126,677	129,516
– Bank borrowings repayable within 1 year (b)	60,000	60,000
	186,677	189,516

(a) Unsecured bonds

During the years ended 31 December 2015 and 2014, the Company issued bonds to several independent third parties with a coupon rate of 7.00% per annum, payable in 7.5 years from the respective issue dates.

As at 30 June 2021, the aggregate carrying amount of the bonds was HKD142,455,000 (31 December 2020: HKD146,043,000), equivalent to RMB126,677,000 (31 December 2020: RMB129,516,000).

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

(b) **Bank borrowings**

As at 30 June 2021 and 31 December 2020, bank borrowings of RMB60,000,000 were unsecured. The interest rate at 30 June 2021 and 31 December 2020 was 7%.

16. REVENUE

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Production		
– Sales of iron concentrates	385	107,677
– Sales of iron ore tailings	6,700	12,960
Trading		
– Sales of coarse iron powder	859,930	172,818
– Sales of spodumene	–	46,015
– Sales of semi-coke	19,476	3,121
	886,491	342,591

17. EXPENSES BY NATURE

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Changes in inventories of finished goods and commodities held for trading	18,610	28,485
Purchases of coarse iron powder	808,996	168,072
Purchases of semi-coke	7,868	20,061
Raw materials consumed	338	81,249
Staff costs	6,940	6,242
Shoveling costs	211	3,385
Land compensation expenses	2,857	3,297
Depreciation of property, plant and equipment	8,300	8,662
Amortisations of right-of-use assets	735	816
Transportation expenses	994	1,111
Utilities and electricity	1,019	2,119
Professional fees	4,134	3,319
Travelling expenses	320	900
Marketing expenses	2,418	318
Other expenses	4,149	1,867
Total cost of sales, distribution costs and administrative expenses	867,889	329,903

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

18. OTHER INCOME

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Government grants	91	8,036
Consultancy income	691	–
Commission income	341	–
	1,123	8,036

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

19. OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Gain on disposal of property, plant and equipment	–	7,983
Gain on disposal of right-of-use assets	–	76
Net foreign exchange gains/(losses)	5,296	(3,148)
	5,296	4,911

20. IMPAIRMENT LOSSES OF FINANCIAL ASSETS

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Impairment losses of trade and bill receivables	–	(1,290)

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

21. FINANCE COSTS – NET

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Interest expense:		
– Borrowings	(8,812)	(8,350)
– Provisions: unwinding of discount	(354)	(332)
– Lease liabilities	(51)	(142)
Other finance expenses	(6)	(54)
Finance expenses	(9,223)	(8,878)
Finance income:		
– Interest income on bank deposits	508	116
Finance costs – net	(8,715)	(8,762)

22. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Deferred income tax	–	–

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

The subsidiaries incorporated in the BVI under the International Business Companies Act of the BVI are exempted from payment of the BVI income tax.

Hong Kong profits tax has not been provided for the subsidiaries in Hong Kong as there is no estimated assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2021 and 2020.

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.

In December 2015, Shandong Ishine Mining Industry Co., Ltd (“Shandong Ishine”) was awarded with the National High-Tech Enterprise qualification. Pursuant to the related regulations, Shandong Ishine is entitled to a reduced income tax rate of 15%, effective from 1 January 2016 till 1 January 2019. On 30 November 2018, this tax preference entitlement was renewed till 30 November 2021.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

The tax rate for the Company's other PRC subsidiaries is 25% for the six months ended 30 June 2021 and 2020.

No provision has been made for corporate income tax of the relevant PRC entities within the Group which have adequate available tax losses to offset the taxable income for the six months ended 30 June 2021 (2020: Nil).

23. 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 period.

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	16,306	18,195
Weighted average number of ordinary shares in issue	5,290,633,191	5,356,917,997
Basic earnings per share (Expressed in RMB cents per share)	0.31	0.34

(b) Diluted

During the six months ended 30 June 2021 and 2020, there was no dilutive instruments of the Company, no diluted earnings per share is presented.

24. DIVIDENDS

The Board of Directors has resolved not to declare any interim dividends related to the six months ended 30 June 2021 (2020: Nil).

25. RELATED PARTY TRANSACTIONS

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

(a) The Company's directors were of the view that the following individual was a related party of the Group during the six months ended 30 June 2021 and 2020:

Name of related party	Nature of relationship
Mr. Li Yunde	The Controlling Shareholder

Notes to the Unaudited Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021 (Amounts expressed in thousands of RMB)

(b) Key management compensation

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

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Wages, salaries and allowances	1,570	1,647
Contribution to pension scheme	30	31
	1,600	1,678

(c) Significant transactions with related parties

Except for as disclosed above or elsewhere in the notes to the interim condensed consolidated financial information, the Group had no significant transactions or balances with related parties during the six months ended 30 June 2021 and 2020.

26. COMMITMENTS

Capital commitments

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

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
	Mining rights	40,000
Joint venture investment	8,000	8,000
	48,000	48,000

27. COMPARABLE FIGURES

Certain comparable figures have been reclassified to conform with current period's presentation.

Management Discussion and Analysis

BUSINESS REVIEW

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

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

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

The Group recorded revenue of approximately RMB886.5 million for the six months ended 30 June 2021, representing an increase of approximately 158.8% over the revenue of approximately RMB342.6 million for the six months ended 30 June 2020. The increase in revenue of the Group was primarily due to (1) the increase in turnover of trading of coarse iron powder by approximately RMB687.1 million from approximately RMB172.8 million for the six months ended 30 June 2020 to approximately RMB859.9 million for the six months ended 30 June 2021; being net off by the effect of (2) the decrease in sales of the iron concentrates produced by the Group by approximately RMB107.3 million from approximately RMB107.7 million for the six months ended 30 June 2020 to approximately RMB0.4 million for the six months ended 30 June 2021.

Management Discussion and Analysis

The total comprehensive income attributable to owners of the Company was approximately RMB15.8 million for the six months ended 30 June 2021, representing a decrease of approximately RMB2.5 million, or 13.7%, as compared with that of approximately RMB18.3 million for the six months ended 30 June 2020. This was mainly due to (1) the decrease in other income by approximately RMB6.9 million because of one-off government grant recognised in corresponding period in last year; (2) the increase in distribution costs and administrative expenses by approximately RMB6.4 million in total, attributable to the expansion in workforce to deal with the increasing trading transactions for the six months ended 30 June 2021; being net off by the effect of the increase in gross profit margin from its operations by approximately RMB12.3 million to RMB48.4 million for the six months ended 30 June 2021 from approximately RMB36.1 million for the corresponding period in last year. Excluding extraordinary item being government grants amounting to approximately RMB0.1 million and approximately RMB8.0 million for the six months ended 30 June 2021 and 2020, respectively, the Group's total comprehensive income attributable to owners of the Company increased from approximately RMB10.3 million for the six months ended 30 June 2020 to approximately RMB15.7 million for the six months ended 30 June 2021, representing an increase of approximately 52.4%.

Measures Taken by the Management in the First Half of 2021:

By closely following market demands and trend changes, the Group maintains its regional competitive edge in the traditional principal businesses, including the protective mining, production, sales and related services of iron and titanium mines, while continuing to invest in the expansion of the titanium industrial chain. The Group recorded a gross profit of approximately RMB48.4 million for the six months ended 30 June 2021, representing an increase of approximately RMB12.3 million as compared with that of approximately RMB36.1 million for the six months ended 30 June 2020. Revenue increased by approximately RMB543.9 million, representing an increase of 158.8% as compared with approximately RMB342.6 million for the corresponding period in last year.

The Group focused on the following aspects of work in the first half of 2021:

- I. The Group has improved its existing brand-new processing technique and achieved mass production gradually with increased efforts in supply chain development. It realized a revenue of approximately RMB886.5 million and maintained its regional competitive edge in the traditional principal businesses in the first half of the year. In particular, the Group continued to maintain its competitive edge in the protective mining, production and sales business, while keeping close relationships with the upstream and downstream businesses along the industrial value chain in the region through after sales services, which brought good economic benefits to the Group.
- II. The Group has worked harder for the planning and implementation of a comprehensive industrial value chain, including the mining and processing of titanium ores and the production of titanium concentrates, high titanium slag, titanium tetrachloride and sponge titanium. In addition to the in-house research, development and production in respect of the above, the Group has also continued to enhance its cooperation with the Chinese Academy of Sciences and the Russian Academy of Sciences for significant technical breakthroughs. In response to market demands, the Group has made investments in technical transformation, as appropriate, and strived to transform the above-mentioned technical advantages into productivity, with an aim to improve the profitability of the Company.

Management Discussion and Analysis

- III. Against the backdrop of a pick-up in iron concentrate price and riding on its geographic advantage of a close access to the port from its processing plant, the Group has been actively engaged in port trade as well as external ore processing and blending, which further increased its revenue.
- IV. The reserve of Yangzhuang Iron Mine has been verified with a current reserve of 28.80 Mt as assessed by the experts from the Department of Natural Resources of Shandong Province. The Group had also obtained the certificate of reserves and completed the registration of occupied reserve and all other preparation works for obtaining the mining permit.
- V. Yangzhuang Iron Mine has discovered a rubidium ore reserve of 3,549 tons, with metal content of 4.47 tons and grade of 0.126% (industrial grade: 0.12%) through exploration. In the first half of the year, the Group has been well-positioned for the mining of rubidium currently as a highly scarce mineral substance.
- VI. The environmental management and land rehabilitation work in Yangzhuang Iron Mine has been reviewed by experts from the Department of Natural Resources of Shandong Province who also provided professional advice. The tailings treatment process of Yangzhuang Iron Mine has become a new economic driving force for the first half of the year.
- VII. Given the saturated resources in the wind power industry, the Group disposed of its wind power business decisively, which activated the assets of the Company and achieved a good return.
- VIII. Against the backdrop of the well-developed carbon neutral market, the Group has made a plan in respect of photovoltaic power projects to expand the photovoltaic power projects in local market by leveraging the local good resources in Shandong.
- IX. The Group has strictly implemented the advice given by its internal control consultant and, by focusing on the continuous improvement of internal control and management, enhanced the comprehensive management of the Company to pave a solid foundation for the improvement of results.
- X. The Group has made full use of the platform as a listed group and taken proactive measures for various projects in the capital market. It has capitalised on the financing platform as a listed group, taken proactive measures for investors communication and investor relations, strengthened its financing efforts, expanded shareholders base and enhanced stock liquidity, thus financing the potential key construction projects, merger and acquisition projects, or expansion of the titanium industry value chain.
- XI. Capitalizing on the favourable government and social resources in Xinjiang and with the application of 5G technology, the Company has registered logistics companies to develop supply chain finance of vehicles, warehousing, highways and logistics, domestic trading, investment holding and other businesses in Xinjiang as a new economic growth point of the Group in the future.

Management Discussion and Analysis

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Group recorded revenue of approximately RMB886.5 million as compared with approximately RMB342.6 million for the six months ended 30 June 2020, representing an increase of approximately 158.8%. For the six months ended 30 June 2021, 99.2% of the Group's total revenue were derived from trading of coarse iron powder and semi-coke, while 0.8% were from the sales of the iron concentrates produced by the Group and the iron ore tailings from productions in previous years. The Group mainly sold coarse iron powder and other minerals to other customers engaged in trading and manufacturing of iron-related products in the PRC. In addition to these trading customers, the Group also sold iron concentrates produced by the Group and iron ore tailings to iron pellets and steel producers in Shandong Province, the PRC.

Prices of the Group's products

Iron Concentrates

The unit prices of approximately 65% and 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's average unit selling prices of 64% iron concentrates for the six months ended 30 June 2021 was approximately RMB845.6 per tonne, representing an increase of approximately 12% as compared with the average unit selling prices of approximately RMB755.6 per tonne for the six months ended 30 June 2020.

Coarse iron powder and semi-coke

The average selling prices of coarse iron powder and semi-coke were RMB1,031.9 per tonne and RMB836.3 per tonne respectively, for the six months ended 30 June 2021, representing an increase of approximately 64% and 34% respectively as compared to the average unit price of approximately RMB626.8 and RMB624.2 per tonne for the corresponding period in last year.

Management Discussion and Analysis

Revenue

Revenue was generated from the Group's trading activities as well as the sales of the Group's products to external customers. 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 2021 RMB'000		Six months ended 30 June 2020 RMB'000	
Revenue				
Sales of iron concentrates produced by the Group				
– 64% iron concentrates	385	0.1%	107,677	31.4%
– iron ore tailings	6,700	0.7%	12,960	3.8%
	7,085	0.8%	120,637	35.2%
Sales from trading activities				
– coarse iron powder	859,930	97.0%	172,818	50.4%
– spodumene	–	–	46,015	13.4%
– semi-coke	19,476	2.2%	3,121	1.0%
	879,406	99.2%	221,954	64.8%
	886,491	100.0%	342,591	100.0%

Management Discussion and Analysis

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

	Six months ended 30 June 2021 (Kt)	Six months ended 30 June 2020 (Kt)
Sales volume of iron concentrates produced by the Group		
– 64% iron concentrates	0.5	142.5
– iron ore tailings	246.5	375.5
	247.0	518.0
Sales volume of trading activities		
– coarse iron powder	833.3	275.7
– spodumene	–	80.0
– semi-coke	23.3	5.0
	856.6	360.7
	1,103.6	878.7

The following table shows the breakdown of the Group's total production volumes of iron concentrates by types of materials used for the periods indicated:

	Six months ended 30 June 2021 (Kt)		Six months ended 30 June 2020 (Kt)	
Iron concentrates produced by the Group				
– 64% iron concentrates	12.7	25.8%	38.4	8.4%
– iron ore tailings	36.5	74.2%	417.8	91.6%
Total	49.2	100.0%	456.2	100.0%

Management Discussion and Analysis

For the six months ended 30 June 2021, revenue is mainly derived from trading of coarse iron powder and semi-coke. Revenue is also derived from sales of 64% iron concentrates produced by the Group and iron ore tailings.

The Group recorded revenue of approximately RMB886.5 million for the six months ended 30 June 2021, representing an increase of approximately 158.8% over the revenue of approximately RMB342.6 million for the six months ended 30 June 2020. The increase in revenue of the Group was primarily due to (1) the increase in turnover of trading of coarse iron powder by approximately RMB687.1 million from approximately RMB172.8 million for the six months ended 30 June 2020 to approximately RMB859.9 million for the six months ended 30 June 2021; being net off by the effect of (2) the decrease in sales of the iron concentrates produced by the Group by approximately RMB107.3 million from approximately RMB107.7 million for the six months ended 30 June 2020 to approximately RMB0.4 million for the six months ended 30 June 2021.

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 2021 RMB'000		Six months ended 30 June 2020 RMB'000	
Cost of Sales				
Cost of sales of iron concentrates produced by the Group				
– 64% iron concentrates	341	0.1%	104,049	34.0%
– iron ore tailings	1,080	0.1%	5,768	1.8%
	1,421	0.2%	109,817	35.8%
Cost of sales of trading activities				
– sales of coarse iron powder	821,202	98.0%	168,072	54.8%
– sales of spodumene	–	–	25,633	8.4%
– sales of semi-coke	15,435	1.8%	2,921	1.0%
	836,637	99.8%	196,626	64.2%
	838,058	100.0%	306,443	100.0%

Cost of sales was mainly incurred from purchase of iron powder and semi-coke products for trading purposes. The cost of sales incurred during production activities mainly consists of cost of raw materials, power and utilities expenses, employee benefits, depreciation and amortisation, and other overhead costs.

Total cost of sales increased by approximately 173.5% to approximately RMB838.1 million for the six months ended 30 June 2021, as compared with approximately RMB306.4 million for the corresponding period in last year. Such increase was consistent with the increase in the Group's revenue for the six months ended 30 June 2021, which was mainly due to the increase in sales volume from trading coarse iron powder by approximately 557.6 Kt.

Management Discussion and Analysis

Gross profit and gross profit margin

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

	Six months ended 30 June 2021 RMB'000		Six months ended 30 June 2020 RMB'000	
Gross profit				
Gross profit of iron concentrates produced by the Group				
– 64% iron concentrates	44	0.1%	3,628	10.0%
– iron ore tailings	5,620	11.6%	7,192	19.9%
	5,664	11.7%	10,820	29.9%
Gross profit of trading activities				
– sales of coarse iron powder	38,728	80.0%	4,746	13.1%
– sales of spodumene	–	–	20,383	56.4%
– sales of semi-coke	4,041	8.3%	199	0.6%
	42,769	88.3%	25,328	70.1%
	48,433	100.0%	36,148	100.0%
		Six months ended 30 June 2021		Six months ended 30 June 2020
		%		%
Gross profit margin				
Gross profit margin of iron concentrates				
– 64% iron concentrates		11.4%		3.4%
– iron ore tailings		83.9%		55.5%
Gross profit margin of trading activities				
– sales of coarse iron powder		4.5%		2.7%
– sales of spodumene		–		44.3%
– sales of semi-coke		20.7%		6.4%
Total gross profit margin		5.5%		10.6%

Gross profit increased by approximately RMB12.3 million from gross profit of approximately RMB36.1 million for the six months ended 30 June 2020 to gross profit of approximately RMB48.4 million for the six months ended 30 June 2021. The main reason for the increase was the increase in trading volume of coarse iron powder and the Group's capability to tackle the price trend and regional demand such that a more profitable margin has been achieved.

Management Discussion and Analysis

Overall gross profit margin decreased to approximately 5.5% for the six months ended 30 June 2021 from approximately 10.6% for the corresponding period in last year. The decrease in overall gross profit margin was primarily due to the high gross profit margin of the one-off sales of spodumene in the corresponding period in last year. Excluding the sales of spodumene, the gross profit margin slightly increased from 5.3% for the corresponding period in last year to 5.5% for the six months ended 30 June 2021.

Other income

Other income mainly represented income from provision of business administrative and consultancy services to business partners.

Other gains or losses, net

The Group's other net gains were approximately RMB5.3 million for the six months ended 30 June 2021 as compared with approximately RMB4.9 million for the six months ended 30 June 2020. The Group recognized a gain on disposal of property, plant and equipment of RMB7.9 million for the six months ended 30 June 2020, while the Group recognized net gain on foreign exchange of approximately RMB5.3 million for the six months ended 30 June 2021, as compared with net loss on foreign exchange of approximately RMB3.1 million for the corresponding period in last year, and thus the total other net gains remained similar.

Finance costs, net

Net finance costs mainly comprised of interest expense on borrowings of the Group, offset by interest income from bank deposits. Finance costs remained stable in both periods as there have been no change in the Group's borrowing across both periods.

Total comprehensive income

The total comprehensive income attributable to owners of the Company was approximately RMB15.8 million for the six months ended 30 June 2021, representing a decrease of approximately RMB2.5 million, or 13.7%, as compared with that of RMB18.3 million for the six months ended 30 June 2020. This was mainly due to (1) the decrease in other income by approximately RMB6.9 million because of one-off government grant recognised in corresponding period in last year; (2) the increase in distribution costs and administrative expenses by approximately RMB6.4 million in total, attributable to the expansion of workforce to deal with the increasing trading transactions for the six months ended 30 June 2021; being net off by the effect of the increase in gross profit margin from its operations by approximately RMB12.3 million to RMB48.4 million for the six months ended 30 June 2021 from approximately RMB36.1 million for the corresponding period in last year. Excluding extraordinary item being government grants amounting to approximately RMB0.1 million and approximately RMB8.0 million for the six months ended 30 June 2021 and 2020, respectively, the Group's total comprehensive income attributable to owners of the Company increased from approximately RMB10.3 million for the six months ended 30 June 2020 to approximately RMB15.7 million for the six months ended 30 June 2021, representing an increase of approximately 52.4%.

Management Discussion and Analysis

Work Priorities for the Second Half of 2021:

- I. To further improve its existing brand-new processing technique and achieve mass production gradually and continue to keep close relationships with the upstream and downstream businesses along the industrial value chain in the region, in particular by seeking cooperation with the top 3 mining companies in the world in various forms, including imports processing and production, to bring good economic benefits to the Group.
- II. To work harder for the planning and implementation of a comprehensive industrial value chain, including the mining and processing of titanium ores and the production of titanium concentrates, high titanium slag, titanium tetrachloride and sponge titanium, continue to enhance its cooperation with research and development institutions in addition to the in-house research, development and production in respect of the above, make investments in technical transformation in response to market demands, as appropriate, and strive to transform the abovementioned technical advantages into productivity, with an aim to improve the profitability of the Company.
- III. To engage an independent third-party organization responsible for the mining, production and sales business of Yangzhuang Iron Mine against the backdrop of a pick-up in iron concentrate price and leveraging the experience and technology advantages of established enterprise(s) in the industry, and be actively engaged in port trade as well as external ore processing and blending by riding on its geographic advantage of a close access to the port from its processing plant to increase its revenue.
- IV. To increase resource reserve and obtain the mining permit in the second half of the year for Yangzhuang Iron Mine after the reserve of which was verified by the experts from the Department of Natural Resources of Shandong Province with a current reserve of 28.80 Mt.
- V. If conditions permit, to commence the mining of rubidium, a scarce mineral substance, by Yangzhuang Iron Mine, which has discovered a rubidium ore reserve of 3,549 tons, with metal content of 4.47 tons and grade of 0.126% (industrial grade: 0.12%) through exploration.
- VI. To obtain professional advice upon review by experts from the Department of Natural Resources of Shandong Province in respect of the environmental management and land rehabilitation work in Yangzhuang Iron Mine and carry on tailings processing in Yangzhuang Iron Mine for higher economic income.
- VII. To intensify new energy development efforts against the backdrop of the well-developed carbon neutral market, and to make a plan in respect of photovoltaic power projects to expand the photovoltaic power projects in local market and seek opportunities for cooperation with larger companies, especially the state-owned companies, by leveraging the local good resources in Shandong.
- VIII. To further strictly implement the advice given by its internal control consultant and, by focusing on the continuous improvement of internal control and management, enhance its comprehensive management to pave a solid foundation for the improvement of results.
- IX. To capture the market opportunity of semi-coke, a new type of clean energy, arising from the possible tightened control of the government over environment during winter when heating is necessary for the north area of China, to increase a new economic driving force.

Management Discussion and Analysis

- X. To make full use of the platform as a listed group, proactively consolidate social resources, focus on investor relations, strengthen financing efforts, further expand shareholders base, enhance stock liquidity and finance the potential key construction projects, merger and acquisition projects, or expansion of the titanium industry value chain.
- XI. To step up efforts to expand the entire logistics chain with a focus on the logistics business, and by capitalizing on the favourable government and social resources in Xinjiang and with the application of 5G technology, to register logistics companies to develop supply chain finance of vehicles, warehousing, highways and logistics, domestic trading, investment holding and other businesses in Xinjiang as a new economic growth point of the Group in the future.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2021, the Company repurchased 32,614,000 shares of HKD0.002 each in the capital of the Company at prices ranging from HKD0.216 to HKD0.280 per share on the Stock Exchange. Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share		Aggregate purchase consideration (excluding expenses) HKD
		Highest HKD	Lowest HKD	
May 2021	7,458,000	0.255	0.233	1,802,020
June 2021	25,156,000	0.280	0.216	6,127,962
	32,614,000			7,929,982

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

Other Information

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

As at 30 June 2021, the interests or short positions of the Directors or chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, are set out below:

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

Name of Director	Capacity/Nature of interest	Long position/ short position	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Mr. Li Yunde ("Mr. Li")	Interest of controlled corporation	Long position	2,048,138,660 (Note 1)	38.69%
	Beneficial Owner	Long position	122,058,000	2.31%
Mr. Geng Guohua	Beneficial Owner	Long position	18,884,000	0.36%
Mr. Lang Weiguo ("Mr. Lang")	Interest of controlled corporation	Long position	18,700,000 (Note 2)	0.35%

Notes:

1. Mr. Li beneficially holds the entire issued share capital of Hongfa Holdings Limited, a company incorporated in the BVI with limited liability, which in turn beneficially holds 2,048,138,660 shares of the Company (the "Shares"). For the purposes of the SFO, Mr. Li is deemed or taken to be interested in all the Shares held by Hongfa Holdings Limited.
2. Mr. Lang beneficially holds the entire issued share capital of Novi Holdings Limited and All Five Capital Ltd., both of which were incorporated in the BVI with limited liability, which in turn beneficially hold 650,000 Shares and 18,050,000 Shares, respectively. For the purposes of the SFO, Mr. Lang is deemed or taken to be interested in all the Shares held by Novi Holdings Limited and All Five Capital Ltd..

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2021, so far as is known to any Director, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of Interest	Long Position/ Short Position	Number of Shares held	Approximate percentage of interest
Hongfa Holdings Limited	Beneficial owner	Long position	2,048,138,660	38.69%
Ms. Zhang Limei ("Ms. Zhang")	Interest of spouse	Long position	2,170,196,660 <i>(Note 1)</i>	40.99%
X. Mining Resources Group Limited	Beneficial owner	Long position	326,344,000 <i>(Note 2)</i>	6.16%
Mr. Wu Pun Yan ("Mr. Wu")	Interest of controlled corporation	Long position	326,344,000 <i>(Note 2)</i>	6.16%

Notes:

1. Ms. Zhang is the spouse of Mr. Li. For the purpose of the SFO, Ms. Zhang is deemed or taken to be interested in all the Shares in which Mr. Li is interested.
2. Mr. Wu beneficially holds the entire issued share capital of X. Mining Resources Group Limited which in turn beneficially holds 326,344,000 Shares. For the purposes of SFO, Mr. Wu is deemed or taken to be interested in all the Shares held by X. Mining Resources Limited.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the Shares or underlying Shares of the Company as at 30 June 2021.

Other Information

SHARE OPTION SCHEME

To attract and retain the best available personnel, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the “Scheme”) on 9 April 2012 (the “Adoption Date”) whereby the Board was authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares of the Company to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group (the “Participants”). The Scheme became unconditional on 27 April 2012.

The Company has not granted any option since adoption of the Scheme. Other details of the Scheme are set out in the prospectus of the Company dated 17 April 2012 (the “Prospectus”).

SHARE AWARD SCHEME

On 28 December 2020, the Board adopted a restricted share award scheme (the “Share Award Scheme”) as an incentive to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group. Restricted shares under the Share Award Scheme will be comprised of Shares subscribed for or purchased by the trustee out of cash arranged 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. Since the adoption of the Share Award Scheme and up to the date of this report, no restricted shares were purchased by the trustee from the market, no new shares were allotted and issued to the trustee by the Company for the purpose of the Share Award Scheme and no restricted shares were granted to employees of the Group.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors’ securities transactions as set out in the Model Code as set out in Appendix 10 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 six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2021.

Other Information

AUDIT COMMITTEE

The Company established the Audit Committee on 9 April 2012 with written terms of reference in compliance with the CG Code, which currently comprises of three independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman), Mr. Li Xiaoyang and Mr. Zhang Jingsheng. The Audit Committee had reviewed the unaudited interim consolidated results for the six months ended 30 June 2021 before such documents were tabled at a meeting of the Board held on 30 August 2021 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, 30 August 2021