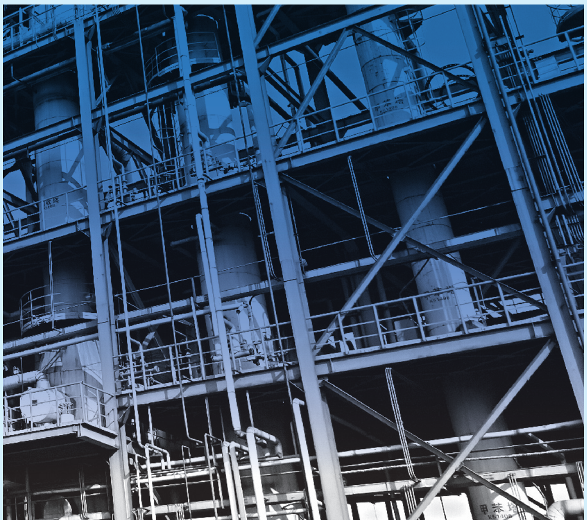
河南金馬能源股份有限公司

HENAN JINMA ENERGY COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6885

INTERIM REPORT 2020



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FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2020	2019	
	RMB million (unaudited)	RMB million (unaudited)	Change
Revenue	**3,372.6**	3,968.4	-15.0%
Gross profit	**466.2**	568.9	-18.1%
Net profit	**241.5**	342.0	-29.4%
Basic earnings per share (in RMB)	**0.42**	0.61	-31.1%
Interim dividend per share (in RMB)	**0.10**	0.10	–
Gross profit margin	**13.8%**	14.3%	-0.5%
Net profit margin	**7.2%**	8.6%	-1.4%

	As at 30 June 2020	As at 31 December 2019	
	RMB million (unaudited)	RMB million (audited)	Change
Total assets	**6,181.1**	5,487.1	+12.6%
Total equity	**3,581.1**	3,392.2	+5.6%

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading coke producer and processor of coking by-products in the coking chemical industry in Henan province. The Group operates a vertically integrated business model along the coking chemical value chain from coke production to the processing of coking by-products into refined chemicals and energy products. The Group's vertically integrated business model enables the Group to maximize the value of the Group's coking by-products, thereby allowing the Group to achieve a high recovery and re-utilization business model.

Capitalizing on the Group's years of operations in the coking chemical industry and the Group's long-term relationships with coal suppliers, the Group also engages in the trading of coal, coke and LNG mainly through the Group's trading company. As a continuing effort in extending the Group's vertical integration business model and expanding the Group's product portfolio along the coking chemical value chain, the Group commenced operation of its LNG production facilities in the first quarter of 2018 and fully launched the production and sale in the third quarter of the same year.

From the year of 2019, the Board is pleased to announce the establishment of joint venture companies (the "JV Companies"). The scope of business of the JV Companies mainly includes energy project investment, logistics project investment, marketing planning, corporate management consulting, and domestic trading.

The Board has paid close attention to the development of the JV Companies since its commencement, and the effectiveness of the JV Companies has been realized on a preliminary stage. The Board is of the view that such cooperative model is suitable and conducive to the long-term development of the Group. Therefore, the Board intends to continue exploring more similar cooperative projects, and expects that the Group will continue strengthening the capability of supply of coke, coking chemical and refined chemical products, maintaining continuous profitability growth, and constantly improving the standard of serving the iron and steel, chemical industry in the PRC by virtue of the leading position in the coke, coking chemical and refined chemical market, advantages from the brand and coverage of sales and logistics network, as well as through business expansion strategies and models such as integrated sales and marketing, operation and management services, merger and acquisition.

In the first half of 2020, the Group's revenue was mainly generated from the following major business segments:

- **Coke:** which involves the production and sale of coke;
- **Refined chemicals:** which involves the processing of coking by-products into a series of benzene based and coal tar based refined chemicals and sale of these chemicals;
- **Energy products:** which involves the processing of coke oven crude gas into coal gas, extraction of LNG from coal gas and sale of coal gas and LNG; and
- **Trading:** which mainly involves the trading of coal, coke and LNG.

MANAGEMENT DISCUSSION AND ANALYSIS

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

The Group's results of operations are affected by a number of factors. Set forth below is a discussion of the most significant factors that may affect the Group's results of operations.

General Economic Conditions and the Demand in Downstream Industries

The Group sells all its products in the PRC. General economic conditions of the PRC affect the market prices and demands for the Group's products, as well as the prices of coal, the primary raw material for the production of the Group's coke, refined chemicals and energy products. During economic downturns, the average selling prices of the Group's products may decrease and the Group may need to adjust the Group's purchase and sale strategies to adapt to such conditions, such as reducing the Group's purchase of raw materials or engaging in more financing activities to increase the Group's working capital. The Group's trading activities may also decrease during economic downturns. When economic conditions recover, the Group may increase the selling prices of the Group's products along with the increase in market demands and raw material prices. In addition, the Group may increase the Group's prepayments for raw materials in order to secure raw material supplies. The Group's trading activities may also increase as the demands for coke, coal, nonferrous materials and LNG increase when economic conditions recover. The market price for the Group's coke recovered substantially in 2016 and continued to remain stable from 2017 to 2019, whilst the first half of 2020 also maintained the same trend as in last year with certain pickup during the period. The Group's results of operations, working capital position, as well as operating cash flows changed correspondingly as a result.

Sale of the Group's products of coke, LNG and refined chemicals depend primarily on the domestic consumption of such products by the iron and steel industry and the chemical industry. Coke is a key raw material used in the production of iron and steel, while refined chemicals are mainly used as raw materials in various downstream industries such as rubber, textiles and pharmaceutical industries and LNG is mainly provided for the use in the production in surrounding industrial parks and for supplying gas to logistics customers, heavy trucks and buses at gas stations. Coking refined chemicals are often taken as cost-competitive substitutes for petroleum-based refined chemicals in China as it has rich coal resources, the price of which is relatively cheaper than petroleum resources. Therefore, the demand and pricing for the Group's refined chemicals are also affected by the petroleum price and the development in the petrochemical industry.

Prices of the Group's Raw Materials and Products

The Group is exposed to movements in the market prices of the Group's products and coal, as well as changes in the spread between those prices. The Group generally sells the Group's products based on the prevailing market prices in the regions where the Group sells its products, by reference to various other factors applicable to individual customers. Market forces of supply and demand generally determine the pricing of the Group's products. Historically, market prices for coke and its refined chemicals have fluctuated as a result of alternating periods of increase and decrease in demand. The prices of the Group's products are affected by a number of factors including:

- supply of and demand for the Group's products, which is mainly affected by (i) the PRC laws, regulations and policies affecting the coal, coking and iron and steel industries, (ii) the demands in the iron, steel and chemical industries and (iii) the PRC domestic as well as global economic cycles;

- price of coal, the Group's principal raw material, which is affected by the supply of and demand for coal and subject to the PRC domestic as well as global economic cycles;

- the Group's product characteristics and quality (as different types of coke command different prices in the market);
- prices of chemicals in the international market; and
- the Group's transportation costs, the availability of transportation capacity and means of transportation.

In addition, as most of the Group's refined chemicals, such as pure benzene, toluene, coal asphalt and industrial naphthalene, can be produced from both coking by-products and petroleum, prices of the Group's products are also affected by the fluctuations in petroleum prices. Historically, when petroleum price went down, the prices of the Group's products usually decreased.

The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during the first six months of 2020 and the year of 2019 according to the Group's internal records.

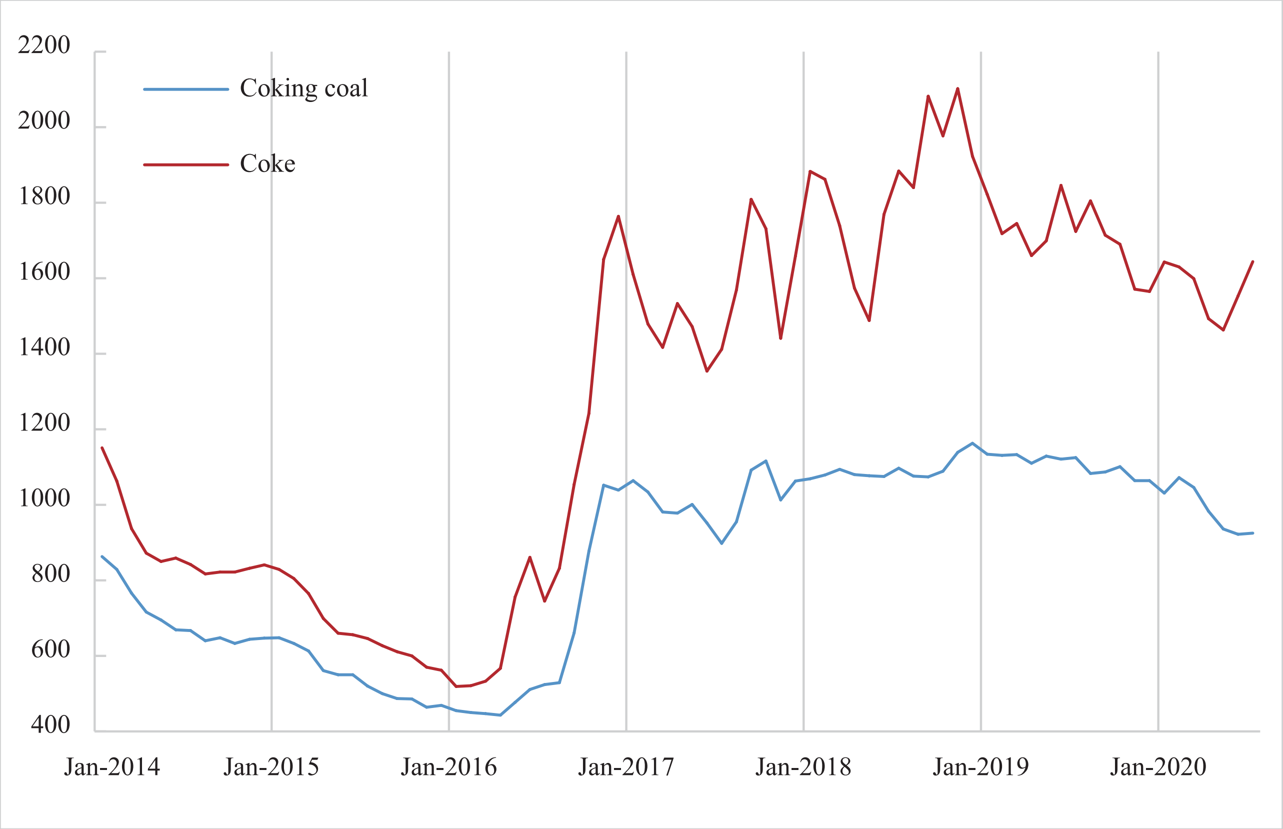
	For the first six months of 2020 Average selling price(1)	2019 Average selling price(1)
	RMB/ton (except coal gas in RMB/m^3)	RMB/ton (except coal gas in RMB/m^3)
Coke	**1,565.39**	1,705.90
Coke	**1,649.03**	1,784.30
Coke breeze	**785.73**	941.10
Refined Chemicals		
Benzene based chemicals	**3,693.46**	4,311.40
Pure benzene	**3,837.44**	4,352.40
Toluene	**3,560.92**	4,631.10
Coal tar based chemicals	**2,265.16**	3,066.20
Coal asphalt	**2,247.61**	3,060.80
Anthracene oil	**1,938.48**	2,784.00
Industrial naphthalene	**3,116.78**	3,693.80
Energy Products		
Coal gas	**0.70**	0.71
LNG	**3,084.09**	3,735.40

(1) Calculated by dividing the revenue of each relevant product by the sales volume of such product (on a moist basis for coke) (except that the average selling prices of the coke segment, benzene based chemicals and coal tar based chemicals represent the weighted average prices of relevant products in the segment or category, respectively), after intra-group elimination.

Coal is the primary raw material for the Group's products. Coal prices affect the Group's raw material costs and are also one of the factors which affect the prices of the Group's products. The Group does not normally enter into long-term fixed-price purchase contracts with the Group's suppliers. The Group purchases coal based on the Group's production schedule. The purchase price is agreed between the Group and the suppliers based on arm's-length negotiation with reference to prevailing market prices at the time the Group places the orders. The supply of coal is also another factor affecting the results of the Group's operations. Tightened environmental protection regulations or an increase in industry consolidation driven by the government in the coal industry could reduce the supply or increase the price of coal. A fluctuation in coal supply may push the price of coal, which in turn will increase the costs of operating the Group's business.

Increases or decreases in the prices of coal may not immediately result in changes in the prices of the Group's products or vice versa. In a rising market for the Group's products, the Group may benefit from the widening spread between the prices of raw materials and the Group's products. While in a falling market for the Group's products, the Group may suffer from the narrowing spread. Following the second half of 2016 when the price spread between the Group's purchase of coal and sale of coke widened, the spread continued to expand in 2017 and sustained in 2018. The price spread remained steady from 2019 onwards, while fell from the highest average spread in the past 5 years, thus the Group's profitability still remained stable.

The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2014 to July 2020 according to the Group's internal records:



The Group believes that the prevailing market prices of coal and the Group's products are generally driven by market forces of supply and demand. Since the Group sells the Group's products and procure the Group's coal based on prevailing market prices and the prices of coal typically move in tandem, though at different speed and magnitude, with the prices of coke and iron and steel. The Group believes the Group is generally able to negotiate the prices of the Group's products and raw materials taking into account market price fluctuations.

Production Capacity and Sales Volume

The fluctuations of the Group's results of operations were mainly driven by the changes in the average selling price of the Group's products and the average purchase price of coal, while the sales volume of the Group's products was mainly determined by the Group's production capacity. The business of the Group in the first half of 2020 remained stable, with production capacity utilization rate of each of the principal products substantially maintained. Full sales of the Group has been consistently achieved with revenue of the Group. In the first half of 2020, the capacity Group's production capacity for coke was approximately 2.1 million tons (on a moist-free basis) per annum, and the Group's processing capacity for crude benzene and coal tar was approximately 200,000 tons and 180,000 tons per annum, respectively. At the same time, the Group's production capacity for coal gas was approximately 1,000 million m^3 per annum, for self-used (including the use in production of LNG) and sales, while the production capacity of LNG production facilities was approximately 123.0 million m^3 per annum.

Access to and Cost of Financing

In addition to cash generated from the Group's operations, the Group financed the Group's operations and capital expenditures primarily through bank borrowings during the period. The Group's interest-bearing borrowings as at 30 June 2020 and 31 December 2019 were approximately RMB1,003.9 million and RMB1,043.5 million, respectively. For the six months ended 30 June 2020 and the same period in 2019, the Group's finance costs were approximately RMB27.7 million and RMB30.4 million, respectively, accounting for approximately 0.8% and 0.8% of the Group's total revenue for the respective periods. The amount of borrowings as at the end of June 2020 decreased as compared to the end of December 2019, primarily due to stable cash flow and sufficient reserve of the Company. The finance cost decreased mainly due to the reduction in average interest-bearing borrowings balance by cash flow management for the first half of 2020 as compared to the same period in 2019. The Group's ability to pay the interest incurred with respect to the borrowings, or repay or refinance the Group's borrowings could have an impact on the financial position and operation results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Below is the condensed consolidated statement of profit or loss and other comprehensive income of the Group which shall be read in conjunction with its condensed consolidated financial information.

	Six months ended 30 June		
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000	Changes
Revenue	**3,372,591**	3,968,373	-15.0%
Cost of sales	**(2,906,376)**	(3,399,463)	-14.5%
Gross profit	**466,215**	568,910	-18.1%
Other income	**22,932**	12,455	84.1%
Other gains or (losses)	**2,663**	2,764	-3.7%
Impairment losses, under expected credit loss ("ECL") model, net of reversal	**(1,519)**	984	-254.4%
Selling and distribution expenses	**(79,569)**	(64,564)	23.2%
Administrative expenses	**(46,433)**	(39,331)	18.1%
Finance costs	**(27,712)**	(30,391)	-8.8%
Share of result in a joint venture	**1,508**	3,228	-53.3%
Share of results in associates	**(9,220)**	51	-18,178.4%
Profit before tax	**328,865**	454,106	-27.6%
Income tax expense	**(87,386)**	(112,067)	-22.0%
Profit for the period	**241,479**	342,039	-29.4%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on:			
Bill receivables at fair value through other comprehensive income ("FVTOCI")	**1,669**	2,358	-29.2%
Other comprehensive income for the period, net of tax	**1,669**	2,358	-29.2%
Total comprehensive income for the period, net of tax	**243,148**	344,397	-29.4%
Profit for the period attributable to:			
—Owners of the Company	**225,557**	327,532	-31.1%
—Non-controlling interests	**15,922**	14,507	9.8%
	241,479	342,039	-29.4%
Total comprehensive income for the period attributable to:			
—Owners of the Company	**227,226**	330,007	-31.1%
—Non-controlling interests	**15,922**	14,390	10.6%
	243,148	344,397	-29.4%
Earnings per share (RMB)			
—Basic	**0.42**	0.61	-31.1%

Consolidated Financial Information

- **Revenue** decreased by approximately RMB595.8 million or approximately 15.0% as compared to the same period of the preceding year. The decrease was mainly due to the drop in selling price of coke by 10.5% and a significant decrease in sales amount in the trading segment during the first half of 2020, for details please refer to business segment results in this section.

- **Cost of sales** decreased by approximately RMB493.1 million or approximately 14.5% as compared to the same period of the preceding year. For details of segmental costs, please refer to the analysis on business segments results in this section.

- **Gross profit** decreased by approximately RMB102.7 million or approximately 18.1% as compared to the same period of the preceding year. The gross profit margin of the Group decreased slightly from approximately 14.3% in the first half of 2019 to approximately 13.8% in the first half of 2020. The dropped in gross profit margin was mainly due to the decrease in the prices of raw materials (primarily coal, coal tar and crude benzene) for major products during the reporting period being slower than the rate of decrease in the selling prices of products.

- **Other income** increased by approximately RMB10.5 million or approximately 84.1% as compared to the same period of the preceding year. The increase was mainly due to an increase in average balances of bank deposits as compared to the same period of the preceding year, resulting in a corresponding increase in interest income from bank deposits.

- **Other gains or losses** decreased by approximately RMB0.1 million or approximately 3.7% as compared to the same period of the preceding year. The decrease was mainly due to a decrease in investment income for the period from investments in structural deposits and listed securities measured at fair value through profit or loss and a decrease in the gains on fair value changes in the balance at the end of the period.

- **Impairment losses, under the expected credit loss model, net of reversal** increased by approximately RMB2.5 million or approximately 254.4% as compared to the same period of the preceding year. The increase mainly reflected the increment in provision for impairment losses in expected credit value of receivables.

- **Selling and distribution expenses** increased by approximately RMB15.0 million or approximately 23.2% as compared to the same period of the preceding year. The increase was mainly due to increase in sales of some coke customers, whose transportation costs were borne by the Company, and resulted in a corresponding increase in selling and distribution expenses.

- **Administrative expenses** increased by approximately RMB7.1 million or approximately 18.1% as compared to the same period of the preceding year. The increase was mainly due to an increase in staff cost and depreciation of property, plant and equipment and right-of-use assets and expenses arose from logistics business acquired this year, which was partially offset by a decrease in environmental protection resources tax.

- **Finance costs** decreased by approximately RMB2.7 million or approximately 8.8% as compared to the same period of the preceding year. The decrease was mainly due to the reduction in average interest-bearing borrowings balance by cash flow management, and the drop of floating-rate in the first half of 2020, which reduced the finance costs compared to the same period in 2019.

- **Share of result in a joint venture** decreased by approximately RMB1.7 million or approximately 53.3% as compared to the same period of the preceding year. This was mainly due to in the first half of 2019 Jinjiang Refinery received an one-off tax rebate on VAT, while it maintained normal production results in first half of 2020.

- **Share of result in associates** decreased by RMB9.3 million as compared to the same period of the preceding year. This was mainly due to the loss from operation in Yilong Coal, which commences operation from current period. However, the designed production capacity has not yet been fully utilised, and the relatively large amount of the depreciation and amortisation recognised from the coal mine construction and mining right.

- **Profit before tax** decreased by approximately RMB125.2 million or approximately 27.6% as compared to the same period of the preceding year.

- **Income tax expense** decreased by approximately RMB24.7 million or approximately 22.0% as compared to the same period of the preceding year.

- **Profit for the period** decreased by approximately RMB100.6 million or approximately 29.4% as compared to the same period of the preceding year.

Business Segment Result

The table below sets forth the Group's segment revenue and gross profit (after elimination of inter-segment sales) for each of the Group's major business segments:

	Six months ended 30 June							
	Segment revenue		Segment gross profit		Segment gross profit margin		Percentage in total revenue of the Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000 (unaudited)	RMB'000 (unaudited)	**RMB'000 (unaudited)**	RMB'000 (unaudited)	**%**	%	**%**	%
Coke	**1,801,314**	1,980,904	**405,914**	444,038	**22.5**	22.4	**53.4**	49.9
Trading	**838,202**	1,182,314	**29,437**	23,212	**3.5**	2.0	**24.9**	29.8
Refined Chemicals	**495,223**	584,749	**(7,301)**	43,944	**-1.5**	7.5	**14.7**	14.7
Energy Products	**223,098**	207,467	**38,471**	59,987	**17.2**	28.9	**6.6**	5.2

- **Coke** segment gross profit decreased by approximately RMB38.1 million or approximately 8.6% as compared to the same period of the preceding year. The decline in segment performance was mainly due to the reduction in demand and prices caused by China's economic adjustment. The average price of coke fell by 10.5% as compared to the same period of the preceding year. Due to the relevant production policies of the government, the average purchase price of the Group's main raw material coking coal has recorded a comparable drop compared to the same period. Therefore, the gross profit margin of the coke segment in the first half of 2020 still maintained approximately 22.5%.

- **Trading** segment gross profit increased by approximately RMB6.2 million or approximately 26.8% as compared to the same period of the preceding year. The increase in segment performance was mainly due to the company's maintenance of the growth in trading activity in the first half of 2020. However, due to changes in the cooperation model with some customers, only net transaction amount of those trading activities was accounted according to related accounting standards, thus leading to a drop in segment revenue, and an increase in the segment gross profit margin from 2.0% to 3.5% as compared to the same period of the preceding year.

- **Refined Chemicals** segment gross profit decreased by approximately RMB51.2 million or approximately 116.6% as compared to the same period of the preceding year. Due to the significant fluctuation in international crude oil prices, a significant fluctuation also occurred in refined chemicals market, thus, the segment gross profit margin recorded a significant drop from 7.5% to -1.5%.

- **Energy Products** segment gross profit decreased by approximately RMB21.5 million or approximately 35.9% as compared to the same period of the preceding year. The decline in segment performance was mainly due to the year-on-year decline in average prices of coal gas and LNG by approximately 2.7% and 18.9%, respectively. For the same period, the utilization rate of LNG facilities increased, and the production increased from 21,697 tons in 2019 by 9,665 tons to 31,362 tons in the first half of 2020. With the utilization rate of LNG facilities has increased, the average production cost of LNG in the first half of 2020 has been reduced. However, the impact of the decline in sales prices of LNG over the same period last year has exceeded the decline in its production costs, resulting in a decline in the performance of the energy products segment.

FINANCIAL POSITION

Financial Resources

In the first half of 2020, the Group's major financial resources were funded by the proceeds from the sales of the Group's products, shareholders' equity and borrowings from bank. The Directors have confirmed that the Group did not experience any liquidity problems in the first half of 2020.

The Group's finance department prepares cash flow projections, which are reviewed regularly by the Group's senior management. Specific considerations in determining the Group's appropriate cash position include the Group's forecast working capital and capital expenditure needs and the Group's liquidity ratios, and the Group also aims to maintain a certain level of excess cash to meet unexpected needs.

Cash Flow

The following table presents selected cash flow data from the Group's condensed consolidated statement of cash flows for the periods:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash from operating activities	**411,568**	743,199
Net cash used in investing activities	**(496,261)**	(189,806)
Net cash from financing activities	**(215,070)**	(158,789)
Net increase in cash and cash equivalents	**(299,763)**	394,604
Cash and cash equivalents at the beginning of the year	**1,697,816**	583,157
Impact of change in exchange rate	**186**	(42)
Cash and cash equivalents at the end of the year, representing bank balances and cash	**1,398,239**	977,719

- **Cash Flow from Operating Activities**

  In the first half of 2020, the Group's net cash from operating activities of approximately RMB411.6 million was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB407.7 million; (ii) decrease in trade and other receivables of approximately RMB52.1 million; (iii) slight decrease in inventories of approximately RMB14.2 million; and (iv) increase in trade and other payables of approximately RMB234.7 million. Yet the net cash inflow from operating activities are partially offset by (v) increase in amounts due from related parties of approximately RMB86.8 million; (vi) increase in amounts due from a shareholder of approximately RMB9.2 million; and (vii) income tax paid of approximately RMB76.9 million.

- **Cash Flow from Investing Activities**

  In the first half of 2020, the Group's net cash used in investing activities of approximately RMB496.3 million was primarily due to (i) acquisition of property, plant and equipment or payment of deposit for production and environmental protection facilities of approximately RMB300.4 million; (ii) payment of approximately RMB16.7 million in relation to acquisition projects, yet partially offset by net withdrawal of approximately RMB177.4 million from restricted bank balances and interest received for approximately RMB14.7 million.

- **Cash Flow from Financing Activities**

  In the first half of 2020, the Group's net cash used in financing activities of approximately RMB215.1 million was primarily due to a net decrease in bank and other borrowings of approximately RMB39.6 million; payment of dividends of approximately RMB170.4 million and interest expenses of approximately RMB27.8 million; yet partially offset by and a capital contribution from the controlling equity interest of a subsidiary of RMB24.5 million.

Liabilities

The table below sets forth the Group's bank and other borrowings at the end of the dates indicated below.

	As at 30 June 2020	As at 31 December 2019	Increase/ (decrease)
	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000
Bank borrowings	**1,003,920**	1,043,520	(39,600)
Secured	**122,420**	132,020	(9,600)
Unsecured	**881,500**	911,500	(30,000)
	1,003,920	1,043,520	(39,600)
Fixed rate borrowings	**614,000**	559,000	55,000
Floating rate borrowings	**389,920**	484,520	(94,600)
	1,003,920	1,043,520	(39,600)
Carrying amount repayable based on scheduled payment terms			
Within one year	**560,300**	677,600	(117,300)
More than one year, but not more than two years	**117,600**	90,100	27,500
More than two year, but not more than five years	**326,020**	275,820	50,200
	1,003,920	1,043,520	(39,600)
Less: Amount shown under current liabilities	**(560,300)**	(677,600)	117,300
Amount due after one year shown under non-current liabilities	**443,620**	365,920	77,700

The Group's bank borrowings in 2019 and the first half of 2020 were all borrowings denominated in Renminbi. As at 31 December 2019, RMB132.0 million of the Group's borrowings were secured by the Group's land use rights. All remaining secured borrowings were credit borrowings. As at 30 June 2020, the Group's borrowings of RMB113.2 million were secured by land use rights and of RMB9.2 million were secured by bank bills. As at 31 December 2019 and 30 June 2020, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

The table below sets forth the range of effective interest rate of the Group's bank borrowings as at the dates indicated below.

	As at 30 June 2020	As at 31 December 2019
	(Unaudited)	(Audited)
Effective interest rate:		
– Fixed-rate borrowings	**4.61% – 6.30%**	4.61% – 6.75%
– Floating-rate borrowings	**3.76% – 6.30%**	4.79% – 6.30%

As at 30 June 2020, the Group had obtained banking facilities in an aggregate amount of approximately RMB1,583.0 million (2019: RMB1,424.0 million), of which total amount of approximately RMB429.1 million (2019: RMB380.5 million) is still available for use. As at 30 June 2020, the Group had total outstanding bank borrowings of approximately RMB1,003.9 million (2019: RMB1,043.5 million). The Group intends to refinance the Group's bank borrowings or repay the Group's bank borrowings as and when they fall due with the Group's internally generated funds (Refinancing has been achieved for bank borrowings of RMB470.0 million falling due in the first half of 2020 according to needs).

Save as disclosed in this "Financial Position" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 30 June 2020 and up to the date of this report. As at 30 June 2020, save as disclosed in this "Financial Position" section and apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, the Group did not have any outstanding mortgages, charges or pledges, debentures or other debt securities, term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, acceptance liabilities or acceptance credits), finance leases or any guarantees or other material contingent liabilities.

The Directors confirm that, for the six months ended 30 June 2020, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during the first half of 2020, the Group did not experience any difficulty in obtaining bank loans and other borrowings, or any default in payment of bank loans and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

FINANCIAL RATIOS

The following table sets forth the Group's financial ratios as at the dates and for the years indicated:

	Six months ended 30 June 2020	Year ended 31 December 2019
Gearing ratio	**0.28x**	0.31x
Return on equity (annualized ratio)	**17.0%**	24.0%
Return on assets (annualized ratio)	**8.3%**	13.0%

Gearing Ratio

Gearing ratio is calculated by dividing the Group's total interest-bearing bank borrowings by the Group's total equity as at the end of each period.

The Group's gearing ratio slightly decreased for the first half of 2020, mainly due to the fact that while the total interest-bearing bank borrowings remained at a comparable level, total equity has increased. Both the capital of the joint venture partner and profit for the period contributed to the increase in total equity.

Return on Equity

Return on equity is calculated by dividing the profit attributable to owners of the Company by the average equity attributable to owners of the Company for the same year.

The Group's return on equity decreased from 24.0% to 17.0% was due to a decrease in the Group's profit primarily driven by the falling prices of coke.

Return on Assets

Return on assets is calculated by dividing the total profit and comprehensive income for the year by the total average assets of the Group for the same year.

The Group's return on assets decreased from 13.0% to 8.3% was mainly due to the fall in the Group's profit and increase in assets of the Group.

CONTRACTUAL OBLIGATIONS AND CAPITAL EXPENDITURE

The table below sets forth the Group's capital commitments as at the dates indicated.

	As at 30 June 2020	As at 31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but without provision in the consolidated financial statements	**745,514**	462,836

The Group's capital commitments for the six months ended 30 June 2020 primarily relate to the construction of the Group's construction project of coking facilities of 1.8 million tons per annum. The Group expects to fund such capital commitments principally by bank loans and cash generated from the Group's operations.

Other than the transactions described in the above table, as at 30 June 2020, the Group had no other material contractual commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Group did not have any material off-balance sheet arrangements as at 30 June 2020. Specifically, the Group has not entered into any derivative contracts that are indexed to the Group's shares and classified as shareholders' equity, or that are not reflected in the Group's consolidated financial statements. Furthermore, the Group does not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group does not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

CONTINGENT LIABILITIES

During the first half year of 2020, the Group endorsed certain bill receivables for the settlement of the Group's trade and other payables. The Directors are of the opinion that the Group has transferred the significant risks and rewards relating to these bill receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practices in the PRC. The Company's Directors consider that the risk of the default in payment of the endorsed and discounted bill receivables is low because all endorsed and discounted bill receivables are issued and guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were not recognized in the Group's financial statements. The Group's maximum exposure that may result from the default of these endorsed and discounted bill receivables as at the dates indicated are as follows:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Endorsed bills for settlement of payables	**2,549,445**	2,685,318
Discounted bills for raising cash	**132,048**	180,846
Outstanding endorsed and discounted bill receivables with recourse	**2,681,493**	2,866,164

Save as disclosed above and as at 30 June 2020, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group. The Company's Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 30 June 2020 up to the date of this report.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

From the end of reporting period to the date of this report, the Group had no other commitments.

MARKET RISKS

Market risk is the risk of loss related to adverse changes in market prices. The Group is exposed to various types of market risks, including commodity price and liquidity risks, in the normal course of the Group's business. The Group aims to minimize risk through discipline operating and financial activities. During the first half of 2020, the Group has not entered into any foreign exchange or interest rate hedging contract or forward purchase or sale contract for commodities.

Other than the HK dollar proceeds of listing (HK$10.5 million and HK$11.4 million as at 30 June 2020 and 31 December 2019 respectively) pending remittance back to China, the Group has no exposure to significant exchange risks as all its operations are within China where there are no foreign currencies transactions, assets or liabilities.

Commodity Price Risk

The Group is exposed to fluctuations in the prices of raw materials, and in particular, coal, as well as fluctuations in the prevailing market prices of the Group's products. The Group generally purchases coal and other raw materials based on prevailing market prices. The Group's products are also generally sold based on the prevailing market prices in the regions where the Group sells the Group's products, and by making reference to various other factors applicable to individual customers. Market prices may fluctuate and are beyond the Group's control and may have a significant effect on the Group's results of operations.

Interest Rate Risk

The Group is subject to fair value interest rate risk in relation to the Group's interest-bearing bank loans, bank borrowings and other borrowings at fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to the Group's floating-rate borrowings.

As at 30 June 2020, the Group had fixed-rate borrowings in the amount of approximately RMB614.0 million (31 December 2019: RMB559.0 million).

The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

Credit Risk

In the event that the Group's counterparties fail to perform their obligations, the Group's exposure to credit risk in relation to each class of recognized financial assets as at 30 June 2020 is the carrying amount of those assets stated in the condensed consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities as disclosed in the condensed consolidated financial statement.

The Group mainly conducts transactions with high quality customers that the Group has established long-term relationship with. When transacting with new customers, the Group generally requests advanced payment before the Group's goods are delivered. In order to minimize the credit risk, the Group's management continues to monitor the level of risk exposure to ensure that the Group can recover any overdue debts. In addition, the Group review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are provided for irrecoverable amounts. In this regard, the Directors are of the view that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 67% and 63% of exposure concentrated in five largest outstanding balances for the six months ended 30 June 2020 and the years ended 31 December 2019, respectively. The Group believes the Group's credit risks on bank balances and deposits or bill receivables are limited and there is no significant concentration of credit risk because the Group's bank deposits or bills are deposited in or contracted with reputable state-owned banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

The Group's creditors are exposed to heightened default risk when the Group's multiple liabilities mature in rapid succession, which may impose higher-than-normal stress onto the working capital. As a result, it may cause short-term liquidity problems if the Group fails to refinance in time or manage the Group's liquidity effectively. In the management of the Group's liquidity risk, the Group's management monitors and maintains an adequate, but not excessive level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. For the first half of 2020, the Group increased the long-term fixed rate borrowings to replaced part of the short-term floating rate borrowings.

NO MATERIAL ADVERSE CHANGE

Although some parts of China have implemented restrictions due to COVID-19 since late 2019, the Board considered that it has no material impact on the operation and sales of the Group based on the available information recently. Therefore, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 30 June 2020 and up to the date of this report.

DISTRIBUTABLE RESERVES

As at 30 June 2020, the Company had distributable reserves (i.e. retained profits) of RMB1,339.0 million (2019: RMB1,288.5 million).

For the six months ended 30 June 2020, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the first half of 2020.

DIVIDEND AND DIVIDEND POLICY

On 25 March 2020, the Company declared a 2019 final dividend of RMB0.20 per share and a special dividend of RMB0.10 per share, in a total amount of RMB0.30 per share and in an aggregate amount of RMB160,626,000 which were fully settled in June 2020.

In order to provide return to its shareholders, and having considered the financial and business conditions of the Group, the Group has established a dividend policy, subject to the relevant laws and regulations in the PRC and Hong Kong, the dividend to be distributed by the Company each year will not be less than 25% of the profit and total comprehensive income attributable to the Company's shareholders for the year. The PRC laws require that dividends shall be paid only out of the net profit calculated according to the PRC accounting principles, which many differ in many aspects from the generally accepted accounting principles in other jurisdictions, including the IFRS.

On 20 August 2020, the Board recommended the payment of an interim dividend of RMB0.10 per share for the six months ended 30 June 2020. The interim dividend is subject to the approval of the shareholders of the Company at the forthcoming extraordinary general meeting of the Company. Please refer to the announcement to be issued by the Company for details on the closure of registers of members in determining the shareholders who are eligible for the interim dividend.

MAJOR DEVELOPMENTS

The Group's strength in coking operations has in the past enabled the Group to extend the Group's engagement in the coking chemical value chain of the coal chemical industry through the acquisition of companies engaging in the production of upstream and downstream products in coking operations. As such, the Group actively expanded its business benzene based chemicals, coal tar based chemicals as well as coal gas and LNG. Following the launch of the capacity expansion plan of benzene based and coal tar based chemicals as well as the capacity enhancement plan of environment protection facilities in 2018, the Group will further expand and deepen its involvement in the coking chemical value chain in 2020.

In line with the Group's business strategy in expanding its business vertically and horizontally along the coking chemical value chain of the coal chemical industry, the Group has been making continuous efforts in identifying coal chemical projects with promising profit and development potentials. From the year of 2019, the Board is pleased to announce the establishment of joint venture companies (the "JV Companies"). The scope of business of the JV Companies includes energy project investment, logistics project investment, marketing planning, corporate management consulting, domestic trading, and import and export trading. The Board has paid close attention to the development of the JV Companies since its commencement, and the effectiveness of the JV Companies has been realized on a preliminary stage. The Board is of the view that such cooperative model is suitable and conducive to the long-term development of the Group.

In May 2020, the Group extended from coal trading to the railway transportation business through forming a joint venture. After purchasing coal from the main coal producing areas, Shanxi, Shaanxi and Inner Mongolia, the purchased coal is sold by rail transportation to downstream coal users such as large-scale power plants, cement plants, steel mills, etc. Liyuan Minerals Logistic Park (利源礦業物流園區) of the Baoxi Railway (包西鐵路) and Qinghuabian Logistic Park (青化砭物流園區) of the Haoji Railway (浩吉鐵路) together provide a transportation capacity of 20 million tons/year, in which a bulk commodity trade and railway logistics business mainly based on coal is growing, providing an one-stop trading logistics service for the entire coal industry chain. The logistic project helps to build an important bulk commodity trading market for the Central and Western region, extend the transportation chain, and form a strong highway, railway, water and sea transport capacity system. The Group strives to develop it into an important logistics trade base with high efficiency, low cost and excellent service in the Central and Western region.

Production Facilities

- **Coking facilities upgrade projects of 1.8 million tons per year**
  The project is mainly about upgrading the existing two coking furnaces with height of 4.3-meters to an advanced coking furnaces with height of 7.65-meters and at the same time to increase the relevant annual production capacity from 1 million tons to 1.8 million tons. The project has been successfully filed with the local government and is in line with national industrial policies. The new coking furnaces will be located at the same chemical industry park and co-produce with the existing coking facilities. The environmental assessment of the project has commenced and is approved and commenced in the second quarter of 2020. The overall construction is expected to be completed towards the end of 2021. Total investment of the project was anticipated to be approximately RMB2.45 billion. Recently, the coke oven foundation, coal preparation and chemical production pile foundation projects are being planned and pushed forward, with signed project contract amounting to approximately RMB620.0 million by 30 June 2020.

- **Desulfurization Waste Liquid Treatment and Comprehensive Utilization Project**
  The project is about the desulfurization waste liquid generated from desulfurization in the course of coke production and its use as raw material to process into concentrated sulfuric acid. In addition to the saving of handling fee of waste liquid, with an annual production of concentrated sulfuric acid of approximately 30,000 tons, the total investment is approximately 70 million. The project has been completed and commenced operation in July 2020, and can process the existing desulfurization regenerated liquid to produce 93% and 98% sulfuric acid, so as to achieve complete reuse to produce ammonium sulfate.

- **Crude Benzene Hydrogenation Capacity Expansion Project**
  The main objective of the project is expanding the Group's processing capacity of crude benzene, from 120,000 tons to 200,000 tons per annum. With enhancement of the automatic processing procedure, including delivery of raw material and products, the total investment of the project is now increased to approximately RMB100 million, and it has commenced operation in July 2020.

Environment Protection Facilities

- **Coke Dry Quenching Power Generation Project**
  With the commencement of the project, quality of coke products will be obviously enhanced with less emission of pollutants, which better addresses the requirement of the environmental protection authority. The project has conducted trial production in May 2020, and planned to commenced operation by end of 2020. The total investment is approximately RMB160 million.

- **180 m^3/h Wastewater Treatment Project**
  Due to the use of coke dry quenching facilities, the Group planned to invest RMB100 million in the new wastewater treatment project. Technology applied and facilities used meet the international standard, including one of the most advanced reverse osmosis technologies of Israel, with which processing capacity reached 180 m^3/h. Currently, the advanced processing units including reverse osmosis pretreatment and reverse osmosis system has been commenced. The Group has signed construction contracts amounting to approximately RMB60.0 million for this project by 30 June 2020, which is expected to be ready for total operation around the second quarter of 2021.

Funding for these investments will be from the Group's own financial resources and bank borrowings.

NET PROCEEDS FROM THE LISTING OF THE COMPANY

The net proceeds from the listing of the Company (after deducting underwriting fees and other estimated expenses in connection with the global offering of the Company's shares) was approximately HK$358.7 million (equivalent to approximately RMB321.0 million). The Company has utilized the proceeds raised from the listing in accordance with the intended purposes as stated in the prospectus of the Company issued on 26 September 2017.

Analysis on the comparison between intended use of the net proceeds from the listing as disclosed in the prospectus and the actual use of such net proceeds from the Listing Date to 30 June 2020 and 31 December 2019 is set out below:

Business purpose as disclosed in the prospectus	Intended use of net proceeds		Actual use of net proceeds from the Listing Date to 31 December 2019	Unutilized net proceeds as at 31 December 2019	**Actual use of net proceeds from the Listing Date to 30 June 2020**	**Unutilized net proceeds as at 30 June 2020**
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	**RMB'000 (unaudited)**	**RMB'000 (unaudited)**
LNG project – coke granules coal gas facilities	128,400	40%	128,400	-	**128,400**	**-**
LNG project – LNG production facilities	32,100	10%	32,100	–	**32,100**	**–**
Dry quenching facility for coking furnaces 1 and 2	128,400	40%	49,716	78,684	**81,670**	**46,730**
Working capital and other corporate purposes	32,100	10%	32,100	–	**32,100**	**–**
	321,000	100%	242,316	78,684	**274,270**	**46,730**

The unutilised net proceeds as at 30 June 2020 shall mainly be applied to settle the balance of the payment concerning the implementation of dry quenching facility for coking furnaces 1 and 2, which are expected to be paid by the first quarter of next year after the completion of the relevant inspection work to the Group's satisfaction.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company persists in becoming an enterprise full of sense of social responsibility, by adhering to the principle of harmonious development combining economic benefit and social benefit, promoting technological progress in the industry consistently and assuming social responsibility proactively.

The Company upholds a sound and efficient corporate governance philosophy while also focusing on shareholders' interests and is determined to achieve a high standard of corporate governance. In addition to following internationally accepted rules, the Company also continuously improves its internal control system through internal and third party audits.

CORPORATE GOVERNANCE CODE AND THE ARTICLES OF ASSOCIATION

The Company has formulated the Articles of Association of the Company (the "Articles") in accordance with the PRC Company Law, and other relevant laws and regulations of the PRC. These Articles are the code of conduct for the Company, regulating the organization and behaviour of the Company, the rights and obligations shared between the Company and its shareholders, and between and among the Company's shareholders.

Meanwhile, the Company has also adopted the Corporate Governance Code in Appendix 14 of the Listing Rules, and formulated a series of rules (such as Internal Audit Rules, Internal Control Evaluation Rules, Compliance Management Rules, Authorization Management Rules and External Investment Management Rules, etc.) as well as the Terms of Reference of Nomination Committee, Remuneration Committee and Audit Committee, to achieve the objective of good corporate governance.

During the reporting period, according to the actual situation and the business development needs of the Company, the Company revised the Articles in accordance with the Company law and the relevant regulations to further improve the corporate governance system. For details of resolutions on the amendments to the Articles and the relevant resolutions of the meeting, please refer to the notice of 2019 annual general meeting of the Company published on the websites of the Hong Kong Stock Exchange and the Company dated 9 April 2020 and the announcement on poll results of the 2019 annual general meeting dated 25 May 2020.

During the six months ended 30 June 2020, the Company has complied with all the code provisions under the Corporate Governance Code in Appendix 14 of the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules and the company secretary has also issued to all Directors and Supervisors a compliance notice of suspending trading during the black-out period in accordance with the Model Code. Having made specific enquiries with the Directors and Supervisors, the Company hereby confirms that all the Directors and Supervisors have complied with the standards as set out in the Model Code for the trading of securities by Directors during the six months ended 30 June 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

BOARD OF DIRECTORS

The second session of the Board of Directors consisted of nine directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The members of the second session of Board of Directors are listed as follows:

Executive Directors

Mr. Yiu Chiu Fai (Chairman)
Mr. Wang Mingzhong (Chief Executive Officer)
Mr. Li Tianxi (Executive Deputy General Manager)

Non-executive Directors

Mr. Hu Xiayu (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao (appointed on 25 May 2020)
Mr. Qiu Quanshan (resigned on 25 May 2020)

Independent Non-executive Directors

Mr. Zheng Wenhua (deceased on 20 August 2020)
Mr. Wu Tak Lung
Mr. Meng Zhihe (appointed on 25 May 2020)
Mr. Liu Yuhui (resigned on 25 May 2020)

SUPERVISORS

The second session of the Supervisory Committee consisted of six supervisors, including two shareholder representative supervisors, two employee supervisors and two independent supervisors. The members of the second session of the Supervisory Committee are listed as follows:

Supervisors

Mr. Wang Tsz Leung (Chairman)
Ms. Li Lijuan
Mr. Zhou Tao, David
Ms. Tian Fangyuan
Ms. Hao Yali
Mr. Zhang Wujun

DISCLOSURE OF INFORMATION ON DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information on Directors, Supervisors and Chief Executive Officer of the Company for the six months ended 30 June 2020 and up to the date of this interim report are as follows:

Directors	**Details of change**
Mr. Qiu Quanshan	tendered his resignation as a non-executive Director with effect from the conclusion of the 2019 Annual General Meeting on 25 May 2020.
Mr. Liu Yuhui	tendered his resignation as an independent non-executive Director with effect from the conclusion of the 2019 Annual General Meeting on 25 May 2020. Upon his resignation, he ceased to be a member of the Audit Committee and the Nomination Committee.
Mr. Wang Kaibao	was appointed as a non-executive Director by obtaining approval at the annual general meeting of the Company on 25 May 2020, for a term commencing from 25 May 2020 to the conclusion of the annual general meeting for the year ending 31 December 2021 (both days inclusive). The biographical details of Mr. Wang Kaibao are set out below: Mr. Wang Kaibao (汪開保), aged 48, graduated from Wuhan Metallurgy University of Science and Technology (武漢冶金科技大學) (now known as Wuhan University of Science and Technology (武漢科技大學)) with a bachelor's degree in coal chemical technology (煤化工專業) in July 1996. Mr. Wang is qualified as a senior engineer. Mr. Wang joined the coking factory headquarters of Maanshan Iron & Steel Company Limited* (馬鞍山鋼鐵股份有限公司) in February 2018 and is currently the Party committee secretary, the factory director and the chief engineer of the coking factory headquarters of Maanshan Iron & Steel Company Limited*. Mr. Wang previously worked in various positions for a coal-coking company of Maanshan Iron & Steel Company Limited* (馬鞍山鋼鐵股份有限公司煤焦化公司) from August 1996 to February 2018, including positions such as the deputy general manager and the chief engineer from March 2015 to February 2018. The Company has entered into a letter of appointment with Mr. Wang. Mr. Wang would not receive any remuneration from the Company for his role as a non-executive Director.

Directors	Details of change
Mr. Meng Zhihe	was appointed as an independent non-executive Director by obtaining approval at the annual general meeting of the Company on 25 May 2020, for a term commencing from 25 May 2020 to the conclusion of the annual general meeting for the year ending 31 December 2021 (both days inclusive). Mr. Meng was also appointed as a member of the Audit Committee and the Nomination Committee. The biographical details of Mr. Meng Zhihe are set out below: Mr. Meng Zhihe (孟至和), aged 65, graduated from Tsinghua University with a bachelor's degree in engineering in 1983 and obtained a master's degree in engineering from Tsinghua University in 1986. He is qualified as a senior engineer. Mr. Meng is currently the vice president of the Tsinghua University Association of Senior Scientists and Technicians (清華大學老科學技術工作者協會). Mr. Meng was the associate dean of School of Continuing Education, Tsinghua University* (清華大學繼續教育學院) from 2006 to 2015. He was the financial director of School of Continuing Education, Tsinghua University from 2003 to 2006. Mr. Meng had held various positions in Tsinghua University Corporation (清華大學企業集團) (now known as Tsinghua Holdings Co., Ltd.* (清華控股有限公司)) from 1997 to 2003, including the secretary to the board of directors, the assistant to the chief executive and the director of the chief executive's office, the head of investment development department and the head of corporate management department. The Company has entered into a letter of appointment with Mr. Meng. Pursuant to the Letter of Appointment, Mr. Meng is entitled to a director's remuneration of RMB120,000 per annum, which is determined by reference to his duties and responsibilities within the Company, the Company's remuneration policy and the market salary range for the position.
Mr. Wu Tak Lung	was appointed as the independent non-executive Director of Minth Group Limited (敏實集團有限公司) (stock code: 425, a company listed on the Hong Kong Stock Exchange) on 28 May 2020. resigned as the independent non-executive Director of Beijing Media Corporation Limited (北青傳媒股份有限公司) (stock code: 1000, a company listed on the Hong Kong Stock Exchange) on 21 April 2020.
Mr. Zheng Wenhua	deceased on 20 August 2020.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2020, the interests and short positions (if any) of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Nature of interest	Class of shares	Number of shares held (Note 1)	Approximate percentage of shareholding in the relevant class of shares of the Company (Note 2)	Approximate percentage of shareholding in the total share capital of the Company (Note 3)
Mr. Yiu Chiu Fai	Interests in controlled corporation (Note 4)	Unlisted foreign shares	162,000,000 (L)	40.50%	30.26%
	Beneficial owner	H shares	1,453,000 (L)	1.07%	0.27%

Notes:

1. The letter "L" denotes the person's long position in such shares.

2. As advised by the PRC legal advisers of the Company, holders of the unlisted foreign shares are treated as if they are in the same class as the holders of domestic shares. The percentage is based on the total number of 400,000,000 domestic shares and unlisted foreign shares in issue as the total number of domestic shares and 135,421,000 H shares in issue.

3. The calculation is based on the total number of 535,421,000 shares in issue.

4. Mr. Yiu Chiu Fai (an executive Director) is the legal and beneficial owner of the entire issued share capital of Golden Star. Golden Star, in turns, holds 96.3% of the issued share capital of Jinma Coking, and Jinma HK is wholly owned by Jinma Coking. Accordingly, Mr. Yiu is deemed to be interested in Jinma HK's interest in the Company by virtue of the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors, Supervisors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the reporting period or as at 30 June 2020, none of the Directors or Supervisors of the Company, or the entities connected with the Directors or Supervisors, has participated or is or was materially interested, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries was a party.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the reporting period was the Company, its holding company or any of its subsidiaries nor fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SECURITIES

As at 30 June 2020, so far as is known to the Directors, the following parties (other than a Director, Supervisor or Chief Executive Officer) were directly or indirectly interested or deemed to be interested in 5% or more of any class of the issued share capital of the Company:

Name	Nature of Interest	Class of shares	Number of shares Held (Note 1)	Approximate percentage of shareholding in the relevant class of shares of the Company (Note 2)	Approximate percentage of shareholding in the total share capital of the Company (Note 3)
Jinma HK	Beneficial owner	Unlisted foreign shares	162,000,000 (L)	40.50%	30.26%
Jinma Coking	Interests in controlled corporation (Note 4)	Unlisted foreign shares	162,000,000 (L)	40.50%	30.26%
Golden Star	Interests in controlled corporation (Note 5)	Unlisted foreign shares	162,000,000 (L)	40.50%	30.26%
Ms. Lam Yuk Wai	Interest of spouse (Note 6)	Unlisted foreign shares	162,000,000 (L)	40.50%	30.26%
		H shares	1,453,000 (L)	1.07%	0.27%
Maanshan Steel	Beneficial owner (Note 7)	Domestic shares	144,000,000 (L)	36.00%	26.89%
Magang (Group) Holdings Co., Ltd.	Interests in controlled corporation (Note 7)	Domestic shares	144,000,000 (L)	36.00%	26.89%
Jiangxi PXSteel	Beneficial owner	Domestic shares	54,000,000 (L)	13.50%	10.09%
Liaoning Fangda Group Industrial Co., Ltd.	Interests in controlled corporation (Note 8)	Domestic shares	54,000,000 (L)	13.50%	10.09%
Beijing Fangda International Enterprise Investment Co., Ltd.	Interests in controlled corporation (Note 9)	Domestic shares	54,000,000 (L)	13.50%	10.09%
Mr. Fang Wei	Interests in controlled corporation (Note 10)	Domestic shares	54,000,000 (L)	13.50%	10.09%
Jinma Xingye	Beneficial owner	Domestic shares	40,000,000 (L)	10.00%	7.47%
Mr. Wang Lijie	Interests in controlled corporation (Note 11)	Domestic shares	40,000,000 (L)	10.00%	7.47%
Ms. Zheng Jing	Interest of spouse (Note 12)	Domestic shares	40,000,000 (L)	10.00%	7.47%
RAYS Capital Partners Limited	Investment manager	H shares	18,769,000 (L)	13.86%	3.51%
Ruan David Ching Chi	Interests in controlled corporation (Note 13)	H shares	18,769,000 (L)	13.86%	3.51%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	H shares	18,091,000 (L)	13.36%	3.38%
China Risun Group (Hong Kong) Limited	Beneficial owner (Note 14)	H shares	13,000,000 (L)	9.60%	2.43%

Notes:

1. The letter "L" denotes the entity/person's long position in such Shares.

2. As advised by the PRC Legal Advisers, holders of the Unlisted Foreign Shares are treated as if they are in the same class as the holders of Domestic Shares. The percentage is based on the total number of 400,000,000 domestic shares and unlisted foreign shares in issue as the total number of domestic shares and 135,421,000 H shares in issue.

3. The percentage is based on the total number of 535,421,000 Shares in issue.

4. Jinma HK is wholly owned by Jinma Coking. Accordingly, Jinma Coking is deemed to be interested in Jinma HK's interest in the Company by virtue of the SFO.

5. Jinma Coking is held as to 96.3% by Golden Star. Accordingly, Golden Star is deemed to be interested in Jinma Coking's, and in turn, Jinma HK's interest in the Company by virtue of the SFO.

6. Ms. Lam Yuk Wai is the wife of Mr. Yiu Chiu Fai, and thus, she is deemed to be interested in the same amount of Shares as Mr. Yiu.

7. Magang (Group) Holdings Co., Ltd., whose actual controller was the State-owned Assets Supervision and Administration Commission of the State Council (being the holder of 51% of the interest in Magang (Group) Holdings Co., Ltd. through its 100% controlled China Baowu Steel Group Corporation Limited), is the holding company of Maanshan Steel and holds approximately 45.54% of the shares of Maanshan Steel. Accordingly, Magang (Group) Holdings Co., Ltd. is deemed to be interested in Maanshan Steel's interest in the Company by virtue of the SFO.

8. As per their confirmations, while Liaoning Fangda Group Industrial Co., Ltd. ("Liaoning Fangda") is directly and indirectly interested in approximately 60.46% of Jiangxi PXSteel, Liaoning Fangda is the holding company. Accordingly, Liaoning Fangda is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO.

9. Beijing Fangda International Enterprise Investment Co., Ltd. ("Beijing Fangda") is the holding company of Liaoning Fangda and holds approximately 99.2% of the shares of Liaoning Fangda. Accordingly, Beijing Fangda is deemed to be interested in Liaoning Fangda's, and in turn, Jiangxi PXSteel's interest in the Company by virtue of the SFO.

10. Mr. Fang Wei (方威) is the sole equity holder of Beijing Fangda. Accordingly, Mr. Fang is deemed to be interested in Beijing Fangda's interest in the Company by virtue of the SFO.

11. Mr. Wang Lijie (王利杰) is the holder of approximately 33.44% of the equity interest in Jinma Xingye. Accordingly, Mr. Wang is deemed to be interested in Jinma Xingye's interest in the Company by virtue of the SFO.

12. Ms. Zheng Jing (鄭菁) is the wife of Mr. Wang Lijie, and thus, she is deemed to be interested in the same amount of Shares as Mr. Wang.

13. Mr. Ruan David Ching Chi is the holder of approximately 95.24% shares in RAYS Capital Partners Limited, and RAYS Capital Partners Limited holds 100% shares in Asian Equity Special Opportunities Portfolio Master Fund Limited. Accordingly, Mr. Ruan David Ching Chi is deemed to be interested in the equity interest of the Company owned by RAYS Capital Partners Limited and Asian Equity Special Opportunities Portfolio Master Fund Limited by virtue of the SFO.

14. China Risun Group (Hong Kong) Limited (formerly known as Risun Coal Chemicals Group Limited), is a company incorporated in Hong Kong with limited liability on 5 March, 2007 and an indirect wholly-owned subsidiary of China Risun Group Limited. Accordingly, China Risun Group Limited is deemed to be interested in China Risun Group (Hong Kong) Limited's interest in the Company by virtue of the SFO.

Save as disclosed above, there was no other interest recorded in the register that was required to be kept under Section 336 of the SFO as at 30 June 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any and of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PROVISION OF FINANCIAL SUBSIDIES AND GUARANTEES FOR ASSOCIATES OR SUBSIDIARIES

As at 30 June 2020, financial guarantees were provided for banking facilities of RMB36.0 million and RMB200.0 million to Jinyuan Chemicals, a wholly-owned subsidiary, and Jinrui Energy, a subsidiary of the Company, respectively.

EMPLOYEES AND REMUNERATION POLICY

Employees are the Group's important asset. As at 30 June 2020, the Group had a total of 1,589 employees, including 15 senior management, 73 mid-level management and 1,501 ordinary employees. For the six months ended 30 June 2020, the staff cost of the Group amounted to approximately RMB58.5 million as compared to approximately RMB55.7 million for the same period last year.

The Company has established a remuneration committee which is responsible for advising the Board on the Company's policies and structures regarding remuneration of Directors, remuneration packages (including non-pecuniary benefits, pension rights and compensation) of individual executive Directors and remuneration packages of senior management officers. The remuneration committee reviews the remuneration policy for all Directors and the management of the Group based on the Group's overall operating results, individual performance and comparison of market practices.

Remuneration of mid-level management personnel of the Company is based on annual salary and year-end bonus. Annual remuneration mainly consists of basic salary, assessment bonus and performance bonus, and bonuses are given according to the performance of the employee. Remuneration of ordinary employees consists of basic salary, bonuses and various subsidies.

The Group has made full contributions to social insurance (including pension scheme, medical insurance, work injury insurance, unemployment insurance and maternity insurance) and housing provident funds for all employees in accordance with the relevant PRC labor laws and regulations.

According to the development plan and operating requirements of the Company, management formulates the annual training plans and the human resources department organizes annual external and internal trainings covering all employees. Among these, the training programs include comprehensive and long-term courses in management and finance and also include special short term training courses in management, production and organization. In addition, the Company is also committed to providing employees with all kinds of special trainings such as safety, environmental protection, use of equipment, technical skills, etc., and strives to offer employees with various targeted trainings from job entry to personal development.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was set up by the Board with specific terms of reference for the purpose of reviewing the Company's financial information, overseeing the Company's financial reporting system, risk management and internal control systems. The Audit Committee comprises three Directors, including Mr. Wu Tak Lung (independent non-executive Director), Mr. Hu Xiayu (non-executive Director) and Mr. Meng Zhihe (independent non-executive Director), and is chaired by Mr. Wu Tak Lung.

The Audit Committee has reviewed with the management and the external auditor, Deloitte Touche Tohmatsu, the accounting methods adopted by the Company and the unaudited condensed consolidated interim financial statements of the Company for the reporting period. The Audit Committee also has reviewed this interim report. The Company's unaudited consolidated interim results for the reporting period have been reviewed by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The dividend of 2019 was RMB0.40 per share, including final dividend of RMB0.20 per share and special dividend of RMB0.10 per share which was fully paid in June 2020.

The Board has resolved to recommend the payment of interim dividend ("interim dividend") of RMB0.10 per share for the six months ended 30 June 2020 in cash to shareholders whose names appear on the register of members of the Company on 27 October 2020.

The relevant resolutions are subject to the approval by the shareholders at the extraordinary general meeting of the Company to be convened on 16 October 2020. The interim dividend is expected to be distributed on or before the end of November 2020.

TAX ON DIVIDENDS FOR H SHAREHOLDERS

Withholding and Payment of Enterprise Income Tax on behalf of Overseas Non-resident Enterprise Shareholders

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC《(中華人民共和國企業所得稅法》), the Company will withhold and pay enterprise income tax at the tax rate of 10% when distributing interim dividend to the non-resident enterprises which hold H shares (including the H shares registered under the name of HKSCC Nominees Limited).

Withholding and Payment of Individual Income Tax on behalf of Overseas Non-resident Individual Shareholders

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC《(中華人民共和國個人所得稅法》), the State Administration of Taxation on the Administrative Measures on Enjoying Tax Treaty Treatment by Non-resident Taxpayers (State Administrative of Taxation Announcement 2019 No. 35) ("Tax Treaty Announcement") and other relevant laws and regulations as well as regulatory documents, the Company will withhold and pay individual income tax for the H shareholders according to the following arrangement:

For individual H shareholders who are Hong Kong or Macau residents, the Company will withhold and pay individual income tax for such individual H shareholders at the tax rate of 10% when distributing interim dividend;

For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax for such individual H shareholders in accordance with the effective tax rate required under the relevant tax treaty when distributing interim dividend;

For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the relevant shareholders shall file, report according to the Tax Treaty Announcement and enjoy treaty benefits and retain the relevant materials for future reference. If the information submitted is complete, the Company will withhold and pay individual income tax in accordance with the provisions of PRC tax laws and the tax treaty. If the relevant individual H Shareholders do not submit the information or the information submitted is not complete, the Company will withhold and pay individual income tax at a tax rate of 10%;

For individual H shareholders whose country (region) of domicile is a country (region) which has not entered into a tax treaty with the PRC or under other circumstances, the Company will withhold and pay individual income tax for such individual H shareholders at a tax rate of 20% when distributing interim dividend.

If the relevant individual H shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax treatments under the relevant tax treaties according to the Tax Treaty Announcement. Qualified shareholders are requested to submit in time written authorization and all application materials as required under the Tax Treaty Announcement to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid.

The Company will generally follow the above arrangements to withhold and pay individual income tax on behalf of holders of H shares, but if relevant tax authorities require otherwise, the Company will follow such requirements for arrangements.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of individual H shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H shareholders or any disputes over the withholding mechanism or arrangements.

APPRECIATIONS

I would like to take this opportunity to thank all the Group's employees, shareholders and business partners for their continuous support to the Group.

Yiu Chiu Fai
Chairman of the Board

20 August 2020

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF HENAN JINMA ENERGY COMPANY LIMITED
河南金馬能源股份有限公司
(a joint stock company established in the People's Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Henan Jinma Energy Company Limited (the "Company") and its subsidiaries set out on pages 32 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	NOTES	Six months ended	
		30/06/2020	30/06/2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	**3,372,591**	3,968,373
Cost of sales		**(2,906,376)**	(3,399,463)
Gross profit		**466,215**	568,910
Other income	4	**22,932**	12,455
Other gains and losses	5	**2,663**	2,764
Impairment losses under expected credit loss ("ECL") model, net of reversal	6	**(1,519)**	984
Selling and distribution expenses		**(79,569)**	(64,564)
Administrative expenses		**(46,433)**	(39,331)
Finance costs	7	**(27,712)**	(30,391)
Share of result in a joint venture		**1,508**	3,228
Share of results in associates		**(9,220)**	51
Profit before tax	8	**328,865**	454,106
Income tax expense	9	**(87,386)**	(112,067)
Profit for the period		**241,479**	342,039
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on:			
Bill receivables measured at fair value through other comprehensive income ("FVTOCI")		**1,669**	2,358
Other comprehensive income for the period, net of income tax		**1,669**	2,358
Total comprehensive income for the period, net of tax		**243,148**	344,397
Profit for the period attributable to:			
– Owners of the Company		**225,557**	327,532
– Non-controlling interests		**15,922**	14,507
		241,479	342,039
Total comprehensive income for the period attributable to:			
– Owners of the Company		**227,226**	330,007
– Non-controlling interests		**15,922**	14,390
		243,148	344,397
Earnings per share (RMB)			
– Basic	11	**0.42**	0.61

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 JUNE 2020

	NOTES	30/06/2020	31/12/2019
		RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,017,121	1,575,027
Right-of-use assets	12	227,994	141,664
Intangible assets		62,891	70,871
Goodwill		9,012	8,902
Interest in a joint venture		55,482	53,974
Interests in associates		33,481	40,951
Advance to an associate		60,940	60,940
Financial assets at fair value through profit or loss ("FVTPL")	17	30,549	36,233
Deferred tax assets	13	14,277	13,721
Deposit for acquisition of property, plant and equipment		170,997	97,514
		2,682,744	2,099,797
CURRENT ASSETS			
Inventories		301,540	314,037
Trade and other receivables	14	315,598	331,110
Amounts due from a shareholder	15	29,389	20,202
Amounts due from related parties	16	108,702	21,859
Financial assets at FVTPL	17	32,043	–
Bill receivables at FVTOCI	18	1,044,609	927,353
Restricted bank balances		268,270	74,887
Bank balances and cash		1,398,239	1,697,816
		3,498,390	3,387,264
CURRENT LIABILITIES			
Borrowings	19	560,300	677,600
Trade and other payables	20	1,435,699	909,372
Amounts due to related parties	21	808	197
Lease liabilities		68,525	66,219
Contract liabilities		3,061	1,640
Tax payable		30,690	26,198
		2,099,083	1,681,226
NET CURRENT ASSETS		1,399,307	1,706,038
TOTAL ASSETS LESS CURRENT LIABILITIES		4,082,051	3,805,835

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 JUNE 2020

	NOTES	30/06/2020	31/12/2019
		RMB'000	RMB'000
		(unaudited)	(audited)
CAPITAL AND RESERVES			
Share capital		535,421	535,421
Reserves		2,157,631	2,091,580
Equity attributable to owners of the Company		2,693,052	2,627,001
Non-controlling interests		888,093	765,224
TOTAL EQUITY		3,581,145	3,392,225
NON-CURRENT LIABILITIES			
Borrowings	19	443,620	365,920
Lease liabilities		7,583	4,016
Deferred revenue		22,926	23,976
Deferred tax liabilities	13	26,777	19,698
		500,906	413,610
		4,082,051	3,805,835

Chiufai Yiu	**Mingzhong Wang**
DIRECTOR	*DIRECTOR*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital	Capital reserve	FVTOCI reserve	Statutory surplus reserve fund	Retained profits	Special Reserve	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000
At 31 December 2019 (audited)	535,421	386,695	(9,296)	199,838	1,494,317	20,026	2,627,001	765,224	3,392,225
Profit for the period	–	–	–	–	225,557	–	225,557	15,922	241,479
Other comprehensive income for the period	–	–	1,669	–	–	–	1,669	–	1,669
Total comprehensive income for the period	–	–	1,669	–	225,557	–	227,226	15,922	243,148
Dividends paid (Note 10)	–	–	–	–	(160,626)	–	(160,626)	(9,800)	(170,426)
Capital contribution from non-controlling shareholder (Note iii)	–	–	–	–	–	–	–	24,500	24,500
Acquisition of business (Note 25)	–	–	–	–	–	–	–	92,247	92,247
Transfer and utilisation	–	–	–	–	(2,894)	2,345	(549)	–	(549)
At 30 June 2020 (unaudited)	535,421	386,695	(7,627)	199,838	1,556,354	22,371	2,693,052	888,093	3,581,145
At 31 December 2018 (audited)	535,421	386,496	(10,210)	148,785	1,204,307	14,826	2,279,625	97,834	2,377,459
Profit for the period	–	–	–	–	327,532	–	327,532	14,507	342,039
Other comprehensive income (expense) for the period	–	–	2,475	–	–	–	2,475	(117)	2,358
Total comprehensive income for the period	–	–	2,475	–	327,532	–	330,007	14,390	344,397
Dividends paid (Note 10)	–	–	–	–	(187,397)	–	(187,397)	(14,700)	(202,097)
Capital contribution from non-controlling shareholder	–	–	–	–	–	–	–	26	26
Transfer	–	–	–	–	(3,663)	3,663	–	–	–
At 30 June 2019 (unaudited)	535,421	386,496	(7,735)	148,785	1,340,779	18,489	2,422,235	97,550	2,519,785

Notes:

(i) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the entities established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements (as determined by the management of the group entities) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the entity.

(ii) The Group is required to make appropriations based on its revenue in accordance with CaiQi [2006] No. 478 "Tentative measures for the financial management of the production safety fund for the high risk enterprises" that is issued by the Ministry of Finance and the Safety Production General Bureau. The reserve is for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

(iii) It represents the capital contribution from a non-controlling shareholder of Yan'an Jinneng Railway Logistics Technology Co., Ltd. ("Yan'an Jinneng") 延安金能鐵路物流科技有限公司, a subsidiary newly established in May 2020. The Group effectively controls this subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit before tax	**328,865**	454,106
Adjustments for:		
Interest income on bank deposits	**(5,124)**	(5,910)
Interest income on bill receivables at FVTOCI	**(10,748)**	–
Gain on disposal of property, plant and equipment	**(864)**	(275)
Depreciation of property, plant and equipment	**62,679**	53,630
Depreciation of right-of-use assets	**3,637**	2,007
Amortisation of intangible assets	**7,980**	7,622
Impairment losses under ECL model, net of reversal	**1,519**	(984)
Write-down (reversals) of inventories	**533**	(11,364)
Share of results in associates	**9,220**	(51)
Share of result in a joint venture	**(1,508)**	(3,228)
Finance costs	**27,712**	30,391
Release of assets-related government subsidies	**(1,050)**	(629)
Gain on fair value changes from financial assets at FVTPL	**(14,852)**	(3,831)
Net foreign exchange loss	**(279)**	42
Operating cash flows before movements in working capital	**407,720**	521,526
Decrease in inventories	**14,240**	84,802
(Increase) decrease in financial assets at FVTOCI	**(113,816)**	248,484
Increase in financial assets at FVTPL	**(11,507)**	(32,038)
Decrease in trade and other receivables	**52,052**	394
Increase in amounts due from a shareholder	**(9,187)**	(28,759)
(Increase) decrease in amounts due from related parties	**(86,843)**	24,273
Increase in trade and other payables	**234,688**	73,747
Increase (decrease) in amounts due to related parties	**611**	(320)
Increase in contract liabilities	**537**	8,568
Cash generated from operations	**488,495**	900,677
Income tax paid	**(76,927)**	(157,478)
NET CASH FROM OPERATING ACTIVITIES	**411,568**	743,199

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Interest received	**14,657**	5,910
Assets related government subsidies received	**–**	14,300
Purchase of property, plant and equipment	**(208,391)**	(141,064)
Deposit for acquisition of property, plant and equipment	**(92,052)**	(50,875)
Proceeds from disposal of property, plant and equipment	**1,311**	692
Payments for right-of-use assets	**–**	(22,230)
Acquisition business (Note 25)	**(16,653)**	(13,986)
Payment for acquisition of subsidiary in prior year	**–**	(7,357)
Investments in an associate	**(1,750)**	–
Placement of restricted bank balances	**(370,741)**	(169,243)
Withdrawal from restricted bank balances	**177,358**	194,047
NET CASH USED IN INVESTING ACTIVITIES	**(496,261)**	(189,806)
FINANCING ACTIVITIES		
Interest paid	**(27,837)**	(30,212)
New borrowings raised	**429,200**	467,050
Repayment of borrowings	**(468,800)**	(393,300)
Repayments of lease liabilities	**(1,707)**	(256)
Capital contributions from non-controlling interests of a subsidiary	**24,500**	26
Dividends paid	**(160,626)**	(187,397)
Dividends paid to non-controlling interests of a subsidiary	**(9,800)**	(14,700)
NET CASH USED IN FINANCING ACTIVITIES	**(215,070)**	(158,789)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(299,763)**	394,604
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,697,816**	583,157
Effect of foreign exchange rate changes	**186**	(42)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, Represented by:		
Bank balances and cash	**1,398,239**	977,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEX").

2. PRINCIPAL ACCOUNTING POLICIES/KEY SOURCES OF ESTIMATION UNCERTAINTY

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial assets, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

3. REVENUE AND SEGMENT INFORMATION

Performance obligations for contracts with customers

The Group is mainly engaged in sales of coke and coke-related products to the customers and trading of coke, coal, mining equipment and nonferrous materials through wholesale, for which revenue is recognised at one point in time.

For sales of coke, coking by-products, refined chemicals and energy products, revenue is recognised when control of the products has transferred, being when the products have been delivered to the location specified in the sales contract. Following the delivery, the customer has the primary responsibility when on use of the products and bears the risks of obsolescence and loss in relation to the products.

For trading of coke, coal and mining equipment, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the location specified in the sales contract. Following the delivery, the customer has the primary responsibility when on selling of the goods and bears the risks of obsolescence and loss in relation to the goods.

For some customers with long-term relationships, the normal credit term is 90 days upon delivery. For other general customers, prepayment is required in advance according to the contracts entered and recognised as a contract liability until the products have been delivered to the customer.

Performance obligation of sales of goods is part of a contract that has an original expected duration of one year or less. Applying the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the Group's revenue and profit for the period. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the directors of the Group.

The Group's operating segments under IFRS 8 "Operating Segments" are (i) sales of coke ("Coke"), (ii) sales of coking by-products, mainly ammonium sulphate ("Coking by-products"), (iii) sales of refined chemicals, mainly benzene based chemicals and coal tar based chemicals ("Refined chemicals"), (iv) sales of energy products, mainly coal gas and LNG ("Energy products"), (v) trading of coke, coal, refined oil, and mining equipment ("Trading"), and (vi) other services including but not limited to railway related storage and logistics, and provision of water and hot air ("Others").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue contracts with customers and results by reportable and operating segments.

	Sales of goods						
	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2020 (unaudited)							
External sales							
– contracts with customers	1,801,314	5,964	495,223	223,098	838,202	8,790	3,372,591
Inter-segment sales							
– contracts with customers	–	120,584	10,706	197,837	617,385	47,757	994,269
	1,801,314	126,548	505,929	420,935	1,455,587	56,547	4,366,860
Segment results	405,914	3,294	(7,301)	38,471	29,437	674	470,489
Other income							22,932
Other gains and losses							2,663
Impairment losses, under ECL model, net of reversal							(1,519)
Selling and distribution expenses							(79,569)
Administrative expenses							(46,433)
Finance costs							(27,712)
Share of result in a joint venture							1,508
Share of results in associates							(9,220)
Unallocated expenses							(4,274)
Profit before tax							328,865

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	Sales of goods						
	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2019 (unaudited)							
External sales							
– contracts with customers	1,980,904	7,202	584,749	207,467	1,182,314	5,737	3,968,373
Inter-segment sales							
– contracts with customers	–	174,398	5,961	150,148	420,948	34,869	786,324
	1,980,904	181,600	590,710	357,615	1,603,262	40,606	4,754,697
Segment results	444,038	3,187	43,944	59,987	23,212	416	574,784
Other income							12,455
Other gains and losses							2,764
Impairment losses, under ECL model, net of reversal							984
Selling and distribution expenses							(64,564)
Administrative expenses							(39,331)
Finance costs							(30,391)
Share of result in a joint venture							3,228
Share of result in an associate							51
Unallocated expenses							(5,874)
Profit before tax							454,106

Entity-wide disclosures

Geographical information

During the six months ended 30 June 2020 and 2019, all of the Group's revenue from external customers were generated from the PRC whereas all non-current assets are located in the PRC as at 30 June 2020 and 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

4. OTHER INCOME

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on bank deposits	**5,124**	5,910
Interest income on bill receivables at FVTOCI	**10,748**	–
Release of asset-related government subsidies	**1,050**	629
Government grants	**4,812**	5,611
Others	**1,198**	305
	22,932	12,455

5. OTHER GAINS AND LOSSES

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gain on fair value changes from financial assets at FVTPL	**14,852**	3,831
Net loss arising on bill receivables at FVTOCI	**(11,542)**	–
Gain on disposal of property, plant and equipment	**864**	275
Foreign exchange gain (loss), net	**279**	(1,735)
Others	**(1,790)**	393
	2,663	2,764

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Impairment losses recognised (reversed) on:		
– Trade receivables	**1,519**	(984)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

During the current interim period, the Group reversed the impairment allowance of RMB1,175,000 (for the six months ended 30 June 2019: RMB808,000 (unaudited)), due to collection of the receivables.

7. FINANCE COSTS

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense on:		
– Bank borrowings	**26,431**	25,191
– Lease liabilities	**436**	126
– Letter of credit	**845**	309
– Discounted bank acceptance bills	**–**	3,915
– Imputed interest for long term payable	**–**	850
	27,712	30,391

8. PROFIT BEFORE TAX

Profit before tax for the period has been arrived at after charging (crediting) the following items:

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Staff costs		
Directors' and supervisors' remuneration	**1,183**	1,167
Other staff costs	**54,753**	49,997
Other staffs' benefit	**2,587**	4,504
Total staff costs	**58,523**	55,668
Depreciation of property, plant and equipment	**62,679**	53,630
Depreciation of right-of-use assets	**3,637**	2,007
Amortisation of intangible assets (included in cost of sales)	**7,980**	7,622
Write-down (reversals) of inventories	**533**	(11,364)
Cost of inventories recognised as expenses	**2,902,102**	3,393,589

9. INCOME TAX EXPENSE

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT")		
– Current tax	**78,815**	112,433
– Under-provision in prior year	**2,604**	1,555
Deferred tax (Note 13)	**5,967**	(1,921)
	87,386	112,067

10. DIVIDEND

On 15 May 2019, a final dividend in respect of the year ended 31 December 2018 of RMB0.35 per share and nil special dividend, in an aggregate amount of RMB187,397,000 was declared by the Company. Such dividend had been fully paid during the year ended 31 December 2019.

On 25 May 2020, a final dividend in respect of the year ended 31 December 2019 of RMB0.20 per share and a special dividend of RMB0.10 per share, in an aggregate amount of RMB160,626,000, was declared by the Company. Such dividend had been fully settled in June 2020.

Subsequent to the end of the current interim period, an interim dividend of RMB0.10 per share, amounting to RMB53,542,000 in aggregate, have been proposed by the directors of the Company and is subject to approval by the shareholders (2019 interim dividend: RMB0.10 per share, amounting to RMB53,542,000 in aggregate).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following analysis

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**225,557**	327,532
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

No diluted earnings per share is presented as there was no potential ordinary share in issue during both periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the construction in progress of the Group increased approximately RMB134,090,000, mainly including coke dry quenching reconstruction facilities and facilities of comprehensive utilisation of resources (for the six months ended 30 June 2019: RMB80,517,000 (unaudited) mainly including coke granules coal gas facilities and coke dry quenching reconstruction facilities); and other property, plant and equipment increased by RMB22,568,000 (for the six months ended 30 June 2019: RMB24,208,000 (unaudited)) in order to upgrade its manufacturing capabilities. Property, plant and equipment of approximately RMB447,000 was disposed during the current period (for the six months ended 30 June 2019: RMB417,000 (unaudited)). Property, plant and equipment of approximately RMB348,562,000 was acquired through acquisition of a subsidiary with details set out in Note 25 (for the six months ended 30 June 2019: RMB1,695,000 (unaudited) through acquisition of Jiyuan Ouya Gas Station Co., Ltd. 濟源市歐亞加油站有限公司).

During the current interim period, the Group acquired right-of-use assets of RMB85,982,000 in respect of leasehold land, offices and apartments through the acquisition of a subsidiary with details set out in Note 25. Accordingly, the Group recognised lease liability of RMB2,710,000 at the date of acquisition. During the current interim period, the Group entered into several new lease agreements for office premises and a leasehold land. On lease commencement during the six months ended 30 June 2020, the Group recognised right-of-use assets of RMB4,130,000 (six months ended 30 June 2019: RMB22,230,000 due to acquiring of leasehold land) and lease liabilities of RMB4,130,000 (six months ended 30 June 2019: nil).

13. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior periods:

	Allowance for inventories RMB'000	ECL provision RMB'000	Temporary difference on deductible expenses RMB'000	Fair value change of financial assets at FVTPL RMB'000	Unrealised profits RMB'000	Fair value adjustments upon acquisition of subsidiaries RMB'000	Deferred revenue RMB'000	Fair value change of bill receivables at FVTOCI RMB'000	Total RMB'000
At 1 January 2019 (audited)	2,998	3,576	426	–	2,761	(21,980)	1,667	3,403	(7,149)
Charge (credit) to profit or loss	(2,988)	(245)	(426)	217	(21)	1,967	3,417	–	1,921
Credit to other comprehensive income	–	–	–	–	–	–	–	(786)	(786)
Acquisition	–	–	–	–	–	(3,280)	–	–	(3,280)
At 30 June 2019 (unaudited)	10	3,331	–	217	2,740	(23,293)	5,084	2,617	(9,294)
Charge (credit) to profit or loss	520	(1,519)	–	(525)	(1,322)	2,726	910	(801)	(11)
Charge to other comprehensive income	–	–	–	–	–	–	–	481	481
Acquisition	–	–	–	–	–	2,847	–	–	2,847
At 31 December 2019 (audited)	530	1,812	–	(308)	1,418	(17,720)	5,994	2,297	(5,977)
Charge (credit) to profit or loss	(396)	373	(9,662)	1,410	1,341	1,533	(262)	(304)	(5,967)
Credit to other comprehensive income	–	–	–	–	–	–	–	(556)	(556)
At 30 June 2020 (unaudited)	**134**	**2,185**	**(9,662)**	**1,102**	**2,759**	**(16,187)**	**5,732**	**1,437**	**(12,500)**

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Deferred tax assets	**14,277**	13,721
Deferred tax liabilities	**(26,777)**	(19,698)
	(12,500)	(5,977)

As at 30 June 2020, the Group had unused tax losses of RMB1,908,000 (2019: RMB416,000 (audited)) available to offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. All tax losses will expire within 5 years from the year of origination.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

14. TRADE AND OTHER RECEIVABLES

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables - contract with customers	131,367	131,821
Less: Allowance for credit losses	(8,804)	(7,285)
	122,563	124,536
Refundable deposits due from customers	9,492	10,245
Other receivables	70,996	62,896
Less: Allowance for credit losses	–	–
	80,488	73,141
Prepayments to suppliers	68,023	72,056
Prepaid other taxes and charges	39,624	56,477
Dividend receivables from a joint venture	4,900	4,900
	315,598	331,110

The Group allows an average credit period of 90 days to its trade customers.

The following is an aging analysis of trade receivables (net of allowance for credit losses) presented based on invoice date at the end of the reporting period:

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 90 days	93,492	95,549
91 – 180 days	6,826	28,987
181 – 365 days	22,245	–
	122,563	124,536

As at 30 June 2020, included in the Group's trade receivables balances are debtors with aggregate carrying amount of RMB35,181,000 (2019: RMB35,677,000) which are past due as at the reporting date. Out of the past due balances, RMB28,355,000 (2019: RMB6,827,000) had been past due 90 days or more and is considered as not in default because the customers show no financial difficulties and repaid receivables constantly during the current interim period.

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 6.

15. AMOUNTS DUE FROM A SHAREHOLDER

	30/06/2020	31/12/2019
	RMB'000 (unaudited)	RMB'000 (audited)
Trade nature		
Maanshan Iron & Steel Company Limited („Maanshan Steel") 馬鞍山鋼鐵股份有限公司	29,389	20,202

The amounts in trade nature are receivables from contracts with customers and the Group generally allows credit period of 90 days to the shareholder.

The following is an aging analysis of trade receivables from a shareholder, presented based on invoice date at the end of the reporting period.

	30/06/2020	31/12/2019
	RMB'000 (unaudited)	RMB'000 (audited)
Within 90 days	29,389	20,202

The amount due from a shareholder in trade nature is not past due.

The Group does not hold any collateral over these balances and these balances are unsecured and interest-free.

16. AMOUNTS DUE FROM RELATED PARTIES

	30/06/2020	31/12/2019
	RMB'000 (unaudited)	RMB'000 (audited)
Trade nature		
Jiangxi PXSteel Industrial Co., Ltd ("Jiangxi PXSteel") 江西萍鋼實業股份有限公司 and its subsidiaries (Note i)	8,174	13,413
Jiyuan Fangsheng Chemicals Co., Ltd. ("Fangsheng Chemicals") 濟源市方升化學有限公司 (Note ii)	116	21
Jiyuan Yungong Logistic Co., Ltd. ("Yungong Logistic") 濟源雲工物流有限責任公司 (Note iii)	N/A	8,425
Yan'an Energy Railway Transportation and Marketing Co., Ltd ("Yan'an Railway") 延安能源鐵路運銷有限公司 (Note iv)	100,412	–
	108,702	21,859

Notes:

(i) Jiangxi PXSteel is a shareholder of the Company.

(ii) The entity is controlled by a shareholder of the Company. The balance is prepayment for purchase of materials.

(iii) A key management personnel of the entity was one of key management personnel of the Company. The directors of the Company were of view that the entity was a related party of the Group. During the current interim period, the entity ceased to be a related party of the Group upon change of key management personnel of the Company.

(iv) The entity is newly established during the current interim period. The Group owns 35% equity interest in the entity and regards it as an associate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

16. AMOUNTS DUE FROM RELATED PARTIES (continued)

The amounts in trade nature are from contract with customers and the Group allows an average credit period of 90 days to its related parties. The following is an aging analysis of amounts due from related parties (excluding prepayment for purchase of goods), presented based on invoice date at the end of the reporting period.

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 90 days	108,586	15,687
91 - 180 days	–	1,110
181 - 365 days	–	1,142
	108,586	17,939

As at 30 June 2020, all amounts due from related parties are not past due.

The Group does not hold any collateral over these balances.

17. FINANCIAL ASSETS AT FVTPL

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Financial assets measured at FVTPL:		
Listed securities		
– Equity securities listed in the HKEX (Note i)	30,549	36,233
Financial assets designated at FVTPL:		
Structured deposits (Note ii)	32,043	–
	62,592	36,233
Analysed for reporting purposes as:		
Current assets	32,043	–
Non-current assets	30,549	36,233
	62,592	36,233

Notes:

(i) The Company subscribed initial public offering shares of a company listed in the HKEX as a cornerstone investor. The investee company is engaged in the production and sales of coke and coking products. The Company intended to hold this financial asset for more than one year.

(ii) The balance comprised structured deposits with a flexible maturity period for no more than one year with the yield rate set at floating and linked with performance of the underlying assets. These structured deposits are held for trading.

18. BILL RECEIVABLES AT FVTOCI

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Bill receivables at FVTOCI	**1,044,609**	927,353

As part of the Group's cash flow management, certain bills were held by the Group for discounting to financial institutions and endorsing to suppliers before the bills due for payment. The discounted/endorsed bills are derecognised on the basis that the Group has transferred substantially all the risks and rewards to the relevant counterparties. Such bills that are held for the collection of contractual cash flows and sale of financial assets, have been classified as bill receivables at FVTOCI. At 30 June 2020 and 31 December 2019, all the bills are with a maturity period of less than one year.

The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the expected credit losses are considered as insignificant.

19. BORROWINGS

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Bank borrowings:		
– Secured	**122,420**	132,020
– Unsecured	**881,500**	911,500
	1,003,920	1,043,520
Fixed -rate borrowings	**614,000**	559,000
Floating-rate borrowings	**389,920**	484,520
	1,003,920	1,043,520
Carrying amount repayable:		
Within one year	**560,300**	677,600
More than one year, but not more than two years	**117,600**	90,100
More than two years, but not more than five years	**326,020**	275,820
	1,003,920	1,043,520
Less: Amount shown under current liabilities	**(560,300)**	(677,600)
Amount due after one year shown under non-current liabilities	**443,620**	365,920

19. BORROWINGS (continued)

The ranges of effective interest rate of the Group's borrowings are:

	Six months ended	Year ended
	30/06/2020	31/12/2019
	(unaudited)	(audited)
Effective interest rate:		
– Fixed-rate borrowings	4.61% – 6.30%	4.61% – 6.75%
– Floating-rate borrowings	3.76% – 6.30%	4.79% – 6.30%

As at 30 June 2020, the Group's borrowings of RMB113,220,000 were secured by land use rights of the Group and the remaining balance of RMB9,200,000 was secured by bank bills of the Group.

20. TRADE AND OTHER PAYABLES

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade payables	353,410	377,381
Bill payables	502,320	253,530
	855,730	630,911
Salaries and wages payables	12,480	23,918
Other tax payables	10,596	6,058
Consideration payable for purchase of property, plant and equipment	179,906	230,224
Accruals	3,072	5,753
Consideration payable for business combinations	332,867	4,472
Refundable deposit from suppliers	8,940	2,303
Payables to a non-controlling shareholder of Yan'an Liyuan Minerals Railway Logistics Co., Ltd ("Liyuan Railway")延安利源礦業鐵路運輸有限公司 (Note 25)	26,230	–
Other payables	5,878	5,733
	579,969	278,461
	1,435,699	909,372

20. TRADE AND OTHER PAYABLES (continued)

The following is an aging analysis of trade payables and bill payables based on the invoice date at the end of the reporting period:

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 90 days	528,421	513,414
91 – 180 days	251,138	78,019
181 – 365 days	64,358	34,452
Over 1 year	11,813	5,026
	855,730	630,911

At the end of the reporting period, the Group's bill payables were issued by banks with maturities within 1 year and were secured by the Group's restricted bank balances and bill receivables at FVTOCI.

21. AMOUNTS DUE TO RELATED PARTIES

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade nature		
Henan Jinjiang Refinery Co., Ltd.		
("Jinjiang Refinery") 濟源市金江煉化有限公司 (Note)	83	108
Yungong Logistics (Note 16 iii)	N/A	89
Fangsheng Chemicals	725	–
	808	197

Note: The entity is a joint venture of the Company.

The following is an aging analysis of amounts due to related parties of trade payables presented based on the invoice dates at the end of the reporting period:

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 90 days	808	108
Over 365 days	–	89
	808	197

22. CAPITAL COMMITMENTS

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the Group's condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	_745,514	462,836

23. CONTINGENT LIABILITIES

The Group (i) endorsed certain bill receivables for the settlement of trade and other payables; and (ii) discounted certain bill receivables to banks for raising of cash. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bill receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bill receivable is low because all endorsed and discounted bill receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the condensed consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bill receivables at the end of the reporting period are as follows:

	30/06/2020	31/12/2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Endorsed bills for settlement of payables	2,549,445	2,685,318
Discounted bills for raising cash	132,048	180,846
Outstanding endorsed and discounted bill receivables with recourse	2,681,493	2,866,164

The outstanding endorsed and discounted bill receivables are with maturities within one year.

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30/06/2020	31/12/2019		
Equity securities listed in the HKEX at FVTPL	**Assets-RMB30,549,000**	Assets-RMB36,233,000	Level 1	Quoted bid prices in an active market
Bill receivables at FVTOCI	**Assets-RMB1,044,609,000**	Assets-RMB927,353,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
Structured deposits classified as financial assets at FVTPL	**Assets-RMB32,043,000**	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.

There were no transfers between Level 1 and 2 during the current interim period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

25. ACQUISITION OF A SUBSIDIARY

On 31 May 2020, the Group acquired 80% interest in Liyuan Railway from an independent third party at a cash consideration of RMB346,363,000. Liyuan Railway is principally engaged in railway related storage and logistics services and was acquired with the objective to improve the Group's downstream distribution. The acquisition was completed on 31 May 2020, when the Group obtained the control of Liyuan Railway. The acquisition was accounted for by acquisition method. The amount of goodwill (determined on a provisional basis) arising as a result of the acquisition was RMB110,000.

Acquisition-related costs amounting to RMB604,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

The fair values of the assets and liabilities of Liyuan Railway are measured based on provisional values and are subject to change pending finalisation of the valuation of the assets and liabilities. The finalisation of those valuation, could affect the amounts assigned to the assets, liabilities and the related depreciation/amortisation charges for assets and the amount of goodwill (if any) arising from the acquisition.

Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)

	RMB'000
Current assets	
Inventories	2,276
Trade and other receivables	38,059
Bank balances and cash	665
Non-current assets	
Property, plant and equipment	348,562
Right-of-use assets	85,982
Current liabilities	
Trade and other payables	(5,931)
Payables to a non-controlling shareholder	(26,230)
Contract liabilities	(1,769)
Lease liabilities	(49)
Tax payable	(404)
Non-current liabilities	
Lease liabilities	(2,661)
	438,500

The fair value of trade and other receivables at the date of acquisition amounted to RMB38,059,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB38,059,000 at the date of acquisition. It was estimated that all of contractual cash flows were expected to be collected.

25. ACQUISITION OF A SUBSIDIARY (continued)

Goodwill arising on acquisition (determined on a provisional basis)

	RMB'000
Consideration at fair value:	
– Cash transferred	17,318
– Included in trade and other payables (Note)	329,045
Plus: non-controlling interests (on a provisional basis)	92,247
Less: recognised amount of identifiable net assets acquired	(438,500)
Goodwill arising on acquisition	110

Note: The directors of the Company are of view that the consideration payable will be settled within 12 months from the date of the condensed consolidated financial statements.

Goodwill (determined on a provisional basis) arose on the acquisition of Liyuan Railway because the acquisition included some exclusive railway transportation contracts with the railway bureau as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

25. ACQUISITION OF A SUBSIDIARY (continued)

Net cash outflows arising on acquisition

	RMB'000
Consideration at fair value	
– Paid in cash	17,318
Less: cash and cash equivalent balances acquired	(665)
	16,653

Impact of acquisition on the results of the Group

Included in the profit for the interim period is RMB102,000 attributable to Liyuan Railway. Revenue for the interim period included RMB3,045,000 was attributable to Liyuan Railway.

Had the acquisition of Liyuan Railway been completed on 1 January 2020, revenue for the interim period of the Group would have been RMB3,385,225,000, and the profit for the interim period would have been RMB240,033,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Liyuan Railway been acquired at the beginning of the interim period, the directors of the Company calculated depreciation and amortisation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

26. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties/connected parties are disclosed below.

(a) Transactions with related parties

Other than the transactions and balances with related parties disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with its related parties.

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of products and services to:		
Maanshan Steel	**449,611**	344,679
Jiangxi PXSteel's subsidiaries	**495,894**	648,683
Jinjiang Refinery	**63,844**	30,884
Yan'an Railway	**88,002**	–
Yungong Logistics (Note 16 iii)	**N/A**	8,913
Fangsheng Chemicals	**–**	11
Purchase of raw materials and services:		
Fangsheng Chemicals	**2,927**	2,321
Jinjiang Refinery	**2,931**	2,024
Short term lease payment for office:		
Jinma Energy (Hong Kong) Limited ("Jinma HK") 金馬能源(香港)有限公司 (Note)	**330**	303

Note: The short term lease payment paid to Jinma HK were due to a lease of the office in Hong Kong from Jinma HK.

26. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with other connected parties

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of products to:		
Xuzhou Oriental Group Co., Ltd. ("Xuzhou Oriental ") 徐州東方物流集團有限公司	**196,070**	N/A*
Henan Hongkong (Jiyuan) Coking Group Co., Ltd. ("Yugang Coking") 豫港(濟源)焦化集團有限公司	**53,871**	52,149
Purchase of raw materials and services from:		
Shanghai Luxiang Hailu Fuel Co., Ltd. 上海鷺翔海陸燃料有限公司	**167,788**	N/A*
Xuzhou Oriental and its subsidiaries	**46,179**	N/A*
Yugang Coking	**36,266**	49,954
Yan'an Liyuan Logistics Co., Ltd. 延安利源物流有限公司	**21,897**	N/A**

* Connected relationship started from 21 May 2019 due to the establishment of Shenzhen Jinma Energy Co., Ltd 深圳市金馬能源有限公司, a subsidiary of the Company. No connected transactions occurred from the establishment date to 30 June 2019.

** Not regarded as connected parties to the Group during the six months ended 30 June 2019.

(c) Compensation and key management personnel

The remuneration of key management personnel of the Group during the periods was as follows:

	Six months ended	
	30/06/2020	30/06/2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries and allowance	**1,996**	1,803
Performance related bonuses	**–**	484
Retirement benefit scheme contributions	**105**	93
	2,101	2,380

Key management represents the directors of the Company and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and the individuals.

COMPANY INFORMATION

Company name

河南金馬能源股份有限公司
Henan Jinma Energy Company Limited

Share listing

Stock abbreviation: Jinma Energy
H Share: The Stock Exchange of Hong Kong Limited
Stock Code: 6885

Registered office and principal place of business in the PRC

West First Ring Road South
Jiyuan
Henan Province
PRC

Principal place of business in Hong Kong

Unit 2801, 28/F
88 Hing Fat Street
Causeway Bay
Hong Kong

Contact information

Tel.: +852 3115 7766
Fax: +852 3115 7798
Email: paulwong@hnjmny.com

Company website

www.hnjmny.com

Board of Directors

Executive Directors

Mr. Yiu Chiu Fai (Chairman)
Mr. Wang Mingzhong (Chief Executive Officer)
Mr. Li Tianxi (Executive Deputy General Manager)

Non-executive Directors

Mr. Hu Xiayu (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao (appointed on 25 May 2020)
Mr. Qiu Quanshan (resigned on 25 May 2020)

Independent Non-executive Directors

Mr. Zheng Wenhua (deceased on 20 August 2020)
Mr. Wu Tak Lung
Mr. Meng Zhihe (appointed on 25 May 2020)
Mr. Liu Yuhui (resigned on 25 May 2020)

Supervisors

Mr. Wang Tsz Leung (Chairman)
Ms. Li Lijuan
Mr. Zhou Tao, David
Ms. Tian Fangyuan
Ms. Hao Yali
Mr. Zhang Wujun

Audit Committee

Mr. Wu Tak Lung (Chairman)
Mr. Hu Xiayu
Mr. Meng Zhihe (appointed as a member on 25 May 2020)
Mr. Liu Yuhui (resigned on 25 May 2020)

COMPANY INFORMATION

Remuneration Committee

Mr. Zheng Wenhua (Chairman) (deceased on 20 August 2020)
Mr. Wu Tak Lung
Mr. Wang Mingzhong

Nomination Committee

Mr. Yiu Chiu Fai (Chairman)
Mr. Zheng Wenhua (deceased on 20 August 2020)
Mr. Meng Zhihe (appointed as a member on 25 May 2020)
Mr. Liu Yuhui (resigned on 25 May 2020)

Strategic Development Committee

Mr. Hu Xiayu (Chairman)
Mr. Zheng Wenhua (deceased on 20 August 2020)
Mr. Li Tianxi

Company secretary

Mr. Wong Hok Leung

Authorized representatives

Mr. Yiu Chiu Fai
Mr. Wong Hok Leung

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Admiralty
Hong Kong

Legal advisers

PRC Law

EY Chen & Co. Law Firm
51/F, Shanghai World Financial Center
100 Century Avenue
Pudong
Shanghai
PRC

Hong Kong Law

Reed Smith Richards Butler
17/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

H share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal bankers

Agricultural Bank of China Limited Jiyuan Branch
No. 5 Central Road, Xin Garden
Jiyuan, Henan Province
PRC

Industrial and Commercial Bank of China Limited Jiyuan Branch
No. 131 Xuanhua East Street
Jiyuan, Henan Province
PRC

Bank of China Limited Jiyuan Branch
No. 98 Central Road, Xin Garden
Jiyuan, Henan Province
PRC

Shanghai Pudong Development Bank Zhengzhou Branch
Zijingshan Road Operations Department
1F, Pufa Square
No. 299 Jinshui Road, Jinshui District
Zhengzhou, Henan Province
PRC

Bank of Luoyang Co., Ltd. Jili Branch
Zhongyuan Road, Jili District
Luoyang, Henan Province
PRC

China Citic Bank Zhengzhou Branch
No. 1 Shangwu Inner Ring Road
Zhengdong New Area
Zhengzhou, Henan Province
PRC

Jiyuan Rural Commercial Bank
No. 86 Central Road, Xin Garden
Jiyuan, Henan Province
PRC

China Guangfa Bank Zhengzhou Shangdu Road Sub-branch
No. 31 Shangdu Road
Zhengzhou, Henan Province
PRC

Bank of Pingdingshan Co., Ltd. Zhengzhou Branch
No. 6 Fengyi Road, Jinshui District
Zhengzhou, Henan Province
PRC

Bank of Communications Jiyuan Branch
No. 435 Central Road, Xin Garden
Jiyuan, Henan Province
PRC

Bank of China (Hong Kong) Limited Metroplaza Branch
Shop 260-265, Metroplaza
223 Hing Fong Road
Kwai Chung, New Territories
Hong Kong

DEFINITIONS

In this report, unless the context otherwise requires, the following expressions have the following meanings.

GENERAL TERMS

"Board"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Taiwan, the Macau Special Administrative Region of the PRC and the Hong Kong Special Administrative Region of the PRC
"Code"	Corporate Governance Code set out as Appendix 14 to the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Henan Jinma Energy Company Limited (河南金馬能源股份有限公司)
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	Director(s) of our Company
"Group"	our Company and its subsidiaries
"HK" or "Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LNG"	liquefied natural gas
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the member of the Supervisory committee of our Company established pursuant to the PRC Company Law
"Supervisory Committee"	the Supervisory committee of our Company established pursuant to the PRC Company Law

TECHNICAL TERMS

"basic earnings per share"	$\frac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of shares in issue during the year/period}}$
"current ratio"	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$
"dividend payout ratio"	$\frac{\text{Dividend}}{\text{Profit attributable to owners of our Company for the year/period}}$
"gearing ratio"	$\frac{\text{Total interest-bearing bank borrowings}}{\text{Total equity}}$
"return on assets"	$\frac{\text{Profit and total comprehensive income for the year/period}}{\text{Average total assets during the year/ period}}$
"return on equity"	$\frac{\text{Profit attributable to owners of our Company for the year/period}}{\text{Average equity attributable to owners of our Company during the year/ period}}$

ABBREVIATED NAMES OF COMPANIES

"Bohigh Chemical"	河南博海化工有限公司(Henan Bohigh Chemical Co., Ltd.)
"China Baowu"	中國寶武鋼鐵集團有限公司(China Baowu Steel Group Corporation Limited)
"Golden Star"	金星化工(控股)有限公司(Golden Star Chemicals (Holdings) Limited)
"Jiangxi PXSteel"	江西萍鋼實業股份有限公司(Jiangxi PXSteel Industrial Co. Ltd.*) (formerly known as 萍鄉鋼鐵有限責任公司(Ping Xiang Steel Co., Ltd.*))
"Jiangxi PXSteel Group"	Jiangxi PXSteel and its subsidiaries
"Jinjiang Refinery"	河南金江煉化有限責任公司(Henan Jinjiang Refinery Co., Ltd.*)
"Jinma Coking"	金馬焦化(英屬維爾京群島)有限公司(Jinma Coking (BVI) Limited)
"Jinma Energy"	河南金馬能源股份有限公司(Henan Jinma Energy Co., Ltd.*)
"Jinma HK"	金馬能源(香港)有限公司(Jinma Energy (Hong Kong) Limited), formerly known as 金馬焦化(香港)有限公司(Jinma Coking (Hong Kong) Limited)
"Jinma Xingye"	濟源市金馬興業投資有限公司(Jiyuan Jinma Xingye Investment Co., Ltd.*)
"Jinning Energy"	濟源市金寧能源實業有限公司(Jiyuan Jinning Energy Co., Ltd.*)

DEFINITIONS

"Jinrui Energy"	河南金瑞能源有限公司(Henan Jinrui Energy Co., Ltd.*)
"Jinrui Gas"	河南金瑞燃氣有限公司(Henan Jinrui Gas Co., Ltd.*)
"Jinyuan Chemicals"	濟源市金源化工有限公司(Jiyuan Jinyuan Chemicals Co., Ltd*)
"Maanshan Steel"	馬鞍山鋼鐵股份有限公司(Maanshan Iron & Steel Company Limited)
"Maanshan Steel Group"	Maanshan Steel and its subsidiaries
"Shanghai Jinma"	上海金馬能源有限公司(Shanghai Jinma Energy Sources Co., Ltd.*)
"Shanghai Luxiang"	上海鷺翔海陸燃料有限公司(Shanghai Luxiang Hailu Fuel Co., Ltd.*)
"Shenzhen Jinma"	深圳市金馬能源有限公司 (Shenzhen Jinma Energy Co., Ltd*)
"Xuzhou Oriental"	徐州東方運銷實業集團有限公司(Xuzhou Oriental Distribution Industrial Group Co., Ltd.*)
"Yugang Coking"	豫港(濟源) 焦化集團有限公司(Henan Hongkong (Jiyuan) Coking Group Co., Ltd.)
"Zenith Steel"	中天鋼鐵集團有限公司(Zenith Steel Group Co., Ltd.*)
"Zhongdong Jinma"	河南金馬中東能源有限公司(Henan Jinma Zhongdong Energy Co., Ltd.)
"ZT Logistics"	江蘇中通物流有限公司(Jiangsu Zhong Tong Logistics Co., Ltd.*)

In this report, there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese which are marked with "*" is for identification purpose only.

河南金馬能源股份有限公司

HENAN JINMA ENERGY COMPANY LIMITED