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

2022
ANNUAL REPORT

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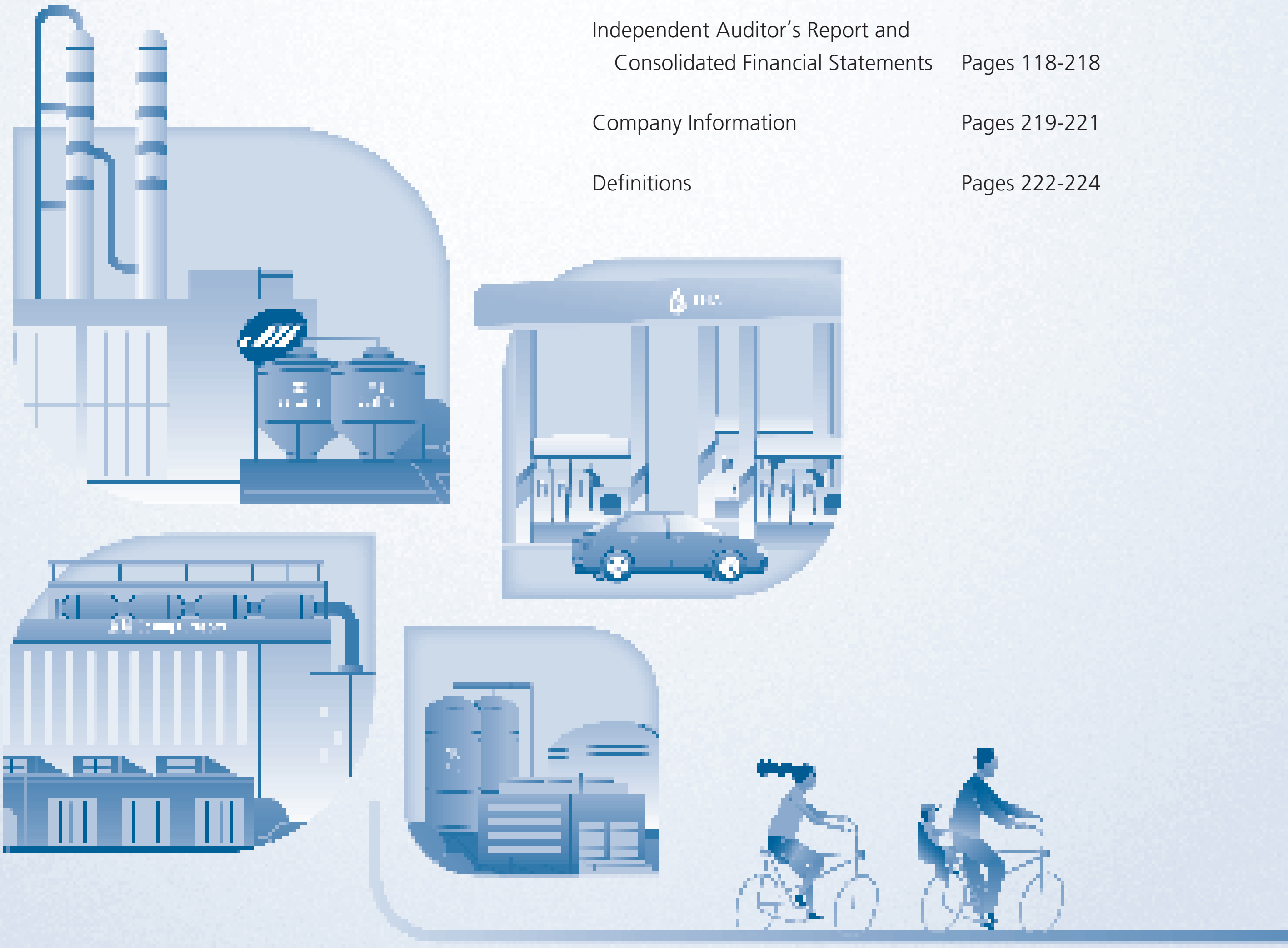
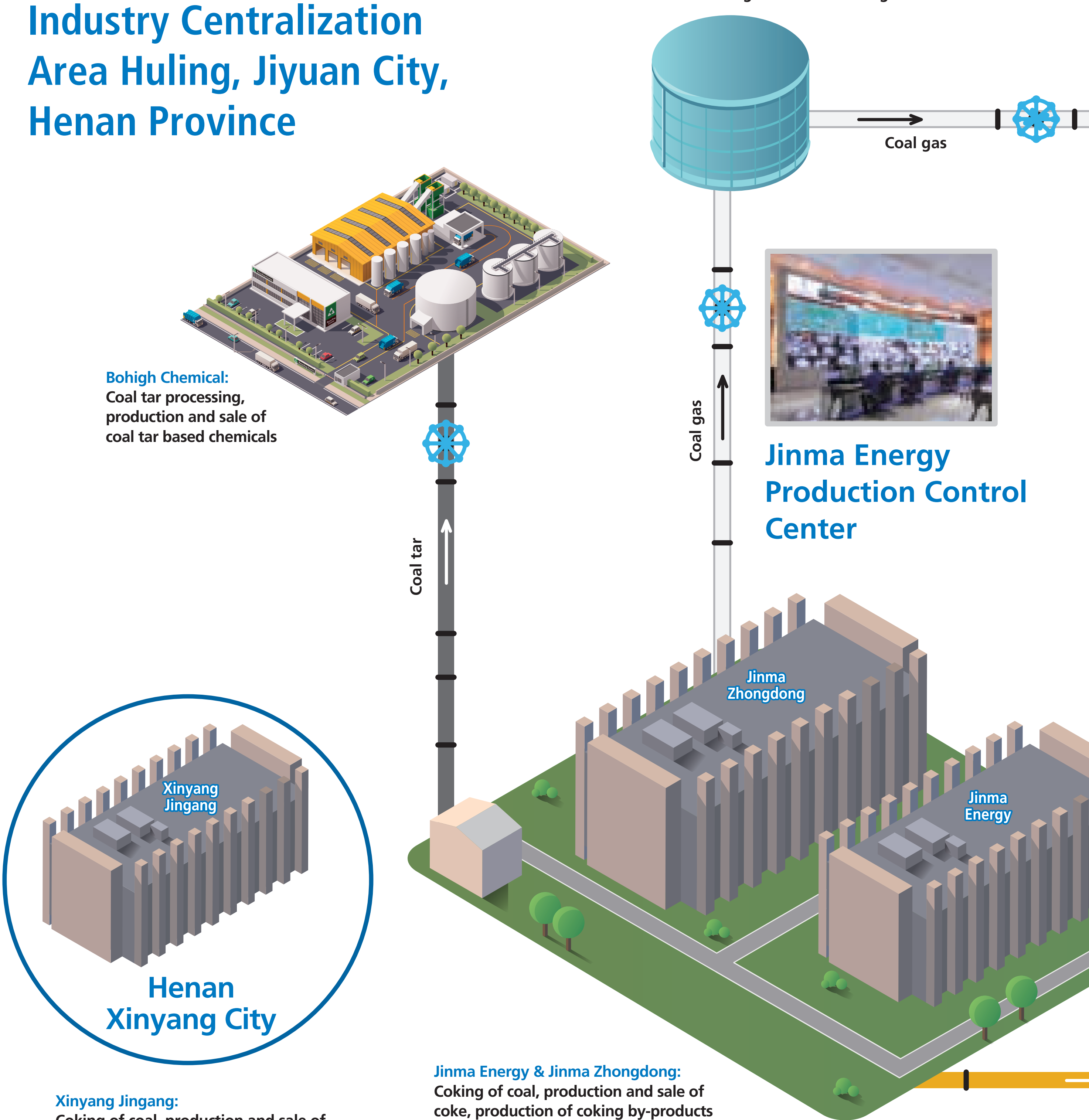


Chemical Industry Park, Industry Centralization Area Huling, Jiyuan City, Henan Province

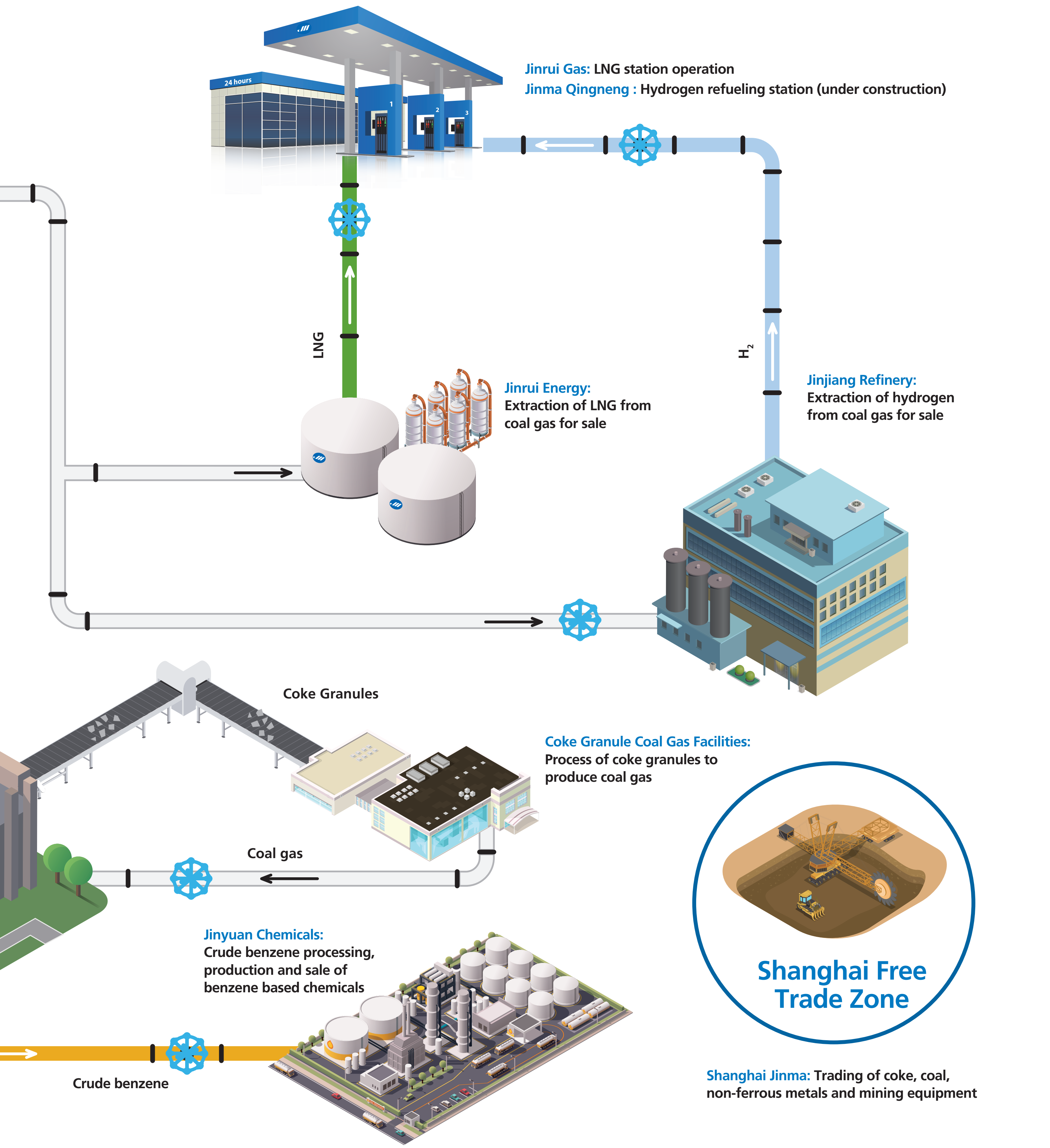
Jinning Energy:
Storage and sale of coal gas

Bohigh Chemical:
Coal tar processing, production and sale of coal tar based chemicals



Xinyang Jingang:
Coking of coal, production and sale of coke, heat and electricity

Jinma Energy & Jinma Zhongdong:
Coking of coal, production and sale of coke, production of coking by-products (crude benzene, coal tar and coal gas) for further processing and sale by Group Companies

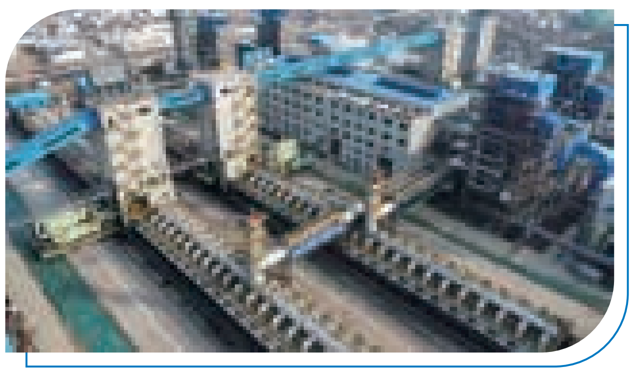

24 hours
Jinrui Gas: LNG station operation
Jinma Qingneng : Hydrogen refueling station (under construction)
LNG
H_2
Jinrui Energy: Extraction of LNG from coal gas for sale
Jinjiang Refinery: Extraction of hydrogen from coal gas for sale
Coke Granules
Coke Granule Coal Gas Facilities: Process of coke granules to produce coal gas
Coal gas
Jinyuan Chemicals: Crude benzene processing, production and sale of benzene based chemicals
Crude benzene
Shanghai Free Trade Zone
Shanghai Jinma: Trading of coke, coal, non-ferrous metals and mining equipment

Corporate Accolades

In 2022, the Company received again the honor of Henan Top 100 Enterprises (河南企業100 強) and ranked 65th, the Top 100 Henan Enterprises in Manufacturing Industry (河南製造業企業100強) and ranked 40th. The Company also received the Top 500 China Energy Enterprises (Groups) (中國能源企業(集團)500強) and ranked 293th. These reflect the continuous improvement of the Company in the aspects of technological innovation, caring for staff, social charity and environmental protection. Additionally, the Company was awarded Outstanding Private Enterprises of Jiyuan Demonstration Zone (濟源示範區優秀民營企業).

Coking facilities energy-saving technical renovation projects with annual production capacity up to 1.6 million tonnes

The coking facilities with an annual production of approximately 1.6 million tonnes constructed by the Company in cooperation with Xinyang Co have been successfully ignited and and put into operation. The project uses a clean and environmentally friendly intelligent heat recovery tamping type coke oven, which helps to promote the realization of the national dual carbon goal. The coking furnaces of first phase of the project have been put into operation by the end of 2022, while the coking furnaces of the second phase are also expected to be put into operation in the third quarter of 2023.



The first phase project of Xinyang Jingang

Production capacity expansion plan for benzene based chemicals

Jinyuan Chemicals, a wholly-owned subsidiary of the Company, is investing in the expansion of a crude benzene hydrorefining device with a production capacity of 200,000 tonnes per annum to achieve comprehensive utilization of resources and develop a recycling economy. The total investment of the project is approximately RMB300 million, and it is expected to be completed in the third quarter of 2023. Upon completion, the total production capacity will reach 400,000 tonnes per annum. The Company has better conditions to extend the phenyl chemical industry chain and develop new materials.

Coking facilities upgrading project with annual production capacity up to 1.8 million tonnes

The Group's two advanced coking furnaces with height of 7.65 metres with an aggregate production capacity of approximately 1.8 million tonnes of coke per annum have been successfully completed and have begun to operate at full capacity at the beginning of the year so as to reach full capacity and sales.

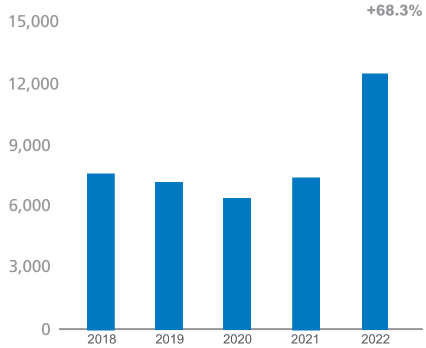
Revenue

For the year ended 31 December

RMB million

RMB**12,448.6** million

+68.3%



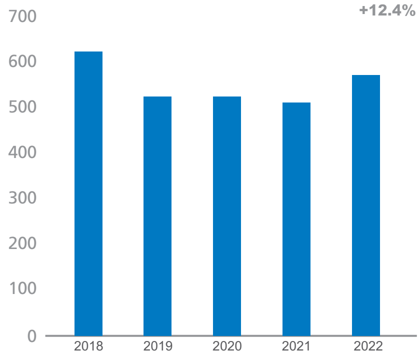
Profit for the year

For the year ended 31 December

RMB million

RMB**570.8** million

+12.4%



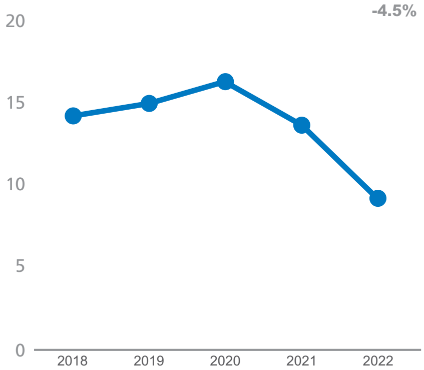
Gross profit margin

For the year ended 31 December

%

9.2%

-4.5%



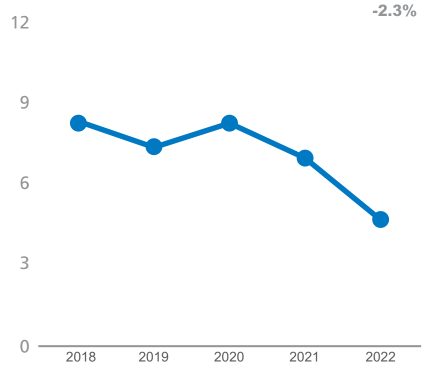
Net profit margin

For the year ended 31 December

%

4.6%

-2.3%



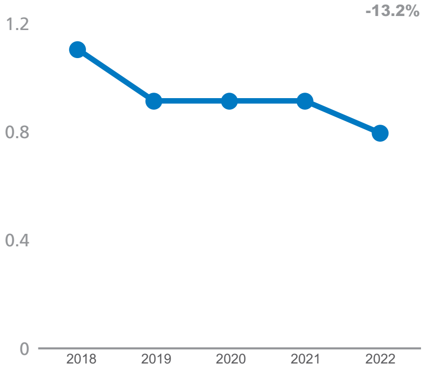
Basic earnings per share

For the year ended 31 December

RMB

RMB**0.79**

-13.2%



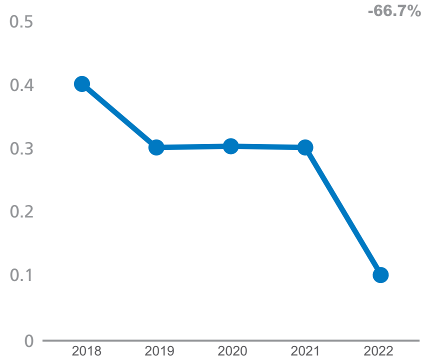
Dividend per share

For the year ended 31 December

RMB

RMB**0.10** per share

-66.7%



Note: The above figure shows the dividend distribution of the Company including the paid interim dividend and the final dividend recommended by the Board.

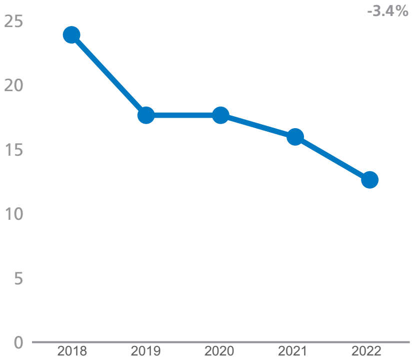
Return on equity

For the year ended 31 December

%

12.5%

-3.4%



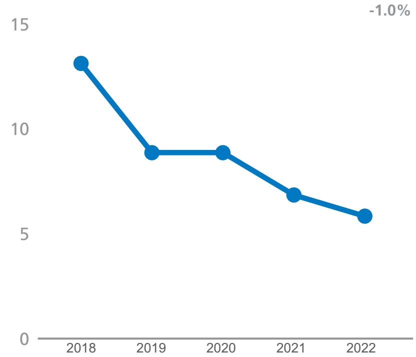
Return on assets

For the year ended 31 December

%

5.8%

-1.0%



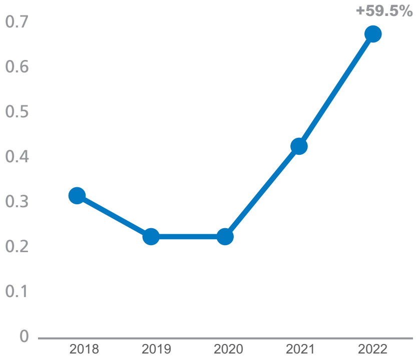
Gearing ratio

For the year ended 31 December

Times

0.67 times

+59.5%



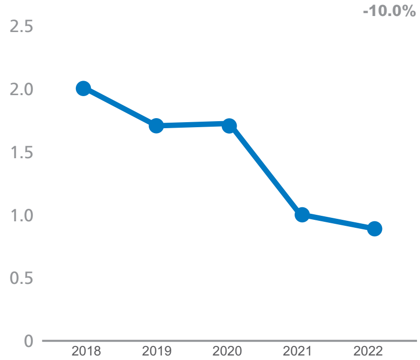
Current ratio

For the year ended 31 December

Times

0.9 times

-10.0%



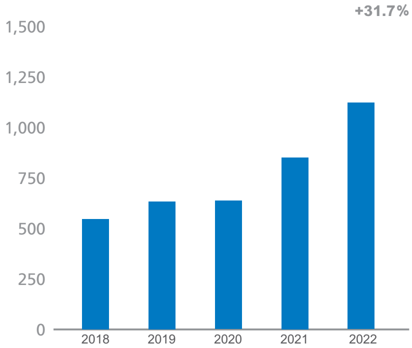
Total assets

As at 31 December

RMB million

RMB **11,231.1** million

+31.7%



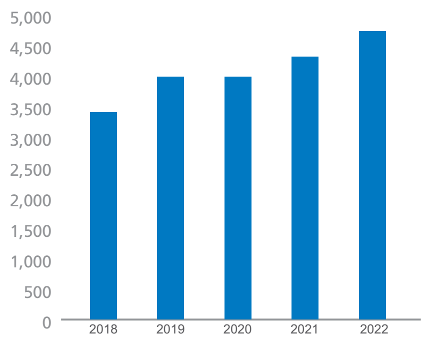
Total equity

As at 31 December

RMB million

RMB **4,726.5** million

+9.8%



I am pleased to present the annual results for the Group for the year ended 31 December 2022 (the "**Year**"), the sixth year after the listing of the Company.

As the second largest economy in the world, China was unable to shield itself from the impact of energy crisis and high inflation arising from the geopolitical conflicts in Eastern Europe and the repeated occurrence of the COVID-19 pandemic in 2022, and recorded a GDP growth of only 3% throughout 2022. The continued recession in the real estate sector has affected the steel industry and its upstream coking industry. At the same time, coal prices climbed sharply. The average price for coal procurement in 2022 increased by approximately 30% over that in 2021, and as a raw material of major products of the Group, this not only affected the gross profit margin of the Coke segment, which declined from approximately 24.0% in 2021 to approximately 11.1% in 2022, but also affected the gross profit margin of the Refined Chemicals segment, which also declined from approximately 7.0% in 2021 to approximately 0.2% in 2022. However, benefiting from the global rise in price of LNG, the gross profit margin of the Group's Energy Products segment increased significantly to approximately 14.9%. Therefore, the overall gross profit margin of the Group only declined from approximately 13.7% in 2021 to approximately 9.2% in 2022.

The advanced 7.65m coking furnaces with an annual capacity of approximately 1.8 million tons that the Group invested has been put into full operation in 2022, from which about 1.6 million tons of coke were produced and sold with a capacity utilisation rate of 85%. Meanwhile, its high-capacity operation also ensured sufficient coal gas raw material for the Group's LNG production, and this contributed a high utilisation rate of 85% of its production facility in 2022. Under these backdrops, the total sales amount of the Group increased by approximately RMB5.05 billion to approximately RMB12.45 billion. The rise in energy price also led to sharp rise in profit of the joint venture that has an annual hydrogen capacity of 300 million cubic meters, and share of results of the joint venture increased from approximately RMB3.3 million in 2021 to approximately RMB28.5 million. Additionally, the Company successfully recovered the long-term receivable due from a joint venture (being Yilong Coal) of approximately RMB45.0 million for which impairment provision had been made in 2020. In summary, the Group's profit amounted to approximately RMB570.8 million in 2022, an increase by approximately RMB63.1 million as compared to that in 2021.

In respect of construction, due to the impact of logistics and travel restriction arising from the policy on COVID-19 pandemic prevention and control, the management team and all staff of the Group have taken various measures in a calm and active manner to respond flexibly to various challenges. The production protection and sales promotion initiative not only enabled us to maintain a satisfactory full production and sales performance for each major business of the Group, but also procured smooth progress of the two large-scale coke production expansion projects of the Group and the success operation with full load capacity of the 7.65 meters high coking furnaces project with capacity of approximately 1.8 million tons at the beginning of 2022. While phase I of the advanced heat-recovery coking furnace project with capacity of approximately 1.6 million tons jointly funded with Xinyang Co was put into operation in December as scheduled, phase II is expected to be put into operation in the third quarter in 2023, and when the whole project is put into full operation, the total coking capacity of the Group will exceed 4.0 million tons, which the Company is confident that it may be listed among top 10 in respect of coking capacity of independent coking groups in China.

In March 2022, the National Energy Administration issued the Medium and Long-term Planning for the Hydrogen Industry, which officially included hydrogen into new energy development to accelerate transformation and upgrade of energy and develop major strategy for new growth point of the economy. Upon the completion of the approximately 1.8 million tons coking furnaces expansion project, the Group's coking capacity will generate up to approximately 1.0 billion cubic meters of coal gas in coke production, providing sufficient gas volume for scaled development of cleaning energy business and entering into the hydrogen industrial chain. The management has planned for the manufacture, storage, shipment, refueling and application of the whole hydrogen application ecosystem, including involvement in the establishment of hydrogen fuel cell enabled public service and commercial vehicle application demonstration project, and has prepared for the construction of two gas stations with hydrogen refueling facilities, which are expected to be put into operation in the third quarter of this year.

Looking forward, the Group's core coke business will leverage on its scale, geographical location, shareholder layout, and investment in production efficiency and environmental protection to maintain stable development. While the energy business, under the support of the core coke business which provides sufficient coal gas source, will rapidly and effectively enter into new energy and hydrogen business, participating in the national dual carbon development initiatives, and become another core business and source of profit growth of the Group.

In view of the performance and financial position of the Company, in order to show our gratitude to the support of all shareholders, I am pleased to announce that the Board of the Company recommended, the payment of a final dividend of RMB0.05 per share to the shareholders of the Company. Together with the interim dividend of RMB0.05 per share already paid, the total dividend for 2022 amounted to RMB0.10 per share.

Finally, on behalf of the Board of the Company, I would like to take this opportunity to thank all of the management and employees for their effort and devotion and the business partners for their continuous trust and support to the Company.

HENAN JINMA ENERGY COMPANY LIMITED
Yiu Chiu Fai
Chairman
24 March 2023

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, LNG and nonferrous materials 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 has actively engaged in and developed the business of the production and sale of LNG and hydrogen in recent years.

In 2022, 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, in addition, hydrogen is also extracted from coal gas for sale; and

- **Trading:** which mainly involves the trading of coal, coke, and nonferrous materials.

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 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, coal mining equipment, nonferrous materials and natural gas 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, but rose again from mid-2020 and started to decrease from mid-2022. 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.

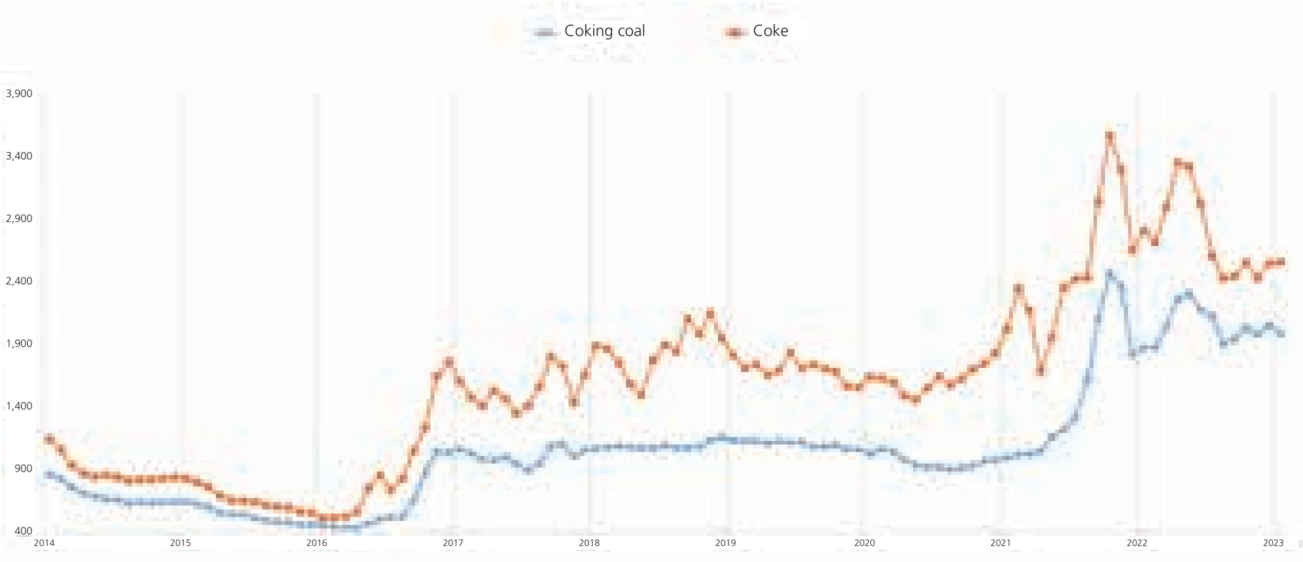
The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during 2022 and 2021 according to the Group's internal records.

	Year ended 31 December	
	2022 Average selling price[(1)]	2021 Average selling price[(1)]
	RMB/ton (except coal gas in RMB/m^3)	RMB/ton (except coal gas in RMB/m^3)
Coke	**2,768.78**	2,575.40
Coke	**2,930.02**	2,730.00
Coke breeze	**1,625.88**	1,407.75
Refined Chemicals		
Benzene based chemicals	**7,102.14**	6,046.21
Pure benzene	**7,171.24**	6,200.37
Toluene	**6,505.35**	4,432.83
Coal tar based chemicals	**5,333.80**	3,886.01
Coal asphalt	**5,795.35**	4,263.64
Anthracene oil	**4,824.56**	3,360.14
Industrial naphthalene	**4,757.89**	3,442.80
Energy Products		
Coal gas	**0.74**	0.71
LNG	**6,128.70**	4,706.29

(1) Calculated by dividing the revenue of each relevant product by the sales volume of such product (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 up 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 and remained stable in 2019, though fell from the highest average spread in the past 5 years from 2018. In the first half of 2020, coke selling price continued to drop, but substantially increased since the middle of the year, up to the middle of 2022, and then started to decrease, in which the purchasing price of coal also rose substantially, resulting in the Group's gross margin percentage of coke in 2022 was significantly reduced as compared with 2021. The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2014 to January 2023 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 2022 remained stable, with production capacity utilization rate of each of the principal products substantially maintained. In essence, full sales of the Group's products have been consistently achieved. In 2022, the Group's production capacity for coke was approximately 2.8 million tons per annum, and the Group's processing capacity for coal tar and crude benzene was approximately 180,000 tons and 200,000 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 in 2022, for self-use (including the use in production of LNG and hydrogen) and sales, while the production capacity of LNG production facilities was approximately 123.0 million m^3 per annum, and the production capacity of hydrogen was 300.0 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 and financial institution borrowings during the period. The Group's interest-bearing borrowings for the years ended 31 December 2022 and 2021 were approximately RMB3,143.1 million and RMB1,800.9 million, respectively. The Group's finance costs for the years ended 31 December 2022 and 2021 were approximately RMB94.2 million and RMB48.3 million, respectively, accounting for approximately 0.8% and 0.7% of the Group's total revenue for the respective periods. 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.

RESULTS OF OPERATIONS

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Revenue	**12,448,644**	7,398,260
Cost of sales	**(11,307,824)**	(6,383,003)
Gross profit	**1,140,820**	1,015,257
Other income	**51,121**	43,673
Other gains and losses	**(25,658)**	(93,209)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	**48,821**	(2,907)
Selling and distribution expenses	**(251,033)**	(104,398)
Administrative expenses	**(173,081)**	(140,288)
Finance costs	**(94,182)**	(48,285)
Share of result of a joint venture	**28,482**	3,334
Share of results of associates	**1,969**	–
Profit before tax	**727,259**	673,177
Income tax expense	**(156,475)**	(172,497)
Profit for the year from continuing operations	**570,784**	500,680
Discontinued operations		
Profit for the year from discontinued operations	**–**	7,067
Profit for the year	**570,784**	507,747
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss:		
Fair value loss on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax	**(36)**	(2,291)
Total comprehensive income for the year	**570,748**	505,456

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Profit for the year attributable to owners of the Company:		
– from continuing operations	421,950	486,367
– from discontinued operations	–	155
	421,950	486,522
Profit for the year attributable to non-controlling interests:		
– from continuing operations	148,834	14,313
– from discontinued operations	–	6,912
	148,834	21,225
Total comprehensive income for the year attributable to:		
– Owners of the Company	422,423	485,911
– Non-controlling interests	148,325	19,545
	570,748	505,456
Total comprehensive income for the year attributable to owners of the Company:		
– from continuing operations	422,423	485,756
– from discontinued operations	–	155
	422,423	485,911
Earnings per share (RMB)		
From continuing and discontinued operations		
– Basic	0.79	0.91
From continuing operations		
– Basic	0.79	0.91

Consolidated Financial Information

- **Revenue and gross profit margin**

  The Group's revenue increased by approximately RMB5,050.3 million or approximately 68.3% from approximately RMB7,398.3 million in 2021 to approximately RMB12,448.6 million in 2022. The increase was mainly attributable to Jinma Zhongdong's coking furnaces with production capacity of 1.8 million tonnes of coke per annum have been put into full operation at full capacity at the beginning of the year and the substantial increase in the prices of LNG, while during the same period, the substantial increase in the price of coal which is the primary raw material of various products of the Group, had led to a decrease in the gross profit margin of the Group from 13.7% in 2021 to 9.2% in 2022.

- **Other Income**

  Other income, mainly composed of interest income and government subsidy, shown an increase from approximately RMB43.7 million in 2021 to approximately RMB51.1 million in 2022.

- **Other gains and Losses**

  Other gains and losses substantially decreased from a net loss of approximately RMB93.2 million in 2021 to a net loss of approximately RMB25.7 million in 2022. The losses of 2021 were mainly due to the Group's decision to phase out and scrap some equipment that failed to match the improvement in coking production efficiency and environmental performance during the overall coking equipment assessment, while the losses of 2022 were mainly attribute to the net loss on bills receivables at FVTOCI (2021: RMB28.0 million).

- **Impairment losses under expected credit loss model, net of reversal**

  The impairment of approximately RMB2.9 million of the Group in 2021 was mainly due to the provision for impairment losses on the expected credit value of receivable, while the impairment reversal of approximately RMB48.8 million in 2022 was mainly due to the successful recovery of the long-term receivable due from the associate company (Yilong Coal) with impairment losses provided in 2020.

- **Selling and Distribution Expenses**

  Selling and distribution expenses increased significantly from approximately RMB104.4 million in 2021 to approximately RMB251.0 million in 2022, The increase was mainly due to a significant increase in selling tonnage of coke as Jinma Zhongdong's coking furnaces with production capacity of 1.8 million tonnes of coke has been put into operation at full capacity at the beginning of the year.

- **Administrative Expenses**

  Administrative expenses increased by approximately RMB32.8 million or approximately 23.4% from approximately RMB140.3 million in 2021 to approximately RMB173.1 million in 2022. The increase was primarily due to the staff remuneration and other administrative expenses of the subsidiaries that newly commenced operation or were fully operated during the Reporting Period.

- **Finance Costs**

  Finance costs increased by approximately RMB45.9 million or approximately 95.0% from approximately RMB48.3 million in 2021 to approximately RMB94.2 million in 2022. This increase was mainly due to Jinma Zhongdong's coking furnaces with production capacity of 1.8 million tonnes of coke has been put into operation in late 2021, and the interests on its construction finance for the year was capitalized while the relevant interests was recognised as finance costs after such coking furnaces has been operating at full production capacity at the beginning of 2022.

- **Share of Result of a Joint Venture**

  Share of result of a joint venture increased by approximately RMB25.2 million or approximately 763.6% from approximately RMB3.3 million in 2021 to approximately RMB28.5 million in 2022. The increase was mainly attributable to the increase in operating profit of the joint venture due to significant increase of the unit selling price and gross profit of its hydrogen products.

- **Share of Results of Associates**

  In 2021, due to the huge operating loss of 2020 of the associated company (Yilong Coal), the Group's investment in the associate has been impaired to zero in 2020, thus there was no need to share its operating losses in 2021. While the associated company (Xiamen Jinma) which is established in March 2022 has recorded profit, and the Group thus in 2022 shared the result of RMB2.0 million.

- **Profit Before Tax**

  As a result of the foregoing, the Group's profit before tax increased by approximately RMB54.1 million or approximately 8.0% from approximately RMB673.2 million in 2021 to approximately RMB727.3 million in 2022. This increase was mainly due to Jinma Zhongdong's coking furnaces with production capacity of 1.8 million tonnes of coke has been operating at full capacity in early of the year, and the sharp increase in the price of LNG. However, the Group's gross profit margin decreased from approximately 13.7% in 2021 to approximately 9.2% in 2022 due to the sharp price increase in coal, the main raw material of various products during the same period of the year, that partially offset the profit increase.

- **Income Tax Expense**

  Income tax expense decreased by approximately RMB16.0 million or approximately 9.3% from approximately RMB172.5 million in 2021 to approximately RMB156.5 million in 2022. This decrease was primarily due to the Group's energy segment recording losses in 2021, that partially offset its income tax payable on increasing profits in 2022.

- **Other Comprehensive Expense**

  The 2021 comprehensive loss from the changes in fair value of the bills receivables through other comprehensive income ("**FVTOCI**") at the end of 2021 was approximately RMB2.3 million, and it was reduced to RMB0.04 million in 2022.

- **Total Comprehensive Income for the Year**

  As a result of the foregoing, the Group's total comprehensive income increased by approximately RMB65.2 million or approximately 12.9% from approximately RMB505.5 million in 2021 to approximately RMB570.7 million in 2022. The Group's net profit margin decreased from approximately 6.8% in 2021 to approximately 4.6% in 2022.

Business Segment Result

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

	Year ended 31 December							
	Segment revenue		Segment results		Segment gross margin		Percentage in total revenue of the Group	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**%**	%	**%**	%
Coke	**8,550,856**	3,822,397	**953,113**	918,716	**11.1**	24.0	**68.7**	51.7
Refined Chemicals	**2,175,112**	1,705,980	**4,032**	119,175	**0.2**	7.0	**17.5**	23.1
Energy Products	**736,454**	299,331	**109,673**	(64,686)	**14.9**	(21.6)	**5.9**	4.0
Trading	**889,176**	1,519,077	**56,324**	61,741	**6.3**	4.1	**7.1**	20.5

In 2022, as Jinma Zhongdong's coking furnaces with production capacity of 1.8 million tonnes of coke started to operate at full capacity at the beginning of the year, the revenue of the coke segment increased significantly. However coke prices fell from the middle of the year, only an average increase of approximately 7.3% was recorded for the whole year, while for coal price, it rose sharply during the same period, and with the average purchase price per ton increased by nearly 30.0% as compared with 2021, resulting in a decrease in the gross profit margin of the coke segment from 24.0% in 2021 to 11.1% in 2022. Furthermore, as coal is the main raw material for other products, the refined chemicals segment's gross margin also decreased significantly to 0.2%.

For the energy products segment, although raw material prices rose, the selling price of LNG also increased significantly, increasing by approximately 30.2% compared to the average price in 2021. At the same time, the operation of Jinma Zhongdong's coking furnaces of 1.8 million tonnes production capacity generated sufficient coal gas for LNG production, raising its annual utilization rate to approximately 85.0%. This further increased the results of the energy products segment, turning loss into profit of RMB109.7 million.

The trading segment's revenue in 2022 decreased by RMB629.9 million or 41.5% as compared with 2021. This decrease was mainly due to the decrease in the volume of coke trading business when coke prices fell in the second half of the year, but for the trading of the coal, benefiting from the increase in prices, it achieved an increase in gross margin, increasing the gross profit margin of the trading segment to 6.3%, that resulted in the overall segment results only decreased by 8.8% as compared with last year.

FINANCIAL POSITION

Financial Resources

In 2022, 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 and financial institutions. The Directors have confirmed that the Group did not experience any liquidity problems in 2022.

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, capital expenditure needs and the Group's liquidity ratios. In addition, 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 consolidated statement of cash flows for the periods:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net cash from operating activities	**997,014**	1,114,951
Net cash used in investing activities	**(1,828,031)**	(2,756,470)
Net cash from financing activities	**1,167,556**	863,502
Net increase (decrease) in cash and cash equivalents	**336,539**	(778,017)
Cash and cash equivalents at the beginning of the year	**576,951**	1,355,149
Effect of foreign exchange rate changes	**502**	(181)
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**913,992**	576,951

- **Cash Flow from Operating Activities**

  The Group's net cash from operating activities of approximately RMB997.0 million for 2022 was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB1,018.5 million; (ii) increase in trade and other payables of approximately RMB540.2 million; (iii) increase in contract liabilities of approximately RMB181.7 million. Yet the net cash inflow from operating activities are partially offset by (iv) increase in amounts due from related parties of approximately RMB78.4 million; (v) increase in bills receivables at FVTOCI of approximately RMB239.3 million; (vi) increase in inventories of approximately RMB117.4 million; (vii) increase in trade and other receivables of approximately RMB136.9 million; (viii) increase in amount due from a shareholder of approximately RMB12.9 million; and (ix) income tax paid of approximately RMB158.4 million.

- **Cash Flow from Investing Activities**

  The Group's net cash used in investing activities of approximately RMB1,828.0 million for 2022 was primarily due to (i) acquisition of property, plant and equipment or payment for right-of-use assets or other non-current assets of approximately RMB1,952.8 million; (ii) capital contribution to associates of approximately RMB98.0 million; and yet, partially offset by (iii) repayment from an associate of approximately RMB60.0 million; (iv) interest received of approximately RMB24.4 million; (v) dividend received from a joint venture of approximately RMB4.9 million; (vi) net withdrawal of approximately RMB115.4 million from restricted bank balances; and (vii) net proceeds from disposal of financial assets at FVTPL of approximately RMB18.1 million.

- **Cash Flow from Financing Activities**

  The Group's net cash from financing activities of approximately RMB1,167.6 million in 2022 was primarily due to (i) net increase in bank and other borrowings of approximately RMB1,435.4 million; yet partially offset by (ii) payment of dividends of approximately RMB149.5 million; and (iii) interest expenses of approximately RMB118.4 million.

Liabilities

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

	As at 31 December		
	2022	2021	**Increase/ (decrease)**
	RMB'000	RMB'000	RMB'000
Bank borrowings	**3,143,120**	1,800,863	1,342,257
Secured	**1,891,040**	753,429	1,137,611
Unsecured	**1,252,080**	1,047,434	204,646
	3,143,120	1,800,863	1,342,257
Fixed-rate borrowings	**1,926,491**	575,500	1,350,991
Floating-rate borrowings	**1,216,629**	1,225,363	(8,734)
	3,143,120	1,800,863	1,342,257
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**1,307,680**	972,434	335,246
More than one year, but not more than two years	**771,747**	285,000	486,747
More than two years, but not more than five years	**1,063,693**	543,429	520,264
	3,143,120	1,800,863	1,342,257
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,307,680)**	(972,434)	(335,246)
Amount due for settlement after 12 months shown under non-current liabilities	**1,835,440**	828,429	1,007,011

The Group's bank borrowings in 2022 and 2021 were all borrowings denominated in Renminbi. As at 31 December 2022, RMB1,891.0 million of the Group's borrowings were secured by the Group's property, plant and equipment, right-of-use assets, restricted bank balances and bills receivables. All remaining borrowings were credit borrowings. For further details, please refer to Note 30 of the "Consolidated Financial Statements" in this annual report. As at 31 December 2021, RMB753.4 million of the Group's borrowings were secured by the Group's property, plant and equipment, right-of-use assets, restricted bank balances and bills receivables. All remaining borrowings were credit borrowings. As at 31 December 2022 and 2021, 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 31 December	
	2022	2021
Effective interest rate per annum:		
—Fixed-rate borrowings	**3.70%-6.30%**	4.25%-6.30%
—Floating-rate borrowings	**3.62%-5.60%**	3.56%-5.46%

As at 31 December 2022, the Group had obtained banking facilities in an aggregate amount of approximately RMB3,660.0 million (2021: RMB2,776.0 million), of which total amount of approximately RMB629.4 million (2021: RMB2,010.9 million) is still available for use. As at 31 December 2022, the Group had total outstanding bank borrowings of approximately RMB3,143.1 million (2021: RMB1,800.9 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 RMB588.1 million falling due in 2022 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 31 December 2022 and up to the date of this annual report. As at 31 December 2022, 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 year ended 31 December 2022, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2022, 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:

	As at 31 December	
	2022	2021
Gearing ratio	**0.67x**	0.42x
Return on equity	**12.5%**	15.9%
Return on assets	**5.8%**	6.8%

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 increased in 2022, mainly due to the increased borrowing of the Group at the year end from the consolidation of a non-wholly owned subsidiary with coke production facilities that has new additional borrowings.

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 decrease in return on equity in 2022 was due to a reduction in the profit attributable to owners of the Company.

Return on Assets

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

The decrease in return on assets in 2022 was mainly due to the decrease in profit 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 31 December	
	2022	2021
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Group's consolidated financial statements	**1,133,486**	1,802,512

The Group's capital commitments for the year ended 31 December 2022 was primarily related to the construction of the Group's coking facilities with a capacity of approximately 1.6 million tons per annum. The Group expects to fund such capital commitments principally by the Group's own financial resources, bank loans and cash generated from the Group's operations.

Other than the transactions described in the above table, as at 31 December 2022, 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 31 December 2022. 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 audited 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

The Group (i) endorsed certain bills receivables for the settlement of trade and other payables; and (ii) discounted certain bills receivables to banks for raising of cash. In the opinion of the Directors, the Group has transferred the significant risks and rewards relating to these bills 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 bills receivable is low because all endorsed and discounted bills receivables are issued and guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of the Reporting Period are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Endorsed bills for settlement of payables	**2,885,122**	2,608,690
Discounted bills for raising cash	**1,363,804**	293,325
Outstanding endorsed and discounted bills receivables	**4,248,926**	2,902,015

Save as disclosed above and as of 31 December 2022, 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 Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2022 up to the date of this annual report.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

Save as described under the section headed "Major Developments" in this annual report, from the end of Reporting Period to the date of this annual report, the Group had no other subsequent important events or other commitments that may materially affect the Group's financial condition and operation.

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 disciplined operating and financial activities. During 2022, 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 Hong Kong dollar ("**HKD**") proceeds of listing (HK$5.4 million and HK$7.5 million as at 31 December 2022 and 2021 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 restricted bank balances, bills receivables at FVTOCI, borrowings and lease liabilities 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 31 December 2022, the Group had fixed-rate borrowings in the amount of approximately RMB2,006.5 million (2021: RMB575.5 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 31 December 2022 is the carrying amount of those assets stated in the consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities as disclosed in the consolidate 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 reviews 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 concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 78% and 81% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2022 and 2021, respectively. The Group believes the Group's credit risks on bank balances and deposits or bills 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.

The following table sets forth the remaining contractual maturity for the Group's financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities (including both interest and principal cash flows) at the earliest redemption (maturity) date.

	As at 31 December 2022						
	Interest rate	Carrying amounts	On demand or within 6 months	6 months to 1 year	1 year to 5 years	> 5 years	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	3.62%-6.30%	3,143,120	610,198	811,304	1,933,608	–	3,355,110
Other borrowing	12%	80,000	80,432	–	–	–	80,432
Lease liabilities	4.50%-5.96%	4,557	898	1,032	1,268	2,759	5,957
Trade and other payables	N/A	2,763,033	2,763,033	–	–	–	2,763,033
Perpetual loan	10.24%	15,630	–	1,600	6,400	15,630	23,630
		6,006,340	3,454,561	813,936	1,941,276	18,389	6,228,162

	As at 31 December 2021						
	Interest rate	Carrying amounts	On demand or within 6 months	6 months to 1 year	1 year to 5 years	> 5 years	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	3.56%-6.30%	1,800,863	379,988	671,380	906,944	–	1,958,312
Lease liabilities	4.50%-5.96%	5,012	1,228	713	1,624	3,027	6,592
Trade and other payables	N/A	2,155,479	2,155,479	–	–	–	2,155,479
Amount due to a related party	N/A	113	113	–	–	–	113
		3,961,467	2,536,808	672,093	908,568	3,027	4,120,496

NO MATERIAL ADVERSE CHANGE

Although some parts of China have implemented restrictions due to COVID-19 since late 2019, but with the successful management of the pandemic, the Board considered that it has no material impact on the operation and sales of the Group based on the recent available information.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company had distributable reserves (i.e. retained profits) of RMB1,944.1 million (2021: RMB1,770.5 million). For the year ended 31 December 2022, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the year 2022.

DIVIDEND AND DIVIDEND POLICY

On 16 August 2022, the Company declared an interim dividend for the six months ended 30 June 2022 of RMB0.05 per share (2021: an interim dividend of RMB0.10 per share) in the total amount of RMB26,771,050, which was fully paid in 2022. On 24 March 2023, the Company declared a final dividend of RMB0.05 per share in an aggregate amount of RMB26,771,050. A total dividend of RMB0.10 per share was declared for the year ended 31 December 2022 in the total amount of RMB53,542,100. The final dividend is subject to the approval of shareholders at the forthcoming annual general meeting.

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 may differ in many aspects from the generally accepted accounting principles in other jurisdictions, including the IFRS.

Taking into account the interim dividend of RMB0.05 per share paid in 2022 and the final dividend recommended by the Board of RMB0.05 per share, the total dividend recommended for this year ended 31 December 2022 is RMB0.10 per share, representing approximately 12.7% of the total comprehensive income for the year attributable to owners of the Company. This particular deviation from the abovementioned dividend policy of 25% which was adopted in 2018 has been recommended by the Board in view of the Group's current significant investments in its expansion of coking capacities, which expansion is expected to be completed in the third quarter of 2023. For further details of such investments, please refer to the section headed "Major Developments" below.

MAJOR DEVELOPMENTS

The Group's strength in coking operations has in the past enabled the Group to explore and 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 of the coking chemical operations. As such, the Group has actively expanded its coking production capacity, business in benzene based chemicals and clean energy etc. The Group has finished the construction of 123 million cubic meters of LNG facilities in 2018, and has operated a network of 5 LNG stations, and further expanded and deepened its involvement in the coking chemical value chain in 2022, that also included in the value chain of clean energy.

- **1.8 million tons per annum Coking Facilities Upgrading Project**
  The project is mainly about upgrading the existing two coking furnaces with height of 4.3 meters to advanced coking furnaces with height of 7.65 meters and at the same time to increase the relevant annual production capacity from 1.2 million tonnes to 1.8 million tonnes. The project has been finished in 2022 and the two upgraded 7.65 meters high furnaces have been entered into normal operation completely, producing and selling approximately 160 million tonnes of high-quality coke with an annual utilization rate of more than 85%, and provided approximately 380 million m^3 of coking coal gas for the production of coal gas and natural gas.

- **Formation of Joint Venture for the Production and Sale of Coke**
  The Company and Angang Group Xinyang Steel Co., Ltd. (安鋼集團信陽鋼鐵有限責任公司) established a joint venture in Xinyang City, Henan Province, the PRC in 2020 with an annual capacity of approximately 1.6 million tons, which is principally engaged in the production and sale of coke, heat and electricity. Up to date, the phase I coking furnace has commenced operation in the end of 2022, and the phase II coking furnace is expected to commence operation in the third quarter of 2023. At the end of 2022 approximately RMB2,470.0 million has been invested in the project.

- **Hydrogen Energy Industry Chain**
  In view of the PRC government's strategic policy in developing clean energy, and in order to grasp the opportunity of the development of hydrogen fuel cell vehicles and the relevant industry in the Henan Province, leveraging on the Group's coking coal gas capacity of 1,000 million m^3, the Company has now been planning to comprehensively enter into the hydrogen industrial chain, including the production, transportation, storage, refueling and utilization, and is in the process of establishing a new hydrogen gas refueling station in Zhengzhou and Jiyuan, both of which are estimated to be fully operational in the third quarter of 2023.

- **Expansion Plan for Benzene Based Chemicals**
  Subsequent to the completion of the capacity expansion of 120,000 to 200,000 tonnes in 2019, the Company has started to prepare for another capacity expansion of 200,000 tonnes in early 2022. Construction has already commenced and the total investment will be approximately RMB300.0 million, and is expected to be completed in the third quarter of 2023. Upon completion, the Company is equipped with better condition to extend the benzene based chemicals chain to develop new material.

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

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group had a total of 2,848 employees (2021: 2,253), including 11 senior management (2021: 10), 113 middle management (2021: 103) and 2,724 ordinary employees (2021: 2,139). For the year ended 31 December 2022, the staff cost of the Group amounted to approximately RMB256.3 million as compared to approximately RMB207.8 million for the same period of 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 packages (including non-pecuniary benefits, pension rights and compensation) of Directors and senior management.

Their emoluments were within the following bands:

	Number of senior management	
	2022	2021
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**10**	6
HK$1,000,001 to HK$1,500,000	**1**	3
HK$1,500,001 to HK$2,000,000	**0**	1

Remuneration of mid-level management 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.

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 employers with various targeted trainings from job entry to personal development.

Pension Schemes

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries. Under these plans, no forfeited contributions can be used by the employers to reduce the existing level of contributions.

The Hong Kong based employees of the Group participate in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the employers' existing level of contributions can be reduced by contributions forfeited by the employers on behalf of those employees who leave the scheme prior to vesting fully in the contributions. During the years ended 31 December 2022 and 31 December 2021, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2021 and 31 December 2022, respectively.

The Company persists in becoming an enterprise with strong sense of social responsibility. Consistently adhering to the pathway of harmonious development of economic benefit and social benefit, it promotes technological advancement in the industry and assumes its 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 Company Law of the PRC, 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, based on the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules, the Company has also formulated a series of rules (such as Internal Audit Rules, Internal Control Evaluation Rules, Compliance Management Rules, Authorization Management Rules and Management Rules for External Investment, etc.) as well as the Terms of Reference of Nomination Committee, Remuneration Committee and Audit Committee, to achieve the objective of good corporate governance. This report will further clarify how the Company applies the principles of good corporate governance as set out in the Code, so as to enable shareholders' evaluation of such application.

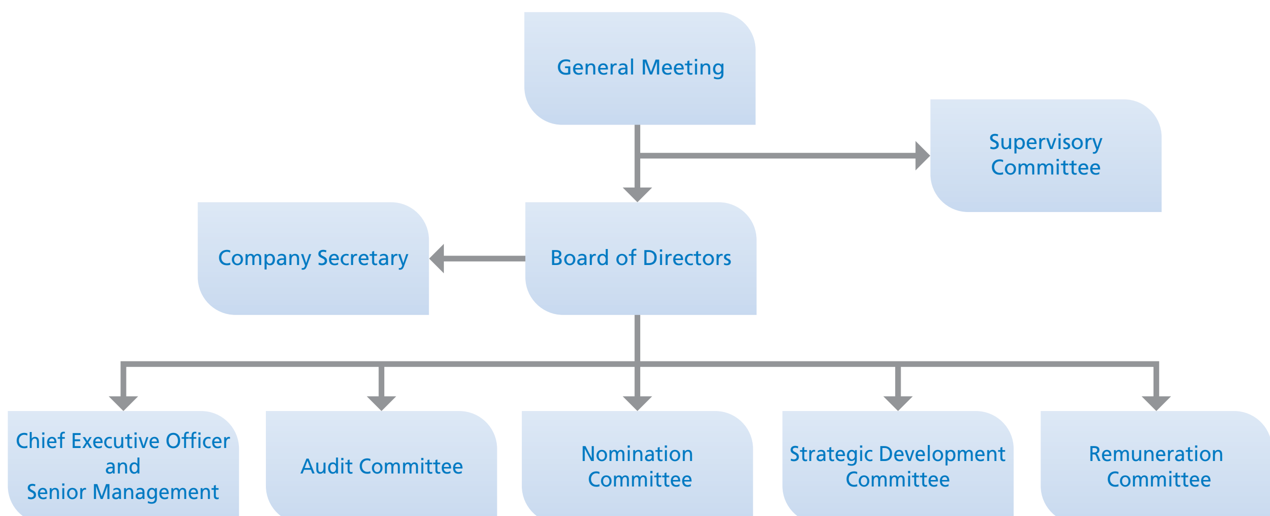
During the Reporting Period, in light of the actual situation and the business development needs of the Company, the Company revised the Articles in accordance with the Company Law and the relevant regulations to further improve the corporate governance system. For details of resolutions on the amendments to the Articles and the relevant resolutions of the meeting, please refer to the notice of extraordinary general meeting dated 24 November 2022 and the announcement on poll results of the extraordinary general meeting dated 9 December 2022 of the Company published on the websites of the Hong Kong Stock Exchange and the Company.

The Company has complied with the Listing Rules and all Code Provisions to the Code throughout the Reporting Period.

The Company has also adopted the new terms of reference of the remuneration committee of the Company on 24 March 2023 in light of the relevant updates in the Listing Rules, a copy of which is published on the websites of the Company and the Stock Exchange.

Corporate Governance Functions

The corporate governance structure of the Company is as follows:



The Board is responsible for performing corporate governance functions. In 2022, the Board has performed the following responsibilities in relation to its corporate governance functions (for details, please refer to the summary of the main work performed by the Board in 2022 on pages 34 to 35 of this report):

- developed and reviewed the Company's corporate governance policies and practices;
- reviewed and supervised the training and continued professional development of Directors and senior management;
- reviewed and supervised the Company's policies and practices in complying with legal and regulatory requirements;
- developed, reviewed and supervised the code of conduct and compliance manuals for employees and Directors; and
- reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Securities Transactions by Directors

The Company has adopted 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 lock-up periods in accordance with the Model Code. Having made specific enquiries, the Company hereby confirms that all the Directors and Supervisors have complied with the standards as set out in the Model Code regarding the trading of securities by Directors.

Change of Session of the Board of Directors

The second session of the Board of Directors comprises nine directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors for a term until the conclusion of the annual general meeting for the year ended 31 December 2021 held on 23 May 2022. The members of the second session of the 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

Independent non-executive Directors
Mr. Wu Tak Lung
Mr. Meng Zhihe
Mr. Cao Hongbin

The Directors of the third session of the Board of Directors were appointed at the annual general meeting held on 23 May 2022 for a term of three years until the conclusion of the annual general meeting for the year ending 31 December 2024. The third session of the Board of Directors comprises nine directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The members of the third session of the 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. Xu Baochun (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao

Independent non-executive Directors
Mr. Wu Tak Lung
Mr. Meng Zhihe
Mr. Cao Hongbin

For biographical details of all Directors, please refer to the section headed "Directors, Supervisors and Senior Management" on pages 111 to 117 of this annual report.

The Board held 4 meetings and passed 11 written resolutions during the year ended 31 December 2022. The attendance of each Director of the Company at board meetings and general meetings held in 2022 is as follows:

Directors	Attendance at Board Meetings	Attendance at General Meetings
Executive Directors		
Mr. Yiu Chiu Fai (Chairman)	4/4	2/2
Mr. Wang Mingzhong	4/4	2/2
Mr. Li Tianxi	4/4	2/2
Non-executive Directors		
Mr. Xu Baochun (Deputy Chairman) (appointed on 23 May 2022)	3/3	1/1
Mr. Hu Xiayu (retired on 23 May 2022)	1/1	1/1
Ms. Ye Ting	4/4	2/2
Mr. Wang Kaibao	4/4	2/2
Independent non-executive Directors		
Mr. Wu Tak Lung	4/4	2/2
Mr. Meng Zhihe	4/4	2/2
Mr. Cao Hongbin	4/4	2/2

The division of responsibilities between the Board and the management of the Company is clear. The Board is responsible for formulating the overall strategy of the Company, setting management objectives, regulating internal control and financial management, and overseeing the management's performance. The Company's day-to-day operation and management are undertaken by the Company's management under the authorization of the Board. Article 99 of the Articles clearly states the functions and powers of the Board.

The Board has passed the Authorization Management Rules of Henan Jinma Energy Company Limited (the "**Authorization Management Rules**"), which sets out the scope of responsibilities and decision-making authority of governing bodies, departments and related staff at all levels. Specifically, the approval authority of the general meeting, the Board, the Chairman of the Board and the Chief Executive Officer is set out for the following items:

- Equity investment, management and disposal;
- Fixed asset investment, management and disposal;
- Intangible asset investment, management and disposal;
- Financial assistance provided by the Company and its controlled subsidiaries to external parties; and
- Applying for loans or credit lines from financial institutions, gifts or donations, assets retirement and written off and other major transactions.

The roles of Chairman and Chief Executive Officer of the Company are exercised by different individuals. The Chairman of the Board is Mr. Yiu Chiu Fai, and the Chief Executive Officer is Mr. Wang Mingzhong.

The Chairman of the Board exercises the functions and powers provided in laws, regulations, rules, regulatory documents, regulatory rules of the securities regulatory authorities or the stock exchange where the Company's shares are listed, the Articles, the Authorization Management Rules and other management rules and regulations of the Company or functions and powers delegated by the Board. Article 101 of the Articles clearly states the functions and powers of the Chairman of the Board.

The Chief Executive Officer is the person in charge of the daily operation and management of the Company under the leadership of the Board, and is accountable to the Board. The day-to-day operational matters of the Company shall be in principle, approved and decided by the Chief Executive Officer, other than those that should be submitted for approval by governing bodies at higher level in accordance with laws, regulations, rules, regulatory documents, regulatory rules of the securities regulatory authorities or the stock exchange where the Company's shares are listed, the Articles, the Authorization Management Rules or other management rules and regulations of the Company. The specific duties of the Chief Executive Officer shall be performed in accordance with the Articles, the Authorization Management Rules, and other management rules and regulations of the Company. Article 117 of the Articles clearly sets out the functions and powers of the Chief Executive Officer.

The Board comprises three non-executive Directors, namely Mr. Xu Baochun, Ms. Ye Ting and Mr. Wang Kaibao, for terms commencing from 23 May 2022 and until the conclusion of the annual general meeting for the year ending 31 December 2024.

The Board comprises three independent non-executive Directors, accounting for one-third of the members of the Board. The three independent non-executive Directors are experts in coking, economics and accounting respectively and have appropriate professional qualifications. For the biographical details of each of the Directors, please refer to the section headed "Directors, Supervisors and Senior Management" on pages 111 to 117 of this annual report. Among them, Mr. Wu Tak Lung, chairman of the Audit Committee, has the appropriate accounting and financial management expertise and experience. The terms of office of three independent non-executive Directors commence from 23 May 2022 and expire upon the conclusion of the annual general meeting for the year ending 31 December 2024.

The Board is committed to ensuring the appointment of at least three independent non-executive Directors and at least one-third of them being independent non-executive Directors. In addition to complying with the requirements of the Listing Rules on the composition of certain Board committees, the Company also appoints independent non-executive Directors to other Board committees to ensure independent views as far as possible. The Company also formulated and implemented the Mechanism for Ensuring Independent Views and Opinions of the Board (《確保董事會取得獨立觀點及意見機制》), whereby independent non-executive Directors (like other Directors) are entitled to seek for further information from the management on matters to be discussed at Board meetings. They can also seek assistance from the Company's company secretary and independent professional advice, where necessary, at the Company's expense. During the Reporting Period, the Board has reviewed the implementation and effectiveness of this mechanism and confirmed the effectiveness of the policy and will continue to review the implementation and effectiveness of such mechanism on an annual basis. The Chairman of the Board of the Company held meetings with independent non-executive Directors during the year without the presence of other Directors to discuss material matters and any concerns.

The Board confirms that none of the independent non-executive Directors has served for more than nine years, and equity-based remuneration linked to performance has not been granted to any independent non-executive Directors. All the three independent non-executive Directors have submitted written confirmations to the Company for their independence. For details, please refer to the section headed "Directors' Report" on page 95 of this annual report.

After making reasonable enquiry with the members of the Board (including the Chairman of the Board and the Chief Executive Officer), the Company confirms that there is no financial, business, family or other material or relevant relationship between the members of the Board (including the Chairman of the Board and the Chief Executive Officer).

Save for entering into service contracts and except as otherwise disclosed in this annual report, none of the Directors, Supervisors and their connected entities had entered into any material transactions, arrangements or contracts with the Company directly or indirectly in 2022.

After making reasonable enquiry with the members of the Board, the Company confirms that neither executive Directors nor non-executive Directors have any interests in other businesses which compete or may compete with the businesses of the Company (for example, as a director, substantial shareholder, partner or sole proprietor).

A summary of the main work performed by the Board in 2022 is as follows:

- approved the working report of the Board and annual results announcement for 2021 of the Company;
- reviewed the auditor's report and annual report for 2021 of the Company;
- approved the interim report and interim results announcement for 2022 of the Company;
- considered and proposed the payment of the final dividend for 2021 and the interim dividend for 2022;
- approved the amendments to the Articles of the Company;
- approved the election of chairman and deputy chairman of the third session of Board of Directors;
- approved the nomination of candidates for members of the third session of Board of Directors;
- approved the establishment of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Development Committee under the third session of the Board;

- approved the re-appointment of secretary of the Board of Directors, chief financial officer and general manager of the Company;
- approved the use of the proceeds raised from listing of the H Shares;
- considered and proposed the re-appointment of auditor; and
- approved the agenda for convening general meetings.

The Company places considerable emphasis on training and the continuous professional development of Directors, and considers that personal development primarily relies on working experiences and requires various training programs. In 2022, the Company has encouraged Directors to participate in e-learning programs, and has periodically provided information on the relevant director training programs which had been published on the website of the Hong Kong Stock Exchange. The Company has also engaged the Hong Kong Institute of Directors to provide corporate training for its Directors. In these training programs, our Directors have enhanced their knowledge and skills to ensure they are fully informed and qualified for performing their duties in the Board of Directors. In accordance with the records maintained by the Company, as at 31 December 2022, all Directors have received the training in accordance with the code provisions on continuous professional development under the Code.

The participation by each Director in online training programs and continuous professional development for the year ended 31 December 2022 is set out below:

	Topic		
Directors	**Connected Transaction Rules (Source: HKEX)**	**Notifiable Transaction Rules (Source: HKEX)**	**Highlights of recent updates to Listing Rules and Corporate Governance Code (organized by The Hong Kong Institute of Directors)**
Executive Directors			
Mr. Yiu Chiu Fai	√	√	√
Mr. Wang Mingzhong	√	√	√
Mr. Li Tianxi	√	√	√
Non-executive Directors			
Ms. Ye Ting	√	√	√
Mr. Wang Kaibao	√	√	√
Mr. Xu Baochun (appointed on 23 May 2022)	√	√	√
Mr. Hu Xiayu (retired on 23 May 2022)	–	–	–
Independent non-executive Directors			
Mr. Wu Tak Lung	√	√	√
Mr. Meng Zhihe	√	√	√
Mr. Cao Hongbin	√	√	√

Audit Committee

The Board has established the Audit Committee.

The Audit Committee is primarily responsible for recommending the appointment, re-appointment and removal of the external auditor, reviewing the Company's financial information, overseeing the Company's financial reporting system, risk management and internal control systems, and reporting to the Board on all matters within its Terms of Reference.

The Audit Committee held three meetings during the year ended 31 December 2022. A list of the members and the attendance of each of its members at its meetings during 2022 are as follows:

Directors	**Attendance at Audit Committee's meetings**
Mr. Wu Tak Lung (Chairman) (Independent non-executive Director)	3/3
Mr. Xu Baochun (Non-executive Director) (appointed on 23 May 2022)	2/2
Mr. Hu Xiayu (Non-executive Director) (retired on 23 May 2022)	1/1
Mr. Meng Zhihe (Independent non-executive Director)	3/3

A summary of the main work performed by the Audit Committee in 2022 is as follows:

- reviewed the audited financial statements for 2021 and the unaudited condensed consolidated interim financial statements for 2022 of the Company;
- reviewed the interim report for 2022 of the Company;
- reviewed the report on the 2022 audit plan;
- reviewed the letter from the external auditor to the management;
- monitored and reviewed the adequacy and effectiveness, follow-up actions and implementation of the risk management, internal audit function and internal control system of the Group;
- reviewed and monitored the independence and objectivity of the external auditor; and
- advised the Board on re-appointment of the external auditor.

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2022.

The auditor of the Company has audited the 2022 financial statements, and issued an unqualified auditor's report.

Remuneration Committee

The Board has established the Remuneration Committee.

The Remuneration Committee primarily advises the Board on the remuneration policy and structure of the Directors and the management of the Company, and the establishment of a formal and transparent procedure for developing remuneration policy, and makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The Remuneration Committee also reviews compensation matters relating to the resignation of Directors or senior management and is responsible for reviewing on matters relating to share schemes of the Company (if any) under Chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting during the year ended 31 December 2022. A list of the members and the attendance of each of its members at its meeting during 2022 are as follows:

Directors	Attendance at Remuneration Committee's meeting
Mr. Cao Hongbin (Chairman) (Independent non-executive Director)	1/1
Mr. Wang Mingzhong (Executive Director)	1/1
Mr. Wu Tak Lung (Independent non-executive Director)	1/1

During the above meeting held in 2022, the Remuneration Committee discussed and considered the remuneration policy and structure of the Directors and the management of the Company, as well as the performance bonus of senior management for the year of 2021 and their remuneration for 2022. The Remuneration Committee has resolved to approve the remuneration standards (which are same as those for the second session of the Board of Directors and the Supervisory Committee) for members of the third session of the Board of Directors and the Supervisory Committee.

Nomination Committee

The Board has established the Nomination Committee.

The Nomination Committee mainly reviews the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's business strategy. The Nomination Committee also identifies candidates for Directors and assesses the suitability and qualifications of such candidates to become Directors, selects or makes recommendations to the Board on the selection of individuals nominated for directorships and also assesses the independence of independent non-executive Directors.

The Nomination Committee held one meeting during the year ended 31 December 2022. A list of the members and the attendance of each of its members at its meeting during 2022 are as follows:

Directors	Attendance at Nomination Committee's meeting
Mr. Yiu Chiu Fai (Chairman) (Executive Director)	1/1
Mr. Meng Zhihe (Independent non-executive Director)	1/1
Mr. Cao Hongbin (Independent non-executive Director)	1/1

A summary of main work performed by the Nomination Committee in 2022 is as follows:

- nominated candidates for members of the third session of the Board;
- assessed the independence of the independent non-executive Directors;
- reviewed the structure, size and composition of the Board;
- reviewed and advised on the re-appointment of the secretary to the Board, the general manager and the chief financial officer;
- agreed to and approved the composition of the Board and management of the Company;
- approved and adopted the nomination policy of Directors of the Company; and
- reviewed the Board Diversity Policy of the Company.

The Company has developed and adopted the Board Diversity Policy to enhance the performance of the Board of the Company. When recommending candidates to join the Board, the Nomination Committee will consider the candidates according to objective conditions, and will take due consideration of the benefits of diversity among the Board members. The Nomination Committee conducts discussions each year and agrees on the measurable objectives for board diversity, and will recommend to the Board relevant objectives for adoption. Our Directors have rich knowledge and skills, including overall management and strategic development, sales and marketing, finance and accounting, law, consulting and corporate governance, and have years of experience in coke operation. They have also earned various professional degrees, including business administration, coal chemistry, metallurgical engineering, industrial economic management, accounting, law and chemical engineering. The Company has three independent non-executive Directors with different industry backgrounds, accounting for one third of the board members. In addition, the Board is of a wide range of ages, ranging from 36 to 68. The Board confirmed that not all members of the Board and the Supervisory Committee of the Company are of a single gender, of which, Ms. Ye Ting served as a non-executive director of the Company since 2019, while Ms. Tian Fangyuan and Ms. Hao Yali served as the supervisors of the Company since its listing, demonstrating that the Company values the views and opinions of females. The target set by the Company for gender diversity in its employees is at least 15%. As the Company is mainly engaged in the production of coke and process of coking by-products, it actively recruits talents graduated from coking-and chemical-related majors. However, traditionally, males are the majority of those who choose these majors, and given that the Company's work involves high temperatures and the operation of heavy machinery, there are relatively fewer females that are engaged in the coking industry, which is a challenge for us to achieve gender diversity in our employees. That said, in order to achieve gender diversity and attract more females to join the Group, the Company provides practical benefits to its female employees, including: establishing a female worker committee, paying attention to the expectations and demands of female employees; organizing regular health check-ups for female employees every year; providing baby-care rooms and other supporting facilities for female employees who need to breastfeed during their working hours. During the Reporting Period, female employees of the Company accounted for approximately 18% of the total employees. As such, the Board confirmed that the Company has reached its measurable goal of gender diversity in its employees. The Company confirmed that the policy is still effective and will continue to review the feasibility of such goal and the challenges and factors in achieving it, and the Company also actively discussed more benefits to be provided for female employees, so as to attract more females to join the Company.

Moreover, the Company has formulated and adopted the Directors Nomination Policy. The Directors Nomination Policy covers selection criteria, nomination procedures, terms of confidentiality, supervision and reporting, and policy review. Several factors will be taken into account when nominating Board candidates, including but not limited to the following:

- reputation and integrity;
- achievements, talents, skills, knowledge and experience in the coal chemical industry, business and economics area, accounting;
- views and perspectives that can be brought to the Board;
- commitment in respect of available time and relevant interest;
- independence of independent non-executive Directors; and
- the objective of the Board diversity considering factors including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, etc.

The factors above are not exhaustive nor decisive. The Nomination Committee can decide to nominate any candidate that is considered suitable. The Nomination Committee will review the Directors Nomination Policy annually and make reference to the Board Diversity Policy in filling director vacancies to procure the diversity of the Board.

A summary of the nomination process for Directors is as follows:

- the chairman of the Nomination Committee shall convene a Nomination Committee meeting and invite the Board members to nominate candidates (if any) for consideration before the meeting. The Nomination Committee may also nominate candidates from other different sources (such as professional societies, professional headhunting companies, recommendations by the Shareholders or management, internal promotion, etc.);
- the Nomination Committee shall recommend candidates for consideration and approval by the Board, with reasons for consideration and recommendation provided to the Board;
- the Board recommends candidates to stand for election at a general meeting;
- the Company will issue a circular to shareholders to provide information on candidates nominated by the Board for election at a general meeting. The names, resumes (including eligibility and related experience), independence, proposed emoluments and other information of the candidates will be set out in the circular to the shareholders in accordance with the applicable laws, rules and regulations;
- if the Shareholders wish to recommend a person to be elected as a Director of the Company at a general meeting, they may refer to the Procedures for a Member to Propose a Person for Election as a Director which has been uploaded to the Company's website for the relevant procedures; and
- the election of Board members shall be proposed as ordinary resolutions at a general meeting, and should be passed by more than one-half of the voting rights held by shareholders (including proxies) attending the general meeting.

Strategic Development Committee

The Board has established the Strategic Development Committee.

The Strategic Development Committee mainly conducts researches and makes recommendations on the Company's long-term development strategy, major investment decisions, and medium and long-term plans, and monitors the implementation of the strategic development plan of the Company.

The list of members of the Strategic Development Committee of the Company is as follows:

Directors

Mr. Xu Baochun (Chairman) (Non-executive Director) (appointed on 23 May 2022)
Mr. Hu Xiayu (Non-executive Director) (retired on 23 May 2022)
Mr. Li Tianxi (Executive Director)
Mr. Cao Hongbin (Independent non-executive Director)

Auditor's Remuneration

The auditor of the Company is Deloitte Touche Tohmatsu ("**Deloitte**"). The Directors do not have any opinion to the contrary on the selection and appointment of Deloitte as the auditor. For the year ended 31 December 2022, the remuneration of Deloitte and its related parties for audit service was approximately RMB2.01 million and for non-audit services was approximately RMB1.05 million. Non-audit services provided to the Group included the assurance of the environmental, social and governance report of the Company, the review of continuing connected transactions, the relevant services of circular of major transactions, and review of the unaudited interim financial statements.

Responsibilities of Directors and Auditor for Financial Statements

The Directors intend to present the financial statements of the Company in accordance with the current accounting standards and laws. The Directors ensure that the financial statements of the Company will be published on time so that the Company's interim results and annual results will be announced within the time limits of two months and three months respectively after the end of the relevant period as prescribed under the Listing Rules.

The financial statements of the Company for the year ended 31 December 2022 have been reviewed by the Audit Committee and audited by the external auditor, Deloitte. The Directors confirm their responsibilities for preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

For the statement of the auditor about its responsibilities for reporting the financial statements, please refer to the section headed "Independent Auditor's Report and Consolidated Financial Statements" on pages 118 to 218 in this annual report.

Company Secretary

The company secretary of the Company is Mr. Wong Hok Leung. For his biographical details, please refer to the section headed "Directors, Supervisors and Senior Management" on page 117 in this annual report. The company secretary attended relevant professional training for not less than 15 hours in 2022.

Shareholders' Right

Pursuant to the Articles, shareholders holding 10% or more of the Company's outstanding shares carrying voting rights may request in writing that an extraordinary general meeting be convened. Please refer to Article 82 of the Articles for the detailed procedure regarding such shareholder's request for convening an extraordinary general meeting.

Pursuant to the Articles, when the Company convenes the annual general meeting, shareholders who individually or in aggregate hold in aggregate 3% or more of voting shares of the Company shall be entitled to propose a new proposal in writing to the Company. The Company shall include proposals falling within the scope of power of the shareholders' general meeting into the agenda of such meeting.

Communications with Shareholders and Investors

The Company believes that effective communication with its shareholders is essential to enhancement of the relationship with investors and enhancement of investors' understanding of the Company's business and strategies.

The Board has adopted a formal Shareholders Communication Policy to ensure that shareholders are provided with ready, equal and timely access to the Company's information. We have established effective communication channels in accordance with the Shareholders Communication Policy to encourage effective shareholders' engagement and communication with shareholders. During the Reporting Period, the Board has reviewed the Shareholders Communication Policy, and agreed that the policy has been properly implemented and was effective. The Company will continue promote investor relations and enhance its communication with shareholders.

We maintain a corporate website (www.hnjmny.com), to keep our shareholders and the investing public posted of our Share price information, latest business developments, annual and interim results announcements, financial report, public announcements, corporate governance policies and practices and other relevant shareholder information.

The Company views its annual general meeting as one of the important platforms to communicate with shareholders and encourages all Directors to make an effort to attend the annual general meeting. The Company also encourages shareholders to raise questions at the annual general meeting. All members of the Board, management officers and external auditors attended the annual general meeting and answered questions raised by shareholders. Shareholders may at any time put enquiries to the Board. Such enquiries may be made by any of the following means:

- by post to the principal place of business of the Company in Hong Kong at Room 2801, 28/F, 88 Hing Fat Street, Causeway Bay, and addressed to the company secretary;
- call the Company at +852 3115 7766;
- send an email to the Company at paulwong@hnjmny.com; or
- put enquiries at the general meeting.

Amendments to Articles

During the Reporting Period, in order to align with the core shareholder protection standards set out in Appendix 3 of the Listing Rules and in compliance with the applicable laws and regulations, and to adopt house-keeping improvements to the Articles and for corresponding consequential changes in connection with the amendments to Articles, the Company revised the Articles in accordance with the Company Law of the PRC 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 extraordinary general meeting dated 24 November 2022 and the announcement on poll results of the extraordinary general meeting dated 9 December 2022 of the Company published on the websites of the Hong Kong Stock Exchange and the Company.

The consolidated version of the Articles is available on the respective websites of the Hong Kong Stock Exchange and the Company.

Corporate Culture: To build a Century-old Jinma by striving towards excellence

In order to achieve the core values of the Company, namely the integration of efficiency, benefit and responsibility, the Company's vision is advancing industry-wide technical improvement, establishing an environment-friendly and energy-saving enterprise and fulfilling corporate social responsibilities. Leading by such vision and core values on the way to achieving its mission, the Group integrates economic growth, environmental protection and social responsibility into its business strategies, and creates continuous values for customers by high-quality products. Building a healthy corporate culture within the Group is crucial for the Company to achieve its vision and mission of sustainable development. The Board of Jinma has the responsibility for building a corporate culture which provides guidance for employees' behavior. The Board of the Company has reviewed and confirmed that the Company's vision, values and business strategies are in line with its corporate culture.

Principles of Development

The Company conscientiously implements its development principles, and passing the inspection, assessment and vesting by the National Security Information Centre on the certification of integration of informatization and industrialization system; it attaches great importance to boost the development of cyclic economy in the park, realizing the zero discharge of production and domestic wastewater, as well as solid waste, and the pollutant discharges meeting the ultra-low discharge requirements of Henan Province; insisting on the strategy of "strengthening enterprises with talents" ("人才強企"), it successively established long-term cooperations with Tsinghua University, Zhejiang University, Xiamen University, Zhengzhou University, Anhui University of Technology, cultivating professional talents with excellent expertise and strong management capacity; it vigorously promotes scientific and technological innovation, evidenced by the cooperation with Zhengzhou University to establish "Coal-based Ecology Refined Chemical Laboratory of Henan Province" ("煤基生態精細化工河南省工程實驗室") which provides technological support for the development of new refined chemical materials.

Principle of Honesty

Honesty is the basic principle that shall be followed by the employees of Jinma when they cooperate with each other and conduct business activities with business partners. Jinma has formulated human resource management policies that a mutual respect, inclusive and friendly environment shall be built in the workplace. In terms of business ethics, the guidelines for employee conduct are set out in the Group's code of conduct and anti-corruption policies. In order to support the implementation of the above policies, the Group carries out relevant education on a regular basis, to promote and reinforce the Group's values of acting in a lawful, ethical and responsible manner.

For the efforts made by the Company relating to anti-corruption, please refer to the section headed "Environmental, Social and Governance Report" on pages 46 to 87 of this annual report.

Achievement of Excellence

The Company has been awarded the National Green Factory (國家級綠色工廠), National Advanced Collective Entity in the Steel Industry (全國鋼鐵工業先進集體), National Ecological and Cultural Exemplary Enterprises (The First Batch) (全國(首批)生態文化示範企業), National Labor Day Certificate (全國五一勞動獎狀), National Environmental and Greenery Exemplary Units (全國綠化模範單位), National Advanced Unit in Open and Democratic Management in Factory Affairs (全國廠務公開民主管理工作先進單位), Henan Province Excellent Private Enterprises (河南省優秀民營企業), Top Manufacturing Enterprises in Henan Province (河南省製造業頭雁企業), Exemplary Unit for Innovation on Energy-saying and Emission Reducing Technology in Henan Province (河南省節能減排科技創新示範企業), Model Enterprises for Intelligent Manufacture in Henan Province (The First Batch) (河南省首批智慧製造標桿企業), etc.

For the corporate accolades of the Company of 2022, please refer to the section headed "Milestones" on pages 4 to 5 of this annual report.

Development Strategies

The Group's strength in coking operations has in the past enabled the Group to extend the Group's engagement in the coking chemical industry chain of the coal chemical industry through the acquisition of companies engaging in the production of upstream and downstream products in coking operations. Furthermore, in order to expand the Group's business of benzene based chemicals, coal tar based chemicals as well as coal gas and LNG, the Group successfully acquired and consolidated the management and operations of Jinyuan Chemicals in May 2015, the management and operations of Bohigh Chemical in October 2016 and the management and operations of Jinning Energy in December 2016. Leveraging on the Group's successful track record and past experience in extending the Group's involvement in the coking chemical value chain, the Group is further extending the Group's value chain from coal gas to the production of downstream energy products, mainly LNG and hydrogen (including green hydrogen and other industry chain businesses).

The Board is satisfied that the abovementioned purpose, value and strategy and the Company's culture are aligned.

Regulations on Management of Anti-corruption and Whistleblowing Mechanism

In order to prevent corruption, strengthen the governance and internal control of the Company, reduce the risk of the Company, improve its operation, ensure the achievement of the Company's operation goals and its sustainable, stable and healthy development, as well as to safeguard the lawful interest of the Company and Shareholders, the Company formulated the Regulations on Management of Anti-corruption and Whistleblowing Mechanism based on the actual situation of Company.

For the efforts made by the Company relating to anti-corruption and whistleblowing, please refer to the section headed "Environmental, Social and Governance Report" on pages 46 to 87 of this annual report.

Risk Management and Internal Control

The Board confirms its responsibility for overseeing the Group's risk management and internal control system on an ongoing basis and reviewing their effectiveness. The Audit Committee is authorized by the Board to review the Group's risk management and internal control system at least annually. Such systems are established to manage rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable rather than absolute assurance against material misstatement or loss.

The Group has an internal audit function to conduct analyses and independent assessments on whether the Group's risk management and internal control systems are adequate and effective.

Risk management and internal control procedures

The risk management and internal control procedures of the Group are as follows:

- **Main features of risk management and internal control system**

  Taking a risk-based approach which focuses on control, integrating risk management, internal control and process management to establish a sound comprehensive risk management and internal control system.

- **Risk management procedures**

  First of all, establishing a Risk Database for risk management at three levels, classifying the risk levels according to the features or processes of operation and management activities that involve risks, identifying and presetting a list of risks; then assessing the identified risks in terms of their possibilities of occurrence and impacts through scored surveys and questionnaires, and ranking the risks based on their levels of importance; lastly, conducting risk diagnosis for risk liabilities, and providing suggestions for dealing with risks.

- **Procedures for reviewing the effectiveness of the risk management and internal control system**

  The Audit Department regularly carries out risk and internal control evaluation, pursuant to the Company's Internal Control Evaluation Rules and the operation monitoring – internal evaluation of internal control procedures in the Internal Control Manual, as well as the requirements of the Audit Committee.

- **Procedures for resolving material internal control defects**

  If the Audit Department, externally-engaged consulting firm or listing regulatory authority identifies any material internal control defects, the Risk Management Department of the Company shall respond to and treat such defects as material and important risks, formulate response measures, and improve the Risk Database of the Company and internal control processes in a timely manner.

- **Internal control measures**

  The Company establishes and clearly defines internal control organizational bodies and their responsibilities. The Board is the governing body of internal control, responsible for establishing a sound internal control system and its effective implementation, and also responsible for reviewing the effectiveness of the internal control system design, supervising the internal evaluation status of internal control, as well as coordinating internal control audit and other relevant matters. The Corporate Governance Department of the Company is the centralized management department for internal control system operation, responsible for organizing the establishment, daily maintenance and supervision of internal control system. The Audit Department of the Company is the centralized management department for internal control system evaluation, responsible for organizing evaluation of internal control system. All departments of the Company are internal control execution departments, responsible for implementing management rules and business processes within their scope of responsibilities, as well as internal supervision of the status of such implementations. As part of its internal control measures, the Company has also put in place appropriate internal controls and mechanism to monitor related-party transactions, connected transactions and continuing connected transactions (if any) in compliance with the relevant requirements of the Listing Rules.

  The Audit Department will incorporate the Company's internal control evaluation into its annual work plan each year. The Company will organize internal and external professionals to participate in the supervision and evaluation of internal control, and adopt qualitatively and quantitatively integrated methods, to enhance the accuracy of the supervision and evaluation results. The Company will also incorporate the internal control evaluation results into the performance appraisal system for departments.

- **Inside information disclosure**

  In respect of inside information disclosure, the Company has established a set of management policies according to the SFO and the Listing Rules, which mainly include the definition of inside information, the issuance criteria, the responsibilities of directors, senior management, controlling shareholders and other relevant staff of the Company, so that the public can obtain the disclosed inside information in an equal, timely and effective manner.

Opinions of the Audit Committee

The Audit Committee reviews the risk management and internal control system of the Company annually. In 2022, based on the management's assessment, the Audit Committee reviewed and firmly believed that there was no event that led the Audit Committee to believe that the Company's risk management and internal control system (covering finance, operations, compliance and all other material controls) were inadequate and no significant control failings or weaknesses were identified during the Reporting Period, and there is an ongoing process to identify, assess and manage the significant risks the Company exposes to. The Audit Committee considered that the Company's risk management and internal control system was adequate and effective and the Company concurred with the opinion of the Audit Committee. The Audit Committee also considered that the Company's processes for financial reporting and Listing Rule compliance were effective.

The Audit Committee also confirmed that the Company's resources, staff qualifications and experience in accounting and financial reporting functions, as well as training programs received by staff and the relevant budget were adequate.

Report Description

This is the Group's Environmental, Social and Governance report, covering the Group's overall performance in two main aspects (i.e., environmental and social) during operation of its main businesses (production and sale of coke, and the processing and sale of coking byproducts), from 1 January 2022 to 31 December 2022 (the "Reporting Period").

For the Group's governance strategies, please refer to the section headed "Corporate Governance Report" of this annual report (Pages 30 to 45).

This report is prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide as set forth in Appendix 27 to the Listing Rules.

Reporting principles for the report:

Materiality: In compliance with the requirements of materiality principle defined by the Stock Exchange, the ESG issues considered by the Board and the ESG working group, stakeholders' communication, identification process of substantive issues and the matrix of substantive issues are disclosed in this report, further details of which are set out in the respective section below.

Quantitative: The statistical criteria, methods, assumptions and/or calculation tools for the quantitative KPIs herein, as well as the sources of the conversion factors, are described in different sections of the report.

Consistency: The statistical methodologies applied to the data disclosed in this report shall be consistent.

Balance: The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

Statement of the Board on ESG Governance

Henan Jinma Energy Company Limited undertakes that the Company has strictly abided by the disclosure requirements of the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited. The Board is the supreme responsibility and decision-making authority for ESG matters, assumes full responsibility for the Company's ESG strategies and relevant reporting, and oversees the Company's ESG-related matters. In 2022, the Board of the Company further improved the ESG governance system and promoted the continuous improvement of the Company's ESG standards. This report provides detailed disclosure of the progress and effectiveness of the Company's ESG work in 2022, and was reviewed and approved by the Board prior to its disclosure. The Board and all Directors of the Company warrant that the information contained in this report does not contain false records, misrepresentations, or major omissions, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of its contents.

1. Responsibility Management

In 2022, the Company proactively fulfilled its social responsibility duties and took measures such as setting up a Board-based ESG management system and responding to and satisfying the requirements of the stakeholders to integrate the concept of sustainable development into our business operation in every regard, with a view to become a global model enterprise in practicing the concept of sustainable development, fulfilling social responsibilities and building a smart enterprise.

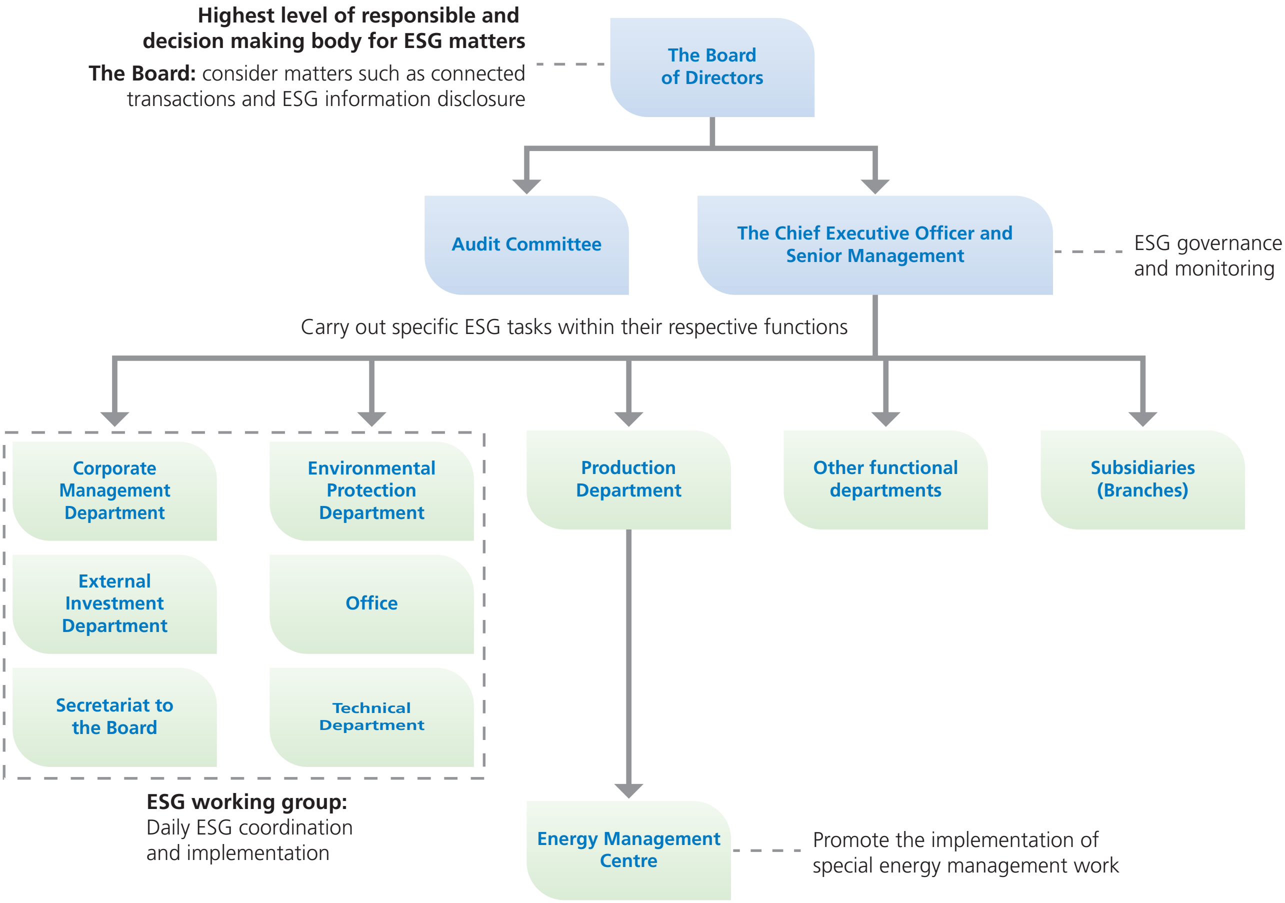
1.1 ESG Management System

As the supreme responsibility and decision-making authority for ESG matters of the Group, the Board of the Company highly values the ESG work of the Company, and assumes full responsibility for the Company's ESG strategies and relevant reporting, including evaluating and determining the Company's ESG-related risks, ensuring that appropriate and effective ESG risk management and internal control systems are in place, formulating the policies and strategies for the Company's ESG management, reviewing the Company's performance periodically, and approving disclosures in the Company's ESG report. This report will be published after reviewed by the Board.

The Chief Executive Officer and senior management are responsible for overseeing the commitment and performance of key ESG issues, assessing the Company's ESG-related risks, periodically monitoring the formulation of the Company's ESG management policy, ESG strategy and ESG-related objectives, and periodically reporting to the Board of the Company on ESG matters and progress.

The ESG working group consists of a linkage of the departments primarily responsible for ESG issues – the External Investment Department, the Secretariat to the Board, the Office, the Production Department and the Environmental Protection Department. The Secretariat to the Board periodically considers the annual ESG report and information disclosures of the Company, and submits the same to the Board for consideration and approval; the External Investment Department is responsible for reviewing the Company's risks and the implementation and promotion of specific ESG matters, and regularly reporting the work progress to the superior; the Office coordinates and promotes the implementation of daily ESG management. The Energy Management Centre of the Production Department is responsible for supervising the unified scheduling and management of the Company's production resources such as water, electricity, gas, steam, wind, and sewage; the Environmental Protection Department is responsible for environmental information management, waste emissions, carbon reduction measures and effects, social responsibility implementation gaps, and measures and arrangements, as well as other ESG key issues, commitments, and regulations, assessing ESG-related risks, and developing and regularly monitoring ESG management policies, strategies, and objectives.

Personnel from the departments of the headquarter and the subsidiaries (branches) conduct relevant work with expert assistance according to ESG management system and process, and are responsible for implementation of the ESG work according to their own businesses and functions, and cooperate with the annual ESG information disclosure and reporting at each year when necessary.



ESG Governance Framework

- **Board Diversity:** As it values the Board team building, the Company has formulated and adopted the Board Diversity Policy. In recommending candidates for the Directors to the Board, the Nomination Committee considers them from a range of perspectives, such as gender, youth, cultural and educational background, professional experience, skills, and length of service, in order to achieve diversity of the Board. The committee annually discusses and agrees on measurable goals for achieving diversity among Board members, and recommends relevant goals to the Board for adoption. The Board ensures that the members of the Board and supervisors of the Company are not all of a single gender. The Company has achieved the measurable goals in respect of employee gender diversity. The Company confirms that this policy remains effective and will continue to review the feasibility of this goal as well as the challenges and factors it faces in achieving this goal.

1.2 ESG Concept and Strategy

As to ESG concept, the Group follows national standards and overall development strategy deployment, upholds the concepts of industry leadership, innovative development and value creation, strengthens the Party building, adheres to integrated, coordinated and safe development, accelerates intelligent applications, promotes clean and efficient utilization along the entire coal industry chain, and provides high-quality energy products and services. In compliance with the relevant national laws and regulations on environmental protection, following the latest national policies and the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange, and taking into account the results of the identification of substantive issues and its own actual operational conditions, the Company has formulated and disclosed its environmental objectives for 2021-2025, formulated and managed its performance in carbon emission reduction, pollution prevention and control, energy saving, etc., and adhered to a green, low-carbon and efficient development approach to drive high-quality development of management. The ESG working group periodically reviews and monitors the implementation of environmental objectives (as well as the relevance of such environmental objectives to the business of the Company) through meetings from time to time and reports the same to the Board. Meanwhile, the ESG working group conducts comprehensive identification of risks, and actively carries out detection of hidden dangers according to the environmental risk characteristics and control responsibilities of each production link, and in accordance with the risk control system and process.

Communications with Stakeholders

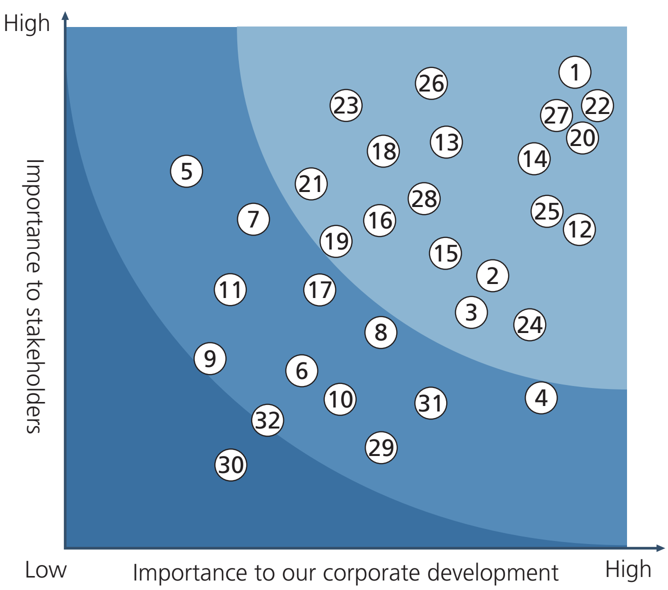
The Group has established diversified communication channels with stakeholders and maintained normal communications. In 2022, in the process of preparing the ESG report, the Company conducted a survey on the stakeholders by issuing questionnaires, collecting the expectations and demands of the stakeholders, including governments/regulatory agencies, investors/shareholders, customers, business partners, supply chain, employees, communities and relevant experts, using the results of the survey as an important basis for information disclosure strategies. A substantive analysis was performed in conjunction with the issues to determine the focus of disclosure in this report.

Stakeholders	Communication Channels	Topics of Concern
Investors/Shareholders	• Regular reports and information disclosure • Shareholders' meeting • Investors' surveys • Presentation on business results • Roadshow on business results • Teleconference	• Continuous yield of value returns • Corporate governance and risk management • Exercise of the rights to know and participation in decision-making
Governments/Regulatory Agencies	• Daily communications • Information bulletin • Public-private-partnerships • Governmental review	• Complying with laws and disciplines • Paying taxes according to laws • Supporting economic development • Protection of intellectual properties • Safe production • Response to climate change • Energy saving and emission reduction transformation

Stakeholders	Communication Channels	Topics of Concern
Customers	• Daily services and communications • Customer's satisfaction surveys • Portal websites • Customer service hotline	• Stable product quality • Response guarantee for services and feedbacks
Supply Chain	• Win-win by cooperation • Seeking development together	• Good cooperation • Smooth communication channels • Careful implementation of cooperation agreements
Business Partners	• Project cooperation • Daily business communication • Establishment of industrial leagues • Online service platform	• Growing together • Sharing customer base with business partners • Operating in compliance with laws
Experts	• Green and low-carbon development • Industrial transformation and upgrading • Quality products	• Promoting the construction of green factories • Application of low-carbon development technology • Product upgrading
Employees	• Regular meetings • Employee trainings • Portal websites	• Safeguarding employees' legitimate rights and interests • Promoting career development and skills upgrading • Balancing work and life • Occupational health and safety
Community	• Volunteer services • Charity events	• Community public service • Charity education • Rural revitalization

Identification of Material Topics and Reporting Boundary

In accordance with Appendix 27 "Environmental, Social and Governance Reporting Guide" of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to international ESG initiatives and standards as well as the ESG issues of general concern in the industry, the Company identified and screened the ESG issues relating to the Company's entities and operations through various forms of communications and exchanges with various stakeholders under the guidance of experts. The importance of ESG issues was assessed based on the importance to stakeholders and the importance to the environment and society through an online anonymous questionnaire. After analyzing and calculating the data derived from the questionnaire, the Company prioritized the issues, drawed a matrix of substantive issues, and finalized the extent and boundary of issue disclosure as the focus of ESG of the Company and the basis for disclosure. If there is any change in relation to the reporting boundary of the ESG report, disclosures will be made in accordance with Appendix 27 of the Listing Rules.



1. Outstanding performance
2. Operation compliance
3. Corporate governance
4. Integrity construction
5. ESG governance
6. Pollutant and waste management
7. Energy and resource management
8. Reducing greenhouse gas emissions
9. Setting environmental goals
10. Green ecology
11. Tackling climate change
12. Production safety management
13. Safety education training
14. Measure on occupational health and safety
15. Occurrence rate of occupation diseases
16. Fair procurement
17. Review on HSE management system of supply chain
18. Supply chain environment and social risk management
19. Green procurement
20. Quality Products
21. Defective product processing
22. Customer service quality
23. Protecting rights and interests of customers
24. Technological innovation of products
25. Employee recruitment
26. Protecting rights and interests of employees
27. Employee training and development
28. Caring for employees
29. Rural revitalization
30. Helping fight against COVID-19 pandemic
31. Charity donation
32. Employees' volunteer services

1.3 Compliance Management

The Group stringently complies with relevant laws and regulations, including the Criminal Law of the PRC《中華人民共和國刑法》, the Company Law of the PRC《中華人民共和國公司法》, the Interim Provisions on Banning Commercial Bribery《關於禁止商業賄賂行為的暫定規定》, the Anti-Unfair Competition Law of the PRC《中華人民共和國反不正當競爭法》, the Anti-Money Laundering Law of the PRC《中華人民共和國反洗錢法》 and the Prevention of Bribery Ordinance of Hong Kong《香港特別行政區防止賄賂條例》, and has formulated the Administrative Rules on Anti-Corruption and Whistle-blowing Mechanisms《反舞弊與舉報機制管理規定》 and other internal rules. In 2022, the Company continued to follow the national requirement regarding anti-corruption, firmly reinforced the responsibility of anti-corruption, continuously improved the Company's anti-corruption regulations and systems, and effectively enhanced the Company's law-based and regulated anti-corruption work. At the same time, the Group proactively conducted internal and external audits and formulated rules for whistleblowing and complaints to provide a clear channel for whistleblowing. In order to raise employees' awareness in anti-corruption, the Group conducted multi-levelled probity education, and effectively raised the awareness of integrity risk prevention and control, which achieved good results.

During the Reporting Period, the Group did not involve in any litigations or incur corresponding penalties arising from corruption or bribery.

- **Conducting probity supervision and inspection:** The Group established a disciplinary inspection committee as a permanent agency for anti-corruption work, and formulated the Notice on Enhancing the Construction of Corruption-free Conducts《關於加強黨風廉政建設工作的通知》, to strictly implement the supervision system. In addition, the Group formulated a reward system for whistleblowers, strictly maintained the confidentiality of whistleblowers and ensured the whistle-blowing channels are open through various means such as website mailboxes to create a clean and honest corporate atmosphere;

- **Conducting probity audit and supervision:** The Group continued to strengthen the audit and supervision of construction investment projects, promoted the regulated management of investment projects and formulated the Project Audit and Management Rules《項目審計管理規定》. For key departments, key funds and major projects, the Group conducted audit and supervision with clearly defined scope, process and result. The Group implemented the Post-employment Audit Policy《離崗審計制度》 to conduct post-employment audit to evaluate the performance of the Company and the resigned employees during their entire tenure and verify the economic responsibilities performed by the resigned employees during their entire tenure and existing potential risks and existing potential operational risks, in order to assist the resigned employees and replacements to complete the works;

- **Strengthening work style construction of leading cadres:** The Group strictly required leading cadres at various levels to rigorously comply with the Company's rules of probity and self-discipline, and prohibited leading cadres and their relatives from participating in any business of the Company. In case of receipt of gifts, they should hand them over in time in accordance with related rules. The Group formulated the rules of probity and self-discipline, and required all leading cadres to make commitments by signature;

- **Keeping whistle-blowing channels open:** The Group informed employees of the whistle-blowing channels such as letter boxes, mailboxes and telephones, encouraging and supporting employees to report according to the law; and formulated the Whistleblower Protection and Awards Rules《舉報人保護及獎勵規定》, the Requirements on Whistle-blowing and Complaint Management《舉報投訴管理規定》and the Regulations on the Management of Letters and Visits《信訪管理規定》to ensure that employees can exercise their whistleblowing rights following the principle of confidentiality for whistleblowers, reward for meritorious whistle-blowing and non-infringement of the legitimate rights and interests of whistleblowers;

- **Conducting anti-corruption training:** At the Director level, anti-corruption training focuses on anti-corruption, integrity and self-discipline, and compliance with laws and regulations; at the employee level, the main focus is on building awareness of integrity, from the purpose and meaning of integrity education, self-discipline and other discipline, how to practice integrity, the Company's integrity regulations to enrich their legal knowledges and improve their awareness of compliance. The Group also organised a signature campaign to show commitment for anti-corruption to create a good atmosphere of probity and uprightness for work and entrepreneurship.

Data of Anti-corruption Training in 2022

Indicators of anti-corruption training	Unit	2022
Number of anti-corruption trainings by rank		
Directors	Time	1
Management	Time	3
Employees	Time	2
Directors	Person-time	12
Management	Person-time	269
Employees	Person-time	4,011

2. Strengthen Environmental Management

The Group adhered to the concept of green development, actively responded to the national "double carbon" target and continued to strengthen our environmental management system, in strict compliance with the laws, regulations and standards, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the Emission Standard of Pollutants for Coking Chemical Industry (《煉焦化學工業污染物排放標準》), the Emission Standard of Pollutants for Coking Chemical Industry DB41/1955-2020 (《煉焦化學工業污染物排放標準DB41/1955-2020》) and the Emission Standard of Air Pollutants for Industrial Kiln and Furnace DB41/1066 – 2020 (《工業爐窯大氣污染物排放標準DB41/1066 – 2020》). Aiming at developing into a "high-efficiency clean energy chemical enterprise", taking the environmental system as a guarantee, and using technological innovation as a driving force, the Group gradually enhanced its capacity for sustainable development, vigorously promoted energy conservation, emission reduction and pollution prevention, improved energy use efficiency, actively optimized the energy consumption structure, promoted the use of clean and efficient energy and steadfastly promoted the industry towards green, low-carbon, high-quality and sustainable development.

During the Reporting Period, the Group had not been subject to any major environmental lawsuit or corresponding penalty.

2.1 Strengthen Emission Management

The Group actively fulfills its corporate environmental responsibility and focuses on green and sustainable development, adheres to the principle of "control increment and reduce inventory", and reduces emissions of greenhouse gases and discharge of wastewater, air pollutants, solid wastes and harmful substances through technological innovation and strengthened management. The Group adheres to the principle of "reduce, reuse and recycle" and continues to promote the efficient use and recycling of resources to achieve the goal of "production with high efficiency, products being cleansed and doing no harm to the environment". The Group continues to promote a sound organisational structure in environmental management and further enhances its environmental management system to ensure high-quality and sustainable corporate development.

Emissions Management Goals: 2021-2025

Air pollutants	Implementation of ultra-low emission standards • Particulates ＜10mg/m^3 • Sulfur dioxide emissions from coke dry quenching ＜45g/m^3 • Sulfur dioxide emissions from coal loading ＜70mg/m^3 • Sulfur dioxide emissions from coke oven stacks ＜20g/m^3 • Nitrogen oxides ＜80mg/m^3
Wastewater	All waste water can be recycled to achieve zero discharge.
Solid wastes	Solid wastes that can be comprehensively utilized are fully utilized to achieve zero discharge; Solid wastes that cannot be comprehensively utilized are all entrusted to qualified companies for transportation and disposal to ensure that they will be not leaked or discharged.

Environmental Management System	■ **Establish the Environmental Management Committee:** To optimize the organisational structure for environmental management, with the Environmental Management Committee acting as the top management body, routine management provided by the Environmental Protection Department, technical support provided by the Technical Department, and each workstation assigned with a full-time or part-time environmental officer. The responsibilities of all level of positions are specific and the objectives are clear, and ensure the operation of system continues to improve by establishment of an appraisal and incentive system; ■ **Optimise the environmental management rules:** The Company implements such rules as the Management Procedures on Exhaust and Dust Emissions (《廢氣、粉塵排放管理程序》), the Management Procedures on Solid Wastes (《固體廢棄物管理程序》), the Management Procedures on Noise Pollution (《噪音排放管理程序》), the Emission Standard of Pollutants for Coking Chemical Industry (《煉焦化學工業污染物排放標準》), the Sewage Discharge Management System (《污水排放管理制度》), and the Emission Standard of Air Pollutants for Industrial Kiln and Furnace DB41/1066-2020 (《工業爐窯大氣污染物排放標準DB41/1066-2020》); ■ **Dynamically identify and assess environmental factors:** The Company launches dynamic identification and assessment of environmental factors according to changes in the operating activities, facilities and environment, and formulates effective control measures on assessed major environmental factors according to the principle of elimination, reduction and control; ■ **Strengthen supervision and inspection:** The Company organises regular inspections on key pollution control facilities' operations, issues Notice of Rectification with Time Limit for identified problems, and follows up on the implementation to ensure rectification is done and achieve closed-loop management; conducts comprehensive monitoring on key links to prevent environmental pollution incidents; ■ **Launch environmental protection promotion and education activities:** The Company launches education activities on environmental protection for employees through environment-related seminars, company publications and notice boards to improve the overall environmental awareness of employees.

Exhaust Gas Management	**Production**	• Ensure emissions are up to standard through exhaust gas control facilities such as coke dry quenching reconstruction, coke end dust removal of coking furnaces, desulfurization and denitrification for air ducts of coking furnaces, dust removal for raw material and product storage and transfer station, VOCs collection and in-depth processing, ammonia escape control and airtight storage and transport system of raw material and products which operate in stable condition through inspection and maintenance; • Install dust removal facilities at the dust production nodes of the production units to reduce particulates emissions during the production processes.
	Online Monitoring	• Use online monitoring base stations and other equipment for real-time monitoring and connect them to the network of environmental monitoring platform.

Wastewater Management	Domestic Wastewater	• The domestic wastewater enters the Company's water circulation system for recycling upon purification by the domestic wastewater treatment station.
	Production Wastewater	• Purify and recycle all the production wastewater from the Company through facilities such as phenolic and cyanic wastewater treatment station, advanced wastewater treatment station and comprehensive wastewater treatment station to ensure no discharge of wastewater and realize" zero" discharge of wastewater.
	Ancillary Treatment Facilities	• The Company has built a domestic wastewater treatment station, a phenolic and cyanic wastewater treatment station, a comprehensive wastewater treatment station, an initial rainwater collection pool and a water recycling system covering the whole company, which collects and treats all of the Company's domestic wastewater, production wastewater and initial rainwater and reuses 100% of them.

Solid Waste Management	Hazardous Waste	• The hazardous wastes that can be utilised, such as tar residue, biochemical sludge, sludge of gas-making water circulation system and waste mineral oil, are now 100% comprehensively utilised; tar residue, biochemical sludge, sludge of gas-making water circulation system are used for coal blending and coking, and waste mineral oil is used for lubricating equipment; • Engage qualified entities to treat hazardous wastes that cannot be utilised in accordance with the laws and regulations; • The entire process of hazardous solid waste from generation to treatment and utilization is recorded in a complete ledger for statistics and monitoring.
	Non-hazardous Waste	• The non-hazardous waste includes dust from dust collectors, coke oven gas slag and desulphurisation residues, and all dust from dust collectors is used for coal blending and coking; • Coke pellet gas slag is mainly used for paving and back-filling; • Engage a third-party company for disposal of desulphurisation residues; • The entire process of non-hazardous solid waste from generation to utilization is recorded in a complete ledger for statistics and monitoring.

Noise Management	Management Method	• Develop Procedures for Noise Emission Management internally; • Enhance noise emissions under certain standards by measures such as addition of noise reduction equipment, construction of noise equipment plant, tree planting and reasonable layout.

Case: Technology innovation drives energy saving and emission reduction

Modification of Medium Pressure Steam for Crude Benzene (《粗苯中壓蒸汽改造》)

The results of Modification of Medium Pressure Steam for Crude Benzene (《粗苯中壓蒸汽改造》) won the first prize of Jiyuan City Science and Technology Innovation Achievement, using steam instead of gas to heat rich oil, reducing NO_x, SO_2, particulate matter and other pollutant emissions in flue gas and reducing gas consumption. The modification will not only bring great environmental benefits, but also save running costs by RMB1.44 million per year.

Reducing the Use of Chemicals in Sewage Treatment Stations (《降低污水處理站藥劑使用量》)

Reducing the Use of Chemicals in Sewage Treatment Stations (《降低污水處理站藥劑使用量》) won the second prize of Jiyuan City Science and Technology Innovation Achievement. By adjusting the consumption of chemicals used in each link during the production process, a variety of chemicals were saved in the biochemical system, the activated coke system and the deep treatment system, thus reducing pollutant emissions and saving costs by more than RMB8 million.

Emissions data from 2020 to 2022

Type of Emissions	Unit	2022	2021	2020
Total emissions volume of SO_2	Ton	**90.39**	19.08	38.29
Intensity of SO_2 emissions	Kg/RMB10,000	**0.07**	0.03	0.05
Total emission volume of nitrogen oxides	Ton	**249.64**	143.58	201.46
Intensity of nitrogen oxides emissions	Kg/RMB10,000	**0.20**	0.19	0.28
Total emission volume of particulates	Ton	**41.31**	21.32	22.36
Intensity of particulate emissions	Kg/RMB10,000	**0.03**	0.03	0.03
Total emission volume of greenhouse gases	tCO_2e	**853,822.13**	268,918.76	448,435.06
Total emission volume of direct greenhouse gases	tCO_2e	**841,954.01**	241,148.82	254,057.31
Total emission volume of indirect greenhouse gases	tCO_2e	**11,868.12**	27,769.94	194,377.75
Intensity of greenhouse gases emissions	tCO_2e/RMB10,000	**0.69**	0.36	0.63
Total discharge volume of sewage	Ton	**0.00**	0.00	0.00
Intensity of sewage discharge	ton/RMB10,000	**0.00**	0.00	0.00
Production volume of hazardous wastes	Ton	**107,073.00**	50,435.89	94,397.33
Intensity of hazardous waste production	ton/RMB10,000	**0.09**	0.07	0.13
Hazardous waste handling rate	%	**100.00**	100.00	100.00
Production volume of non-hazardous wastes	Ton	**15,387.69**	9,320.82	348.86
Intensity of non-hazardous waste production	Kg/RMB10,000	**0.01**	0.01	5.0×10^{-4}
Non-hazardous waste handling rate	%	**100.00**	100.00	100.00

Notes: 1. Emission data of SO_2, NO_x and particulates in exhaust gas are calculated according to the Group's online monitoring system and self-monitoring statistics; 2. Emission volume of greenhouse gases is calculated based on the Greenhouse Gas Accounting System Corporate Accounting and Reporting Standards issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the Fifth Assessment Report 2013 issued by the Intergovernmental Panel on Climate Change (IPCC) and the Accounting Method and Reporting Guide for Greenhouse Gas Emissions by Independent Coking Enterprise of the PRC (Trial), among which the greenhouse gas emission factors of the power part are selected according to the Accounting Method and Reporting Guide for Greenhouse Gas Emissions by Enterprise in 2021 issued by the Ministry of Ecology and Environment; 3. Production volume of hazardous wastes is calculated according to the statistical ledger of the production system of the Group; 4. Non-hazardous wastes are mainly wastewater biochemical treatment sludge, coke pellet gas sludge and domestic wastes, and the total emission volume of domestic wastes is calculated at 0.5kg/person/day; 5. Intensity data are calculated by dividing emission/discharge/production volume by revenue; 6. The source of emissions data comes from the production-oriented subsidiaries of the Group.

2.2 Resource Utilization

The Group strictly complies with the Energy Saving Law of the People's Republic of China《中華人民共和國節約能源法》and the Clean Production Promotion Law of the People's Republic of China《中華人民共和國清潔生產促進法》. By upholding the resource management concept of "energy conservation and emission reduction, environmental protection and sustainable development", the Group established and improved s series of internal management systems, including the Company's Energy Performance Management System《公司能源績效管理制度》and the Company's Energy Supervision Management System《公司能源監督管理制度》. With the aim of "building a green and low-carbon energy and chemical enterprise", the Group actively undertook environmental responsibility, effectively utilized energy and obtained ISO50001:2018 energy management system certificate. In 2021, the Group was awarded the title of "National Green Factory" issued by the Ministry of Industry and Information Technology of Henan Province. The Group zealously promoted green production and green office, and improved the efficiency of resource use, with low-carbon development as an important driver of economic quality and efficiency enhancement.

Resource Management Objective: 2021-2025

Energy consumption	Process energy consumption per unit product of coke ≤110kgce/t
Water consumption	Fresh water consumption per unit product of coke ≤1.18m³/t, and steam consumption per ton of coke ≤0.27t

Achievement of 2022 Resource Management Objective

Energy consumption	Process energy consumption per unit product of coke was 111.8kgce/t
Water consumption	Fresh water consumption per unit product of coke was 1.14m³/t, and steam consumption per ton of coke was 0.25t

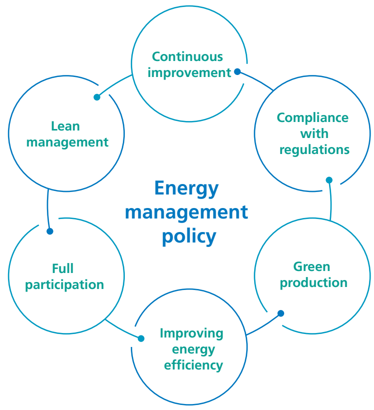
Note: As Jinma Zhongdong has not commenced its production at the time of setting the resource management objective for 2021-2025, the management objective and annual achievement excluded the consumption by Jinma Zhongdong. We will update and adjust the management objectives based on the actual conditions of the Company.

■ **Energy Management System**

The Group comprehensively analyzed the internal and external development environment. In the light of the future development plan and based on the Energy Management Systems Requirements with Guidance for Use and relevant national laws and regulations, the Group formulated and implemented the Energy Management System Manual, developed the energy management policy, built the energy management structure, and worked out a more comprehensive energy management system according to actual energy consumption, continuously standardizing its energy management, reducing energy consumption and improving energy utilization efficiency throughout the life cycle from energy input to product conversion.

Energy management policy

- o Comply with energy-related laws, regulations and other requirements
- o Actively promote clean production, reduce energy consumption from the source, and promote the development of circular economy
- o Vigorously adopt new energy-saving technologies and equipment to reduce energy consumption and improve the efficiency of energy utilization
- o Rationally utilize energy, establish and continuously improve energy management system
- o Insist on the people-oriented principle, full participation and fulfil social responsibility



■ **Key steps in energy management**

Risk Assessment Management	Implementation of Energy Targets	Regular Energy Review
Assess and analyze the risks and opportunities of energy management, plan risk and opportunity response measures, and promote continuous improvement of energy management system and energy performance.	All departments and branches (subsidiaries) shall formulate and implement energy management schemes to achieve the group's environmental goal of energy and water consumption.	Based on the measurement and other data, analyze the energy use and consumption, identify the main areas of energy use, etc., and draw a clear energy structure, energy flow and product energy consumption map.

■ **Water resources management**

With the management concept of "careful use of water resources and strict management of water resources", the Group continued to strengthen the management of water resources in accordance with the Water Law of the People's Republic of China (《中華人民共和國水法》) and relevant national laws and regulations. During the Year, the Group revised the internal systems, including the Company's Non-Production Water Management System (《公司非生產用水管理制定》) and the Domestic Water Management Regulations (《生活水管理規定》). The Group obtained water from municipal tap water, surface water, groundwater and recycled water and did not have problems in securing suitable water resources.

Taking multiple measures to promote water conservation

- Strengthen and improve data surveying and statistics, ensure the equipping rate and completeness rate of measuring instruments at each water points to accurately measure and sort out the data to form a ledger;

- Build advanced water treatment facilities to achieve the tertiary use of water resources and reduce consumption of fresh water;

- Strengthen daily inspections and pay close attention to balancing in water consumption, and renovate and reform unreasonable water pipe network;

- Organize informative and diverse publicity activities to raise the employees' awareness of water conversation.

Water conservation advocation chalkboard

- **Measures of energy saving and consumption reduction**

  While insisting on energy-saving management by use of "technology + management" approach, the Group integrated emission reduction into many aspects of its business operation by improving the systems, optimizing management scheme, and innovating and transforming technology. Meanwhile, the Group reduced production costs and improved energy utilization efficiency, continuously advancing towards green and low-carbon development.

Green production

- Strengthen energy despatch and energy use management:
  The Company has built an intelligent factory production despatch management center to realize the unified despatch of production resources such as water, electricity, gas, steam, wind and sewage of each subsidiary, which can reduce material consumption, improve energy utilization efficiency, optimize the energy consumption network, improve the utilization rate of surplus heat and pressure, and reduce the consumption of energy.
- Select environmentally materials and optimize equipment:
  Implement clean production, eliminate outdated and high energy-consumption equipment, select energy-saving and environmental products and reduce energy consumption of process and equipment; Strengthen the allocation of the public and auxiliary measuring instruments to ensure accurate measurement of public and auxiliary facilities;
- Attach great importance to the research and development of energy-saving and emission-reduction technology and promote the renewable energy utilization projects.

Green office

- Formulate and implement systems, including the Office Supplies Management Regulations and the Regulations on the Management of Computers and Air Conditioning, regulate the use of office supplies and air-conditioning and computers, to reduce waste and achieve energy saving and consumption reduction;
- The utilization rate of computers in management posts reached 100%, promoting paperless work in respect of administrative examination and approval, document handling and management of meetings and meeting affairs. Promote green office, improve work efficiency while effectively reducing the use of paper. By the end of 2022, OA and NC system have covered all the personnel of the group company;
- LED energy-saving lamps are used in public areas and offices, temperature limits are set for air conditioners, and slogans are posted next to the lighting switches to remind employees to save electricity.

Green commuting

- Check and approve the travel fuel consumption limit standard of the vehicles to avoid long-term speeding and idling;
- Communicate about the need to use of scheduled bus in advance and combine all of the needs to arrange scheduled buses reasonably, improving the utilization efficiency of scheduled buses and buses;
- Encourage green commuting among employees. Every year, the Group transports employees to and from work by scheduled bus for a total of 2,900 times, transporting 145,000 employees; reducing more than 140,000 employees' trips by private car and saving by about 112,000 liters of gasoline.

Case: Active construction of distributed photovoltaic power generation project

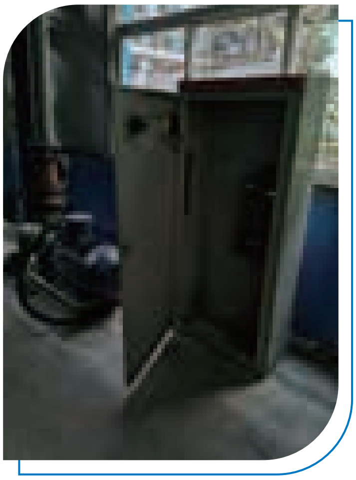
The Company actively promotes the green energy and low-carbon transformation by constructing distributed photovoltaic power generation project on the roofs of its own buildings in its factory to develop and use the renewable energy. The Company cooperated to complete the project filing procedures on 21 March 2022, with an actual construction scale of approximately 1.2452MWP, a power generation of 1.29 million kWh per year, a roof area of approximately 18,915 square meters, and a total investment of nearly RMB6 million.

Distributed Photovoltaic Power Generation Project

Case: Taking multiple measures to promote energy saving and consumption reduction

Pump Frequency Transformation Project

The original power of the pump in the Company's power room was large with a large water flow, however, it was difficult to adjust the water flow with a low utilization frequency. To solve this problem, the Company's old inverter and power distribution cabinet dismantled from the previous coke ovens were renewed and retrofitted to surface water, with the operation of inverter being controlled by PLC. Upon the entire transformation, it can save by approximately 90,000 kWh of electricity throughout the year.



Pump Frequency Transformation Project

Cold Blast VOC Transformation Project

Through a statistical study on the exhaust gas generated from its daily operation and production, the Company conducted a detailed analysis on the utilization efficiency of cold blast VOC pumps. By optimizing the number of cold blast VOC circulation pumps, the Company can save by approximately 180 kWh of electricity per day and 65,700 kWh of electricity per year.

Cold Blast VOC Transformation Project

Data on use of resources from 2020 to 2022

Type of resources	Unit	2022	2021	2020
Diesel	Ton	**692.92**	522.00	966.45
Gasoline	Ton	**23.31**	17.22	57.35
Net purchase of electricity	1,000 kWh	**230,515.90**	218,001.20	316,968.47
Net purchase of thermal power	GJ	**-235,832.86**	74,994.78	48,124.14
Integrated energy consumption	Ton of standard coal	**884,708.95**	304,062.89	395,961.92
Intensity of integrated energy consumption	Ton of standard coal/RMB10,000	**0.71**	0.41	0.56
Total volume of freshwater consumption	Million ton	**2.66**	1.30	3.10
Intensity of freshwater consumption	ton/RMB10,000	**2.16**	1.76	4.35
Recycling rate of water for industrial use	%	**98**	98	98
Packaging	Ton	**N/A**	N/A	N/A

Notes:
1. The integrated energy consumption data above is calculated according to the General Rules for Calculation of Integrated Energy Consumption;
2. The intensity data above is calculated by dividing consumption volume by revenue;
3. The resource consumption data comes from the production-oriented subsidiaries of the Group;
4. As coke is a bulk industrial product, no packaging is used in the process of production and transportation.

2.3 Tackle Climate Change

Tackling climate change is a common challenge for all mankind and deeply affects the economic and social development. It is a key issue for future development to positively tackle the impacts of climate change. The Group attaches great importance to the environmental impacts of greenhouse gases generated during its production and operation process, and effectively strengthens dual-control of greenhouse gases and pollutant treatment by a series of practices including optimisation of energy structure, and energy-saving settings and renovations. In the meantime, the Group pays attention to the impacts of climate change on extreme weather, takes precautions against disasters such as floods, rain, snow and ice, and high temperature under seasonal extreme weather, improves emergency plans, and enhances emergency disposal capabilities. We implement multiple measures to tackle the transitional risks and physical risks arising from climate change, and actively contribute to the goal of achieving carbon peaking and carbon neutrality.

GHG Target: 2021-2025

- Through energy saving and reduction of consumption, process upgrading, green office and other measures, the Group will further reduce carbon emissions and contribute to the goal of achieving carbon peaking and carbon neutrality.

Climate-related risks	Type of risks/ opportunities	Potential impacts	Response to risks
Transitional risks	Policy and regulatory risk	The market is gradually paying more attention to the risks posed by climate change, and relevant national policies are more stringent on GHG limits	Intensify the development of renewable energy, and strengthen the research, development and application of energy-saving technology. Promote the development of coking chemical and hydrogen energy fusion through the purification of hydrogen by-product gas, and actively transform to develop clean energy
	Market risk	Consumers' preference changes and consumers tend to choose low-carbon products	Promote the development of coking chemical and hydrogen energy fusion and provide clean products and services
	Reputational risk	Failure to take proactive and effective actions to respond to climate change and to disclose information in a timely manner so as to respond to the needs of external stakeholders may damage the Company's reputation	Enhance the disclosure on compliance information and strengthen communication and exchange with stakeholders continuously
Physical risks	Acute risk	Extreme weather, such as floods and typhoons, may cause damage to assets, loss of personnel and interruption of business activities	Develop and implement the Special Weather Response System, the Storm Drainage System, Zenan Reservoir Flood Control and Emergency Plan etc. to prevent and control risks related to lightning, rain and snow and other special weather to ensure safe production
	Chronic risk	Equipment and facilities may be damaged due to the rising temperature, which may affect the Company's normal operation and increase its operating cost.	Intensify daily inspection and maintenance of production and operation equipment

Case: Strengthening innovation to establish a hydrogen energy industry base

Hydrogen energy is one of the most potential clean energies nowadays, and the development and utilisation of hydrogen energy is a major strategic direction of current global industrial innovation and energy transformation. In the future, the Group will prioritise the production of high-purity hydrogen for vehicle use through the layout of industrial parks, relying on the existing hydrogen production plants and expanding the scale of hydrogen production. Focusing on the industrial planning of hydrogen production, hydrogen storage, hydrogen transport, hydrogenation, hydrogen fuel cells and hydrogen vehicles, the Group has formed a cyclic development between the industry chain of hydrogen energy and the extended industry chain of traditional energy. Through the demonstration base for green and low-carbon circular development, the Group will achieve clean and efficient utilisation of coal as well as green and sustainable development.

2.4 Protection of Environment and Natural Resources

In strict compliance with the Environmental Protection Law of the PRC《中華人民共和國環境保護法》, and under the principles of reasonable development and effective protection, the Group strived to perform water and soil conservation work and actively performed its environmental protection responsibilities according to relevant laws, regulations and industry standards. The Group has fully considered the potential impact on environment and natural resources during the project construction and operation by keeping away from the environmental sensitive areas and important water resources and reducing the occupation of agricultural and forest land. The Group has also conducted ecological monitoring of the changes in environmental sensitive areas in industrial park and has formulated effective emergency plan for environmental risks to reduce environmental pollution and protect ecological environment with responsible attitude and behaviour.

- Strictly implement "Three Simultaneity" rules and environmental impact assessment rules. All new, rebuilding or expansion projects have to prepare environmental impact assessment reports as required, and obtain the approval of competent departments;

- Strictly implement "six 100%" for construction projects, complete enclosure of construction areas, 100% wet cleaning being used as coverage of exposed soil, complete coverage of construction materials, reduce fume generated from welding with fume collector and complete coverage of transport vehicles such as construction trucks, and strictly implement the relevant early warning regulations during the heavy pollution weather warning period.

- Site selection and land used for new, rebuilding or expansion projects should avoid occupying agricultural and forest land, and soil control measures should be strictly implemented to prevent soil environmental pollution;

- Reduce dust and soil loss through greening, coverage, spray and other measures during the project construction, and carry out excavation and back-filling operations based on the national and local requirements to make every effort to ensure water and soil conservation;

- Implement water-proof measures at factory areas, set up groundwater monitoring stations as required, and actively implement groundwater and soil control and pollution prevention measures and environmental risk mitigation measures;

- Achieve 100% reuse of water resources by constructing comprehensive wastewater treatment station, initial rainwater collection pool, circulating water system, etc, to reduce the soil and water pollution in the natural environment to a large extent while reducing the surface groundwater yield;

- Organise voluntary tree planting activities for Arbor Day, drive employees to plant trees voluntarily, with a voluntary tree planting diligence rate of over 95.4%.

Case: Continuously carrying out greening actions to beautify the working environment

The Group is committed to promoting green enterprise and ecological construction, and continuously optimises the green landscape in factory areas and office areas, which will not only enhance the corporate image, but also increase the sense of belongings and enthusiasm of employees. In 2022, the Group carried out plant planting and green area management in an orderly manner based on the objective environment of each factory area. In the office buildings, gates and other areas of each factory area, a total of 85 camphor trees, Ligustrum lucidum trees, long-stalked rosa chinensis, Photinia fraseri, etc. and 4,500 square meters of Manila lawn were planted; a total of approximately 7,450 Photinia fraseri, Kinson Ligustrum lucidum and oleanders were replanted. Through the continuous greening action, the greening plant area has further increased, which has effectively reduced the dust and the noise, and improved the air quality.

Greening and planting activity

3. Care for Employees

By upholding the concept of "Employees are valuable wealth of a corporation", the Group firmly believes that its continuous development is built on the growth and development of its employees. During the practice, the Group developed sound norms to protect the rights and interests of its employees while emphasizing on equal employment and prohibiting all forms of child labour and forced labour. The Group also established a comprehensive talent training and management system, implemented various aid and assistance policies and carried out diversified spare time activities to build a harmonious and win-win labor relationship and to develop together with employees.

3.1 Employees' Rights and Interests

The Group strictly complies with the relevant provisions of the Labour Law of the PRC (《中華人民共和國勞動法》), Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) as well as other applicable laws relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and attaches great importance to the protection of employees' rights and interests. In this regard, it has established fair and standard recruitment and dismissal regulations, a scientific and reasonable system on remuneration and benefit, an open and transparent assessment and promotion mechanism, a humanistic attendance and vacation system, an equal and diversified working environment as well as a free and open democratic communication mechanism, which will fundamentally protect the interests of employees.

Fair and standard recruitment	• Formulate and implement the Regulations on Management of Recruitment of Employees and the Regulations on Management of Resignation of Employees. Recently, recruitment information is published mainly through channels such as recruitment websites, local employment bureaus and WeChat Official account with clearly defined recruitment and dismissal conditions and a fair and standardized employer-employee relationship. • Focus on introducing highly educated, high-quality and highly skilled personnel as well as staff for special positions.
Remuneration and benefits	• Establish a scientific and reasonable working hours and remuneration system which offers competitive remuneration to employees. • During the Year, the 2022 wage adjustment plan was introduced, whereby the post wage was increased, other fees such as high-temperature subsidies and cooling fees, and health expenses for female employees were increased, which has further improved the salary level of employees and protected their benefits. • Pay basic social insurance premium according to law for all employees and establish employee welfare systems such as housing provident funds.
Assessment and promotion	• The employee assessment and promotion mechanism is open and transparent, to ensure that each employee is fairly assessed and reasonably promoted during his/her tenure.

Attendance and vacation	• The Company adjusts the break time from March of the Year, formulates clear and concise rules on attendance and vacation, provides marriage leave, bereavement leave, maternity leave and sick leave with basic salary paid according to relevant national regulations and pays overtime salary according to the national standard during holidays, to fully protect the employees' rights and interests.
Equal working environment	• Emphasize on building a diversified team, with relevant policies and measures regarding equal opportunity, diversity and anti-discrimination (in the case of employing people with disability) in force. • Provide equal and fair opportunity for each employee and forbid discrimination against gender and disability.
Strengthen democratic communication	• Implement the system of employee representatives meeting to consider major decisions of the Company and significant issues relevant to the personal interests of employees, such as bonus, allocation plans of income and welfare distribution, and to evaluate work reports presented by leaders of the Group at the annual employee representatives meeting; • Promote the transparency of factory affairs through various media and in various forms, such as organizing quarterly experience symposium for employee representatives, monthly meeting on factory affairs and weekly meeting on production scheduling, while at the same time updating information on factory affairs in the open column for factory affairs and in internal monthly bulletins, widening the channels for democratic decisions, democratic management and democratic supervision by employees, and listening to opinions and suggestions from employees; • Protect the rights of information, participation and supervision for employees and enhance the coordination and communication between the enterprise and employees.

3.2 Equal Employment

The Group stringently complies with relevant laws and regulations, including the Labour Law of the PRC《中華人民共和國勞動法》, the Labour Contract Law of the PRC《中華人民共和國勞動合同法》, and the Provisions on the Prohibition of Using Child Labour《禁止使用童工規定》, and fully protects the rights and interests of employees in various aspects including employment, dismissal, promotion, hours of work, holiday, salary and welfare, anti-discrimination and equal opportunities. The Group strictly reviews and verifies the information of job applicants during the employee recruitment process every year, strengthens the management of employees' working hours and forbids behaviour of employing child labour and enforcing forced labour in all forms.

During the Reporting Period, the Group was not involved in any litigation relating to employment of child labour, forced labour and material breach of labour laws.

Employment Data in 2022

Indicator	Unit	Number in 2022	Unit	Proportion in 2022
Total Employees	Persons	2,848	%	–
By Gender				
Male employees	Persons	2,346	%	82
Female employees	Persons	502	%	18
By Title				
Functional business	Persons	290	%	10
Professional technology	Persons	463	%	16
Skills operation	Persons	2,095	%	74
By Employment Type				
Full-time employees (contract)	Persons	2,848	%	100
Part-time employees (labor dispatch, temporary workers)	Persons	0	%	0
By Age				
Under 30 years old	Persons	741	%	26
31-40 years old	Persons	1,174	%	41
40-50 years old	Persons	758	%	27
Above 51 years old	Persons	175	%	6
By Region				
Within Henan Province	Persons	2,813	%	98.8
Outside Henan Province	Persons	35	%	1.2
Minority Employees				
Number of minority employees	Persons	11	%	–

Employee Turnover Indicator in 2022

Indicator	Unit	2022
Annual Turnover Rate of Employees		
Annual turnover rate of full-time employees	%	4.8
By Gender		
Turnover rate of full-time male employees	%	3.9
Turnover rate of full-time female employees	%	0.97
By Age		
Turnover rate of employees under 30 years old	%	1.3
Turnover rate of employees who are 31-40 years old	%	3.4
Turnover rate of employees who are 40-50 years old	%	0.08
Turnover rate of employees over 51 years old	%	0
By Region		
Turnover rate of employees within Henan Province	%	4.3
Turnover rate of employees outside Henan Province	%	0.5

3.3 Growth and Development

The Group adheres to the talent concept of "respecting people, relying on people, developing people, and satisfying people", focuses on cultivating high-level and compound talents, and improves the mechanism for selecting, cultivating, using, and gathering talents. As the Company develops, the employees' needs for development are also satisfied through the construction of multitiered and multi-dimensional training system, enriching training contents, and innovating training approaches. The Company strives to incorporate training throughout the career of employees and enhance the quality of employee to suit long term development of the Company. At the same time, the Company enhances the establishment of management system for nurturing talents and establishes a scientific and effective assessment and evaluation mechanism to form a smooth talent growth channel. The Company vigorously cultivates high-quality talents, continues to optimise its talent structure, establishes an effective mechanism for the flow of talents and gradually optimises the talent growth channel. The Company adopts the "bringing in, going global" mode of training to build a team of talents with suitable scale, reasonable structure and high quality in areas of operation management, professional technology and skills operation.

Enhance the establishment of management system for nurturing talents

- Establish and form a four-in-one training system for new employee induction training, employee vocational capability training, backup management training, and management training.

- Strengthen the training mechanism for outstanding talents, and formulate the Outstanding Talent Selection and Cultivation Management Plan《優秀人才選拔培養管理方案》 to promote talent cultivation through internal training, external training, and post rotation, to further improve the management level and business capabilities of existing middle and senior management personnel and technical backbones.

Establish a scientific and effective assessment and evaluation mechanism	•	Formulate scientific and feasible talent assessment methods, take training performance as an important indicator of talent pool assessment, select outstanding talents who "want to do, can do, can be successful, and be no accident", and form a dynamic management mechanism which can facilitate mobility of personnel within the organization and maintain vitality of the organization.
	•	Conduct assessment for middle and senior management personnel annually, and the assessment result will be an important basis of adjustment for leaders and cadres.
Enhance talent exchange, expand development channel	•	Increase the nurture and exchange intensity of talents, persist in improving rotation mechanism for talents so as to nurture experiences through plans and different posts, promote excellent talents in exceptional cases and ensure that the outstanding talents are retained and provided with relevant development.
Focus on nurturing young reserve cadre talents	•	Focus on selecting young reserve cadre talents with high mindset quality, advanced professional skills, strong work capabilities and conduct systematic and comprehensive nurturing.

Training data of employees from 2020 to 2022

Indicator	Unit	2022	2021	2020
Total number of employee trainings	Times	**20**	18	16
Total number of employees	Persons	**5,500**	7,000	5,000
Total expenditure on training	RMB ten thousand	**188**	80	60
Percentage of employees trained (Percentage of employees trained = (Number of employees trained/Number of employees) * 100%)	%	**100**	100	100
Percentage of male employees trained	%	**82**	88	86
Percentage of female employees trained	%	**18**	15	14
Percentage of ordinary employees trained	%	**95.6**	80	60
Percentage of middle employees trained	%	**4.0**	50	30
Percentage of senior employees trained	%	**0.4**	10	10
Average hours of training for employees	Hours	**60**	–	–
Average hours of training for male employees	Hours	**60**	55	50
Average hours of training for female employees	Hours	**60**	55	50
Average hours of training for ordinary employees	Hours	**60**	55	50
Average hours of training for middle employees	Hours	**48**	55	50
Average hours of training for senior employees	Hours	**30**	52	50

Case: Formulating annual training plan to improve the comprehensive ability of employees

The Group formulated the" 2022 Annual Corporate Training Plan" to continuously explore the potential of employees, deepen the construction of a learning organization, and build a clean, efficient and loyal corporate operation and management team. The training plan is based on the Company's strategy and employees' needs, focuses on relevance, practicality and value, insists on combining theory and practice, and completes a variety of training courses in 2022, such as safety training, pre-service training for new employees, environmental protection training, management capacity enhancement training for leading cadres at Tsinghua University, and teacher-apprentice training for in-service employees, effectively practicing the Group's talent building concept.

Opening Ceremony of the New Apprenticeship System

Management Communication and Emotional Intelligence Training

3.4 Employee Care

The Group developed the Administrative Measures for the Mutual Aid Funds of Henan Jinma Energy Company Limited《河南金馬能源股份有限公司互助基金管理辦法》and the Measures for the Implementation of Scholarships of Henan Jinma Energy Company Limited《河南金馬能源股份有限公司獎學金實施辦法》and other assistance systems, set up scholarships to incentive employees' children in schooling, and has shown its humanistic concern for employees' work and life by carrying out activities such as sending coolness in summer, medical checkups for female employees on Women's Day and condolence visits during the epidemic. After work, the Group organized colorful spare time activities for employees, such as Mid-Autumn recital, veterans' symposium, and cadre and staff retreats, which enhanced the sense of belonging and happiness of employees.

Rest and recuperation activities for cadres and employees

Mid-Autumn Recital

Case: Conducting the "National Day" Employee Sports Meeting

In order to celebrate the 73rd anniversary of the founding of the People's Republic of China, prepare for the success of the 20th National Congress of the Communist Party of China and the 20th anniversary of the founding of the Company, as well as enrich the cultural life of employees, the Company's labor union organized the" Embracing the National Day" staff sports meeting, aiming to cultivate the teamwork, courageous and tenacious spirit of employees, and inspire all cadres and workers to strive to make progress and achieve greater success during the high-quality development of the Company. The staff sports meeting combined fun, collaboration and competition, which not only displayed the individuals' sports competition level, but also served as a test of teamwork ability. There were five competition events, such as rope skipping, men's and women's table tennis singles, men's and women's mixed table tennis relay, tug-of-war competition and basketball game, with more than 400 employees competing fiercely on the field.

Tug-of-war Competition

Basketball Game

4. Focus on Safety and Health

The Group upholds the concept of "Production safety is the foundation of the sustainable development of the Group", strictly abides by the Work Safety Law of the PRC《中華人民共和國安全生產法》, the Law of the PRC on the Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》, the Regulations on Safety Management of Dangerous Chemicals《危險化學品安全管理條例》 and the Regulations on Safety Production in Henan Province《河南省安全生產條例》 and other safety-related laws and regulations, implements standardized management for the whole production process, constantly improves the safety management system, clarifies the safety responsibilities of each department and each person from the top down, and attaches importance to safety education for employees to ensure orderly and safe production. At the same time, we attach importance to the occupational health of employees and strictly implement the related system of occupational health management to ensure the occupational health and safety of employees.

During the Reporting Period, no deaths or major injury accidents had occurred.

4.1 Management on Safety Operation

The Group formulated the Safety Management System (《安全管理制度》), the Safety Standardization Management Manual (《安全標準化管理手冊》) and other institutional documents. Adhering to the work policy of safety first, prevention-oriented and comprehensive management (安全第一、預防為主、綜合治理), with "safety production standardization" as the focal point and "dual prevention mechanism" as the means of implementation, the Group has established a sound safety production management system. The Group continued to strengthen safety management, clarified safety responsibilities, prevented and reduced safety accidents, to make every effort to protect the safety of employees and corporate property.

During the Reporting Period, the Group set the following safety production objectives:

- Minor injury rate ≤ 1‰, with no serious injuries and work-related fatalities;
- No major equipment operation accidents;
- No in-plant traffic accidents;
- No incidence of occupational diseases;
- "Three-level" safety training for all of the employees;
- 100% training pass rate for outsourced construction personnel.

To achieve these goals, the Group implemented the following initiatives:

- In accordance with the provisions of the new Work Safety Law (《安全生產法》), we have refined and improved the list of safety responsibilities and assessment standards for personnel at all levels, and signed a safety target responsibility letter and a safety commitment letter at each level, so that job safety responsibility, fire safety responsibility, emergency response responsibility and occupational health responsibility can be implemented in a four-in-one manner and simultaneously.
- Based on the Guidelines for the Investigation and Governance of Corporate Safety Risks in Hazardous Chemicals, with risk identification and control at the core, and with risk control list and hidden danger detection and management list as the basis for inspection, we issued monthly risk control tasks through the emergency command platform and insisted on identifying safety risks at all levels and detecting and managing hidden dangers at all levels, to form a regular mechanism for risk control and hidden danger detection.
- Further improve training management and supervision and inspection to ensure that there is a sound safety training program, with specific training implementation rules, detailed training records and assessment results.
- Regularly hire professional teachers to conduct special training in different specialties to gradually improve the safety skills of managers (middle-level cadres, team leaders, safety officers) and grassroots employees.

- The competent units should regularly conduct special training for foreign personnel to continuously improve the safety awareness and skills of foreign construction personnel.

- Continuously carry out "five knows, five skills, and five cans" job knowledge training, and regularly organize safety examinations to ensure the effectiveness of training.

Work-related Injury Data in 2020-2022

Indicator	Unit	2022	2021	2020
Deaths of full-time employees who died from work-related injuries	Persons	**0**	0	0
Percentage of full-time employees who died from work-related injuries	%	**0**	0	0
Days of work lost due to work-related injuries (days lost per 200,000 work hours)	Days	**45**	80	–

4.2 Safety Education and Training

The Group attaches great importance to the safety education of employees, training 248 new employees and 557 outsourced construction personnel during the Year, with a pass rate of 100%. All units continued to carry out safety day activities in the work group twice a month. During the Year, all units held a total of 216 work group activities, organized 23 study sessions for safety management personnel, and conducted 76 safety emergency trainings with 2,186 participants. The Group engaged professionals for several times to deliver professional lectures to safety managers, explaining knowledge on production safety, and fire prevention, rescue and self-rescue, which comprehensively improved employees' awareness of safety and fire responsibilities, fire prevention and practical firefighting operation ability as well as emergency rescue skills.

During the Reporting Period, the Group carried out a total of 225 safety education trainings, and the total number of safety education participants reached 3,891, with 100 people holding registered safety engineer certificates.

Case: Conducting the production safety month activity with the theme of “complying with the safety production law and being the first responsible person”

In June 2022, in order to deeply implement the general secretary Xi jinping’s important expositions on safe production, solidly promote the implementation of the three-year special rectification action for the safe production of hazardous chemicals, enhance the awareness of production safety responsibility of all employees, implement production safety responsibility, and promote safe development, Henan Jinma Energy Company Limited carried out the production safety month activities throughout the Company in combination with its actual situation.

- Attention from the leaders with organizational measures in place: The Company has established a leading group of the activity, which is responsible for the organization and implementation of this production safety month activity, with active cooperation from all departments and workstations, to make the activity’ planned, arranged, inspected and implemented”.

- Various forms of safe production publicity and education to create a safety atmosphere: During the production safety month, various departments and workstations of the Company carried out a variety of safety publicity activities, such as expert training and teaching, safety education video viewing, accident case review, and fire skills competition, etc.

- Carrying out emergency drill week activities: During the production safety month, the Company carried out a comprehensive emergency drill for liquid oxygen storage tank leakage, and all units carried out a total of more than 15 emergency drills in accordance with the annual emergency drill plan, with more than 700 participants.

- Focusing on rectification of potential safety hazards: All units carried out a series of safety inspections in accordance with the Guidelines for the Investigation and Governance of Corporate Safety Risks in Hazardous Chemicals《危險化學品企業安全風險隱患排查治理導則》 and the regulations of superior departments, and found a total of 131 problems, and achieved closed-loop management of potential safety hazards after rectification. All units continued to adhere to the basic management mode of daily inspections, regular inspections, quarterly special inspections, mutual inspections of units, weekly inspections led by leaders, inspections guided by external experts, comprehensive inspections, accident analogy inspections, and pre-holiday inspections, and conducted a total of more than 90 inspections throughout the year, and detected and dealt with 1,885 potential safety hazards.

- Continuously strengthening the management of special operations: Before carrying out special operations, all units scan the code to read the operation risks, implement the operation ticket handling, operation risk analysis, implementation of safety measures and emergency handling and other measures according to the Company’s requirements to ensure the smooth progress of various maintenance.

Production Safety Month Launching Ceremony

Employees sign a letter of commitment for safe production

4.3 Occupational Health Management

The Group conscientiously implements the Work Safety Law of the PRC《中華人民共和國安全生產法》, the Labour Law of the PRC《中華人民共和國勞動法》, the Law of the PRC on the Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》, the Workplace Occupational Health Supervision and Management Regulations《工作場所職業衛生監督管理規定》and the "Three Simultaneities" Supervision and Management Measures for Occupational Disease Protection Facilities of Construction Projects《建設項目職業病防護設施"三同時"監督管理辦法》, and adheres to the principles of safe development, reform and innovation, supervision according to law, source prevention, risk control and system governance, and strives to improve the occupational health and safety production management system of "taking charge by enterprise, management by professionals, and supervision by employees". We strictly implement the main responsibility of the enterprise, clarify the specific responsibilities of personnel at all levels and functional departments of the enterprise for occupational health and safety production, strengthen and standardize the supervision and management of the construction of occupational disease prevention facilities in construction projects, ensure the occupational health and safety of all employees in the production process, and promote the harmonious development of corporate safety production.

During the Reporting Period, the Group did not record any occupational disease cases, with a 100% coverage rate of occupational disease physical examination.

- **Improve occupational health management system:** The Company has formulated a sound occupational health management system, such as the Occupational Disease Hazard Prevention and Control Accountability Rules《職業病危害防治責任制度》, the Occupational Disease Hazard Protective Supplies Management Rules《職業病危害防護用品管理制度》and the Workplace Occupational Hazard Factor Identification and Management Rules《作業場所職業危害因素檢測管理制度》;

- **Define the occupational hazard influence factors in the workplace:** For equipment in workplace that may cause occupational hazards, warning labels with detailed explanation in Chinese are posted at noticeable locations to explain potential occupational hazards and precautions for safety operations and maintenance;

- **Regular monitoring of occupational hazard influence factors:** The Company has carried out testing of occupational hazard influence factors that may arise from the production process on a regular basis and truthfully informed the operators of such factors;

- **Conduct occupational health training:** Regularly organize the training of workers on occupational health related knowledge to ensure workers can properly use occupational disease protective facilities and personal protective gears, and those who fail to pass the training assessment cannot commence their services;

- **Provide occupational health protective gears:** Distribute qualified protective gears to workers, such as protective clothing, protective goggles, dust protecting mask, protective gloves, insulating shoes, gas masks, earplugs, etc., and urge them to use them properly;

- **Organize regular occupational health examinations:** The Company organizes occupational health inspections before, during and after the service, setting up occupational health surveillance records and informing employees of the results in writing.

5. Adhere to Responsible Operations

In accordance with the overall idea of "achieving green and low-carbon recycling development, and promoting transformation and upgrading to enhance quality and efficiency", the Group adjusts and optimizes the product mix, enhances the added value of products, extends the industrial chain, and explores room for further development of products to enhance its overall competitiveness. In 2022, the Group was ranked the 65th of Henan Top 100 Enterprises (河南企業100強) and 40th of Henan Top 100 Enterprises in the Manufacturing Industry (河南企業製造業100強).

5.1 Quality Products

The Group stringently complies with relevant laws and regulations, including the Product Quality Law of the PRC《(中華人民共和國產品質量法》), firmly follows the quality concept of "creating value for customers with high-quality products", continuously improves the development of product quality management systems, strengthens the process management of coal blending, coking, chemical production, processing of coal tar and benzene, so as to control product quality in an all-rounded way and to ensure that coke, coal tar and other products meet the standards such as the Coke for Metallurgy (GB/T1996-2003) and Coal Tar (YB/T5075-2010). The Group improved customer satisfaction of our products by focusing on after-sales service.

The Group adopted various management measures to promote quality and efficiency. During the Reporting Period, there were no complaints related to products, with 100% customer satisfaction and 0% product return rate.

- **Comprehensive Quality Management System**

  - **Establish a comprehensive quality management system:** Establish a comprehensive quality control management system and develop a multi-dimensional quality control system by formulating the Quality Management Manual 《質量管理手冊》 comprising of the Quality Management Regulations 《質量管理規定》, the Quality Control Point Management Measures 《質量控制點管理辦法》, and the Quality Control Standards for Washing Clean Coal and Reward and Punishment Measures 《進場洗精煤質量控制標準及獎懲辦法》, and inspected the progress in achieving targets regularly;

  - **Strengthen the quality control of production processes:** Formulate the Production and Operation Outline 《生產運行大綱》 with regular updates to ensure that various factors affecting product quality are effectively controlled during the production process, such as monitoring important process indicators and regularly maintaining and repairing production facilities;

  - **Implement inspection procedures for raw and auxiliary materials and products:** Analyze and test raw and auxiliary materials, intermediate products, and coke, tar, crude benzene and other outgoing products in accordance with the Testing Frequency Rules 《化驗檢測頻次規定》 to ensure that raw and auxiliary materials meet production process requirements and outgoing products meet product quality standards;

  - **Regulate the management of defective products:** Formulate and implement the Defective Products Management Rules 《不合格品管理規定》 and take graded measures to deal with the defective products, such as reworking, concession acceptance, scrapping or downgraded use to ensure that products and raw materials that do not meet standards are controlled. Defective products will already be dealt with before selling to the market and hence, no recall procedure is applicable;

- **Provide product after-sales service:** We proactively offer attentive after-sales service and pay a return visit to customers; conduct customer satisfaction survey on a regular basis in terms of product quality and after-sales service by face-to-face communication, letters and other forms, and are open to customer supervision to improve and enhance product quality in a timely manner;

- **Customer privacy protection:** Establish and improve the confidentiality system of customer information, and strengthen the protection of customer information and data. We have professional business personnel responsible for customer docking and communication, and ensure that all business personnel have strong personal qualities to guarantee the security of customer information and data; we use a variety of software developed by the Company, through real-time monitoring, peripheral management, application control, terminal security system, etc., to control employees and protect the Company's information and network security by means of technical encryption, strengthen internal management and strengthen external protection; we have regular discussions on information security at monthly security meetings, weekly meetings, etc.

5.2 Encourage Innovative Development

The Group has all along been insisting on being science and technology-oriented and innovation-driven by putting greater efforts in an innovative model combining with "production, education, research and practice" to introduce and absorb domestic and foreign advanced technologies and actively innovating in technologies, optimizing process and improving equipment. At the same time, through the cooperation of university and enterprise, the Company established a R&D platform to promote production, education, research and practice, and continued to enhance industrial application of new products, new technologies and new materials.

■ **Science and technology innovation management**

- **Continuous improvement:** Focusing on current urgent and difficult problems of safety, production, equipment, environmental protection, and quality, the improvement team formulates specific problem points and organizes employees to put forward "improvement proposals" based on their own responsibilities. The proposals may be themed on improving management, improving safety production capacity, quality assurance capacity, environmental protection capacity and other aspects that contribute to the progress of the enterprise. Large improvement projects will be evaluated and scored by the Company's improvement promotion team according to the Benchmark Table for Grading of Proposal Outcomes and rewarded depending on the effect of the improvement.

- **Quality management activities:** Employees are encouraged to choose topics on quality improvement, equipment optimization, technology improvement, etc., and publish the final results through a series of activities such as investigating the status quo, setting target values, analyzing causes, determining key factors, formulating countermeasures, implementing countermeasures, evaluating the effect, consolidating measures and formulating plans. An internal quality control (QC) results conference is held in March every year, and topics that have been rated as Grades I and II QC results of the Company are recommended to the municipal QC results conference. QC groups that have achieved good results will be rewarded to inspire the enthusiasm and creativity of front-line operators and managers, and promote quality management exchanges and improvement.

Innovation in science and technology

The Group successively formed long-term university and enterprise cooperation relations with renowned universities such as Tsinghua University, Zhejiang University and Zhengzhou University, and has established Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals and Henan Province Enterprise Technology Center as research platforms, with efficient and clean conversion of coal into high-quality fuel, chemicals and material as the main objective of research, to enhance quality of coking coal, lower the cost of coking, enhance economic benefit and form an effective synergetic innovation system.

Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals	• The laboratory is equipped with advanced equipment such as gas chromatograph, liquid chromatograph and laser particle size analyzer, which are used to analyze the composition and functional groups of gas, liquid and solid samples generated in the experimental process, and provide strong theoretical support for the inference of reaction mechanism. For the research and development of new catalysts, the laboratory is equipped with multi-functional catalyst forming machines and catalyst evaluation devices and other equipment; in order to develop fine chemical products, it is equipped with many kinds of reactors such as fixed bed experimental devices, fluidized bed high-pressure micro-reactor devices, high-pressure parallel reactors and magnetic stirring autoclaves, etc. • The laboratory has an academic committee comprised of seven professors from universities and four renowned experts from the industry to guide the research work in the engineering laboratory. The engineering laboratory carries out product research and development, process optimization and improvement with the joint efforts of more than 50 R&D personnel from the Company and Jiyuan Research Institute of Zhengzhou University; • The engineering laboratory is active in scientific and technological exchanges, and has held two domestic technical exchanges, with 50 expert participants. The new catalytic oxidation desulfurization engineering technology of coke oven flue gas and the negative pressure ammonia distillation engineering technology of coking residual ammonia water have won the first prize and second prize of the municipal technological invention award respectively.
Henan Province Enterprise Technology Center (Technology Center of Jiyuan Jinma Coking Co., Ltd.)	• With a high-level research team, maintain a high level of investment in research and development, and lay a strong foundation to support the platform system and standard management system; • Cooperate with ACRE Coking & Refractory Engineering Consulting Corporation, MCC, Second Institute of Chemical Industry, Southwest Chemical Design Institute and other institutions; promote core technology breakthroughs and realize intellectual property sharing in technical cooperation.

Cases: Exerting the platform effect to promote the transformation of scientific and technological achievements into productivity

The Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals was approved by the Development and Reform Commission of Henan Province. The Company invested RMB10 million to build the laboratory. The laboratory continued to play the role of a scientific research platform in 2022 to support innovative R&D and technology enhancement.

"Syngas/Pyrolysis Gas Low Temperature Methanation Technology and Demonstration" Project under the National Key Research and Development Plan

The engineering laboratory undertook the "Syngas/Pyrolysis Gas Low Temperature Methanation Technology and Demonstration" Project under the national key research and development plan of Zhengzhou University, in which Jinma Energy is mainly responsible for the construction and commissioning of the demonstration base of furnaces clean gas methanation project. Based on the development of low temperature and high efficiency catalyst and tubular reactor, the project built a methanation demonstration project with independent intellectual property rights of raw gas treatment capacity of 100 million cubic meters/year to reduce energy consumption in methanation conversion process, realize the generation and near-primary displacement of reaction heat in a single methanation reactor, form the innovation in new technology of single-stage short-process methanation, and support the industrialization and promotion of new technologies. At present, the 1000-hour continuous test and reaction condition optimization of the engineered catalyst have been completed, with the technology integration of the low-temperature and high-activity methanation catalyst and the rapid heat transfer single-stage methanation reactor having been carried out. Compared with the traditional multi-stage reaction device, the new technology is expected to feature less catalyst consumption, lower investment, cost and energy consumption.

Testing of coal quality and optimization of proportioning

In cooperation with Tsinghua University, the Company has developed the "Coal Quality On-line Detection Technology and Proportioning Optimization Control System for Coke Oven Based on Laser-Induced Breakdown Spectroscopy". The technology and the system are mainly used for implementing data measurement of coal quality and improving the accuracy of coal blending, so as to improve the quality of coking coal, increase the output of coking chemical products, increase the output of coking gas, reduce the use of high-quality coal and reduce the coking cost on the premise of ensuring the quality of coke. Through university and enterprise cooperation, this project realized the combination of science and technology innovation, to improve quality, reduce costs and increase efficiency, and facilitate the green and sustainable development of the industry.

■ **Steadily promote the deep integration of informatization and industrialization**

The Group insists on the integration of informatization and industrialization policy of "digital empowerment, cost reduction and efficiency increase, green production, and full participation", to improve the confidence and action of all employees to participate in the informatization construction, empower enterprises and employees to improve management level and efficiency, reduce management costs, improve work quality and product quality, achieve innovative development, intelligent development and green development, and form competitiveness in sustainable development.

- Digital empowerment: Continuously use digital technology to improve the overall digital level of the Company, continuously empower the Company's management and employees, continuously optimize and adjust the phased goal, adhere to dynamic improvement, and continuously improve the performance of integration of informatization and industrialization;

- Cost reduction and efficiency enhancement: Establish a scientific management system for integration of informatization and industrialization that is compatible with the actual production and operation of the Company, so that there are patterns and rules to follow in the process of development, making the production and operation of the enterprise more standardized and efficient, thus improving the level of enterprise management, continuously improving the efficiency of enterprise management, reducing costs and improving quality, and finally achieving the purpose of cost reduction and efficiency enhancement.

- Green production: The Company makes full use of digital technology to continuously improve the intelligence of production equipment and management process, improve process management level through equipment intelligence, continuously reduce energy consumption in the production process, reduce pollutant emissions, energy conservation and emission reduction, gradually achieve green production and establish a green production system.

- Full participation: All employees participate to play the role of teamwork. Every employee of the Company, including top managers to ordinary employees, is both a builder and practitioner of the management system. From the top manager to each employee, they should: learn the system, use the system, and constantly put forward suggestions for system improvement in the actual work, and the system management department should constantly improve the system, which is the basis to ensure the effective operation of the system and the guarantee of the successful operation of the system.

■ **Intellectual property and privacy protection**

The Group strictly complies with the Patent Law of the PRC《中華人民共和國專利法》and relevant laws and regulations of locations where we operate related to Intellectual property protection, clarifies the intellectual property management process and enhances the compliance of intellectual property protection with the regulations. The Group comprehensively strengthens the creation, application, protection and management of intellectual property rights, and enhances employees' awareness to keep sensitive information confidential, in order to ensure that intellectual properties of the Company are free from infringement. At the same time, the Group emphasizes on privacy protection and information safety and strictly complies with the requirement of the Contract Law of the PRC《中華人民共和國合同法》and avoids disclosure of trade secrets of contracting parties. For process involving the transformation of scientific and technological achievements, the Group complies with the Law on Promoting the Transformation of Scientific and Technological Achievements of the PRC《中華人民共和國促進科技成果轉化法》and technological know-how are kept secret.

In 2022, a total of 29 utility model patents were granted to the Group.

Technology and Innovation Data in 2022

Indicator	Unit	2022
Annual investment in research and development	RMB ten thousand	**8,562.9**
R&D personnel	Persons	**65**
Number of patent applications	/	**51**
Number of patents granted	/	**29**

5.3 Supply Chain Responsibility Management

The Group earnestly fulfills its responsibility as win-win partner, attaches great importance to supply chain management, and continuously raises the awareness and capability of suppliers on responsibility, in its pursuit for the supplier management concept of open cooperation and mutual benefit. The Group adheres to the principle of fair procurement and strictly monitors the process in choosing our supplier and continues to promote the establishment of procurement standard and informatization construction, continuously enhances supply chain management, constantly optimizes the supply chain management system, and improves supplier management rules to implement supplier rating management, conducts supplier training and other activities and incorporates environmental, safety and employees' health and other risk factors into assessment and evaluation of suppliers, so as to ensure the procurement process complies with the regulations and is transparent, fair and just.

- **Improving supplier management rules**: The Group formulated related rules such as the Material Procurement Management Rules《物資採購管理制度》, the Raw Material Coal Procurement Management Rules《原料煤採購管理制度》and the Supplier Evaluation Management Rules《供方評價管理制度》to clearly define its procurement requirements and regulate the procurement process to ensure stability and high efficiency of the supply chain;

- **Implementing supplier rating management**: According to the actual production needs of the Company, the raw and auxiliary materials provided by suppliers are classified into key materials, important materials and general materials; and the suppliers are classified into qualified suppliers, temporary suppliers and unqualified suppliers according to the influence of the purchased products provided by suppliers on the production and product quality of the Company;

- **Carrying out social risk assessment of suppliers**: The Group formulated an assessment policy for suppliers, established a supplier evaluation team comprised of relevant functional departments to implement dynamic evaluation management of suppliers and required suppliers to comply with all applicable environmental, health and safety laws, regulations and requirements. The Group conducted focused assessment on the suppliers' ability in taking up environmental and social responsibilities and the extent of environmental and safety influence of their products to the Company, so as to ensure the sustainability of all qualified suppliers and that they can meet the demand for production;

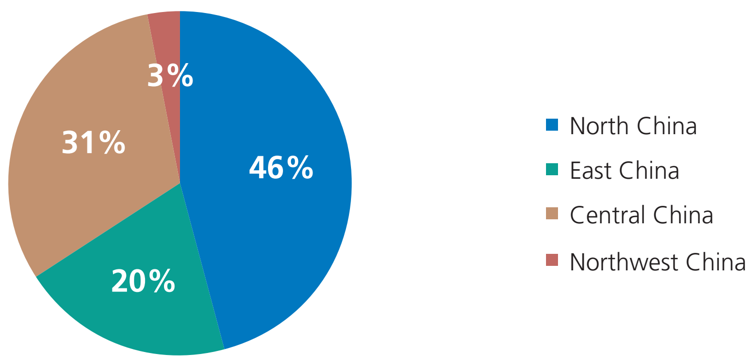
- **Preferentially select energy-saving and environmentally-friendly products**: For newly revamped projects, the Group clearly defines its procurement requirements and preferentially selects energy-saving materials and equipment during the procurement process for equipment and products;

- **Carrying out supplier training**: The Group actively carried out training on safety and other aspects for outsourced construction units in conjunction with the production operation of the Company to ensure that construction work is carried out in a compliant and legal manner.

Supplier Data in 2022

Indicator	Unit	2022
Number of annual audited suppliers	/	**35**
Annual supplier assessment rate	%	**100**
Sessions of training on ESG related topics for suppliers	Times	**1**
Percentage of supply chain ESG audits	%	**100**

The Ratio of Suppliers by Region



The Number of Suppliers in 2022 by Region

Region	Unit	Number of suppliers
North China	Supplier	16
East China	Supplier	11
Central China	Supplier	7
South China	Supplier	0
Northeast China	Supplier	0
Northwest China	Supplier	1
Southwest China	Supplier	0

6. Community Public Service

The Group's corporate culture concept is "be loyal internally, be honest externally, and be responsible toward the society". Starting from "benefiting from the society and giving back to the society", the Group actively assumed its corporate social responsibility by donating money for disaster relief, school sponsorship, blood donation and epidemic prevention and control, and actively dedicated itself to charities, such as rural revitalization and common prosperity. During the Reporting Period, the Group donated RMB1,703,300 to external parties, which demonstrated the social commitment of a enterprise.

The Group was evaluated and recognized by various key stakeholders for its outstanding performance in respect of community public charity. During the Reporting Period, a subsidiary of the Group was awarded the "Advanced Unit for Donation for Education in Jiyuan".

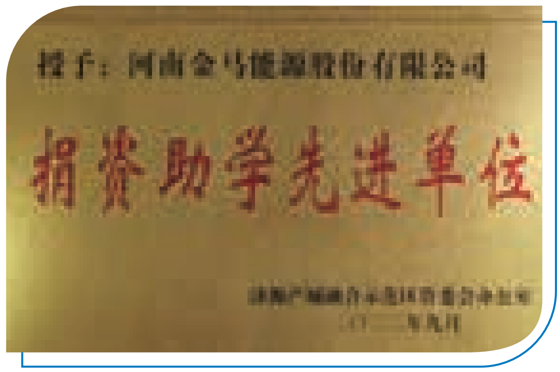
6.1 Public Welfare

Public welfare	We paid condolences to the family members of our team, the elderly aged over 70 in the neighboring villages, the households in difficulty and some workers in difficulty during the Spring Festival, distributing condolence money of RMB117,000 and condolence products such as rice and oil. The Group paid condolence visits to the elderly aged over 70 in Wanghu, Nandu, Zenan, Zebei and other neighboring villages on the Double Ninth Festival, including 609 persons who are parents of our employees and 555 elderly people in the neighboring villages, distributing condolence money of RMB175,000. The Group held the" Charity Donation Day" and" 99 Giving Day" donation activities, raising a fund of RMB143,920, which was donated to Jiyuan charitable organizations.
Donation for education	The" Ten-Year Plan for Charity Education of Jinma Energy" has continued to carry out activities this year, donating a total of RMB750,000 to 150 students. 500 students in need have received a total of RMB9.51 million in financial support so far, which is the largest donation for education in Jiyuan. The Group subsidizes the children of the Company's workers in need and college students from the surrounding villages who have been admitted to undergraduate colleges and universities by giving RMB3,000 per person per year. In 2022, the Group subsidized a total of 78 persons, totaling RMB234,000.

Condolence visit to the elderly on the Double Ninth Festival

Donation distribution activities of "Charity Education" of Jinma Energy

Charity Donation Day activity



Awarded the Advanced Unit for Donation for Education in Jiyuan

6.2 Volunteer Activities

The Group encourages its employees to actively participate in community public welfare by volunteer services and contribute to building a better community and homeland. During the Reporting Period, employees participated in activities such as blood donation and volunteering for epidemic, which conveyed positive energy to the society.

Organizing employees to donate blood

Employees served as volunteers during the epidemic

The Board of Henan Jinma Energy Co., Ltd. hereby presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

Principal activities

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 is committed to optimal resource utilization and environmentally responsible production throughout the production cycle. The Group has adopted a number of environmentally responsible measures to alleviate the impact of operations of the Group on the environment.

Discussion and analysis of the business of the Group, significant factors affecting the results and financial position of the Group and financial ratios of the Group are provided in the section headed "Management Discussion and Analysis Overview" of this annual report (pages 10 to 29). The Group's environmental policies and performance are provided in the section headed "Environmental, Social and Governance Report" of this annual report (pages 46 to 87). In addition, description of the principal risks and uncertainties faced by the Group, the future development of the Group and details regarding the Group's relationships with its key stakeholders are provided in the section headed "Management Discussion and Analysis Overview" (pages 10 to 29), "Corporate Governance Report" (pages 30 to 45), "Environmental, Social and Governance Report" (pages 46 to 87) and this section (pages 88 to 107) of this annual report. The particulars of important events that have occurred since the end of reporting period are provided in the section headed "Management Discussion and Analysis Overview" of this annual report (pages 10 to 29).

Five-year Financial Summary

Summaries of the results, assets and liabilities of the Group for the past five financial years (extracted from the audited financial statements published by the Group for 2018 to 2022) are set out as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000 (restated)	RMB'000	RMB'000
Revenue	**12,448,644**	7,398,260	6,392,350	7,571,945	7,451,793
Cost of sales	**(11,307,824)**	(6,383,003)	(5,344,854)	(6,490,863)	(6,090,402)
Gross profit	**1,140,820**	1,015,257	1,047,496	1,081,082	1,361,391
Other income	**51,121**	43,673	43,615	45,784	8,883
Other gains and losses	**(25,658)**	(93,209)	(7,368)	(7,748)	(898)
Impairment losses under expected credit loss model, net of reversal	**48,821**	(2,907)	(39,943)	2,737	(12,513)
Selling and distribution expenses	**(251,033)**	(104,398)	(139,313)	(143,250)	(83,008)
Administrative expenses	**(173,081)**	(140,288)	(110,169)	(100,449)	(93,465)
Finance costs	**(94,182)**	(48,285)	(61,208)	(54,265)	(48,300)
Share of result of a joint venture	**28,482**	3,334	2,194	3,949	4,614
Share of results of associates	**1,969**	–	(40,951)	(240)	(192)
Profit before tax	**727,259**	673,177	694,353	827,600	1,136,512
Income tax expense	**(156,475)**	(172,497)	(188,003)	(208,353)	(284,280)
Profit for the year from continuing operations	**570,784**	500,680	506,350	619,247	852,232
Profit for the year from discontinued operations	**–**	7,067	14,820	–	–
Other comprehensive (expenses)/ income for the year	**(36)**	(2,291)	1,823	914	(1,884)
Total comprehensive income for the year	**570,748**	505,456	522,993	620,161	850,348
Total comprehensive income attributable to:					
—Owners of the Company	**422,423**	485,911	487,295	588,116	830,524
—Non-controlling interests	**148,325**	19,545	35,698	32,045	19,824
	570,748	505,456	522,993	620,161	850,348
Earnings per share (RMB)					
From continuing and discontinued operations					
– Basic	**0.79**	0.91	0.91	1.10	1.55
From continuing operations					
– Basic	**0.79**	0.91	0.90	1.10	1.55

Selected Historical Consolidated Assets and Liabilities Data

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000 (restated)	RMB'000	RMB'000
Non-current assets	**7,124,154**	5,186,072	2,947,248	2,099,797	1,683,316
Current assets	**4,106,928**	3,339,269	3,443,781	3,387,264	2,391,446
Current liabilities	**4,533,238**	3,326,323	1,993,737	1,681,226	1,421,017
Net current (liabilities) assets	**(426,310)**	12,946	1,450,044	1,706,038	970,429
Total assets less current liabilities	**6,697,844**	5,199,018	4,397,292	3,805,835	2,653,745
Equity attributable to owners of the Company	**3,513,981**	3,225,413	2,900,128	2,627,001	2,279,625
Total equity	**4,726,480**	4,304,287	3,980,493	3,392,225	2,377,459
Non-current liabilities	**1,971,364**	894,731	416,799	413,610	276,286
	6,697,844	5,199,018	4,397,292	3,805,835	2,653,745

Payment of Dividends

The Board of Directors of the Company has resolved to recommend the payment of a final dividend in respect of the year ended 31 December 2022 of RMB0.05 per share in cash to shareholders whose names appear on the register of members of the Company on 31 May 2023.

The relevant resolutions are subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be convened on 22 May 2023. The final dividend is expected to be distributed on or before 30 June 2023. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Tax on Dividends for H Shareholders

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

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》and relevant requirements, the Company will withhold and pay enterprise income tax at the tax rate of 10% when distributing final 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》and the State Administration of Taxation on the Administrative Measures on Enjoying Tax Treaty Treatment by Non-resident Taxpayers (State Administration of Taxation Announcement 2019 No. 35) ("**Tax Treaty Announcement**"), 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 final dividend;

For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC, 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 final dividend;

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 final 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.

Key Customers and Suppliers

For the year ended 31 December 2022, the total revenue from top 5 customers of the Group and the revenue from the largest customer of the Group accounted for 49.2% and 17.0% (2021: 62.5% and 21.8%), respectively, of the total revenue of the Group. The top three largest customers are the Company's substantial shareholders or its subsidiaries and/or substantial shareholders and/or subsidiaries of the subsidiaries of the Company, and such revenue was generated from the sales of coke of the Group and there is no collectability problem upon due.

Save as disclosed above, none of the Directors of the Company, close associates of the Directors or Shareholders (which, to the best knowledge of the Board, own more than 5% of the Company's issued shares) had an interest in any of the Group's five largest customers at any time during the year.

During the year ended 31 December 2022, the aggregate amount of purchase attributable to the Group's top five suppliers and the purchase amount attributable to the largest supplier of the Group accounted for 34.2% and 10.6% (2021: 30.9% and 9.3%), respectively, of the total purchase amount of the Group.

None of the Directors of the Company, close associates of the Directors or Shareholders (which, to the best knowledge of the Board, own more than 5% of the Company's issued shares) had an interest in any of the Group's five largest suppliers at any time during the year.

In recent years, the Group has almost operated with stable production and sales level. Such efficiency relied on the close and effective relationship management with major suppliers and customers via good communication and execution in all aspects, which included quality control, logistics and payment, resulting in a win-win situation.

Subsidiaries, Associates and Joint Ventures

Details of key subsidiaries, associates and joint ventures of the Group are provided in Note 20, Note 22 and Note 21 to the consolidated financial statements.

Reserves and Distributable Reserves

Details of movements in the reserves of the Company during the year are provided in Note 48 to the consolidated financial statements. On 31 December 2022, distributable reserves (i.e. retained profits) of the Company amounted to RMB1,944.1 million (2021: RMB1,770.5 million).

Donations

During 2022, the Group made a total of RMB1.7 million (2021: RMB3.1 million) of charitable donations, details of which are provided in the section headed "Environmental, Social and Governance Report" of this annual report (page 86).

Purchase, Sale or Redemption of Securities of the Company

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Compliance with Relevant Laws and Regulations

The Group has compliance procedures in place to ensure its compliance with relevant laws, rules and regulations. During the Reporting Period, the Group has complied with relevant laws and regulations which have material influence on its operation.

Directors and Supervisors

During the year and as at the date of this report, the Directors and Supervisors of the Company were as follows:

Executive Directors:

Mr. Yiu Chiu Fai (饒朝暉) *(Chairman)*
Mr. Wang Mingzhong (王明忠) *(Chief Executive Officer)*
Mr. Li Tianxi (李天喜) *(Executive Deputy General Manager)*

Non-executive Directors:

Mr. Xu Baochun (徐葆春) *(Deputy Chairman) (appointed on 23 May 2022)*
Mr. Wang Kaibao (汪開保)
Ms. Ye Ting (葉婷)
Mr. Hu Xiayu (胡夏雨) *(retired on 23 May 2022)*

Independent Non-executive Directors:

Mr. Wu Tak Lung (吳德龍)
Mr. Meng Zhihe (孟至和)
Mr. Cao Hongbin (曹紅彬)

Supervisors:

Mr. Wong Tsz Leung (黃梓良)
Mr. Wu Jiacun (吳家村) *(appointed on 23 May 2022)*
Mr. Zhou Tao David (周韜)
Ms. Tian Fangyuan (田方遠)
Ms. Hao Yali (郝亞莉)
Mr. Fan Xiaozhu (范小柱)
Ms. Li Lijuan (李麗娟) *(retired on 23 May 2022)*

None of the Directors or Supervisors has entered into any service agreement with the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

For the biographical details of the Directors, Supervisors and the senior management of the Company, please refer to the section headed "Directors, Supervisors and Senior Management" of this annual report (pages 111 to 117).

Interests of Directors, Supervisors and Chief Executive in Securities

As at 31 December 2022, 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 for Securities Transactions by Directors of Listed Companies (the "**Model Code**") were as follows:

Name	Nature of Interest	Class of securities	Number of Shares held (Note 1)	Approximate percentage of shareholding in the total share capital of the Company (Note 2)
Mr. Yiu Chiu Fai	Interest in controlled corporation (Note 3)	H shares	162,000,000 (L)	30.26%
	Beneficial owner	H shares	2,303,000 (L)	0.43%

Notes:

1. The Letter "L" denotes the person's long position in such Shares.
2. The calculation is based on the total number of 535,421,000 Shares in issue of which all are H shares.
3. 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 turn, 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 held by Jinma Coking by virtue of the SFO.

Save as disclosed above, as at 31 December 2022, 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.

Interests of Directors and Supervisors in Transactions, Arrangements or Contracts

During the year or as at the end of the year, 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.

Non-competition Undertaking

Mr. Yiu Chiu Fai has confirmed to the Company that during the Reporting Period, he has complied with the non-competition undertaking (the "**Non-competition Undertaking**") given by him to the Company on 18 September 2017. Details of the Non-competition Undertaking are set out in the section headed "Relationship with our Controlling Shareholder" of the prospectus of the Company dated 26 September 2017.

The independent non-executive Directors have also reviewed the status of compliance by Mr. Yiu with the undertakings in the Non-competition Undertaking and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertaking.

Arrangement to Purchase Shares or Debentures

At no time during the year 2022 was the Company, its holding company or any of its subsidiaries or 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.

Management Contracts

No other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during 2022 and until the date of this annual report.

Permitted Indemnity Provision

The Company has taken out appropriate insurance coverage for Directors', Supervisors' and chief executive's liabilities in respect of legal actions against its Directors, Supervisors and chief executive arising out of corporate activities. The level of the coverage is reviewed annually. In 2022, no permitted indemnity provision was in force for the benefit of the Company's Directors, Supervisors and the chief executive.

Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 December 2022 and remain so as at the date of this annual report.

Connected Transactions

On 6 December 2022, Xinyang Jingang (a subsidiary of the Company) (as the purchaser) and Xinyang Co (as the seller) entered into an assets transfer agreement, pursuant to which Xinyang Co has agreed to sell, and Xinyang Jingang has agreed to purchase, assets including (i) the building structures with an aggregate gross floor area of 49,073.78 square metres, located at the north of Junmin Road, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC, comprising a coal bunker, an unloading steel-made shed and a power distribution room; and (ii) equipment such as belt conveyors system and an electromagnetic iron remover, and are used for coking operations (collectively, the "**Target Assets**"). The consideration was approximately RMB86.4 million and shall be payable within three months from the date of commencement of coking production by Xinyang Jingang by way of a six-month banker's acceptance.

The construction and development of the second phase of the coking furnace located in the north of Junmin Road, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC ("**Xinyang Land**") is in progress. As such, Xinyang Jingang is required to acquire additional coal storage and handling equipment to meet its production need. Considering that (i) the Target Assets are in good condition and have an estimated useful life of over 10 years; and (ii) the purchase price Xinyang Jingang was able to bargain for was lower than the appraised value of the Target Assets according to the valuation report prepared by an independent valuer based on a cost approach, the Company believes that the acquisitions are a valuable opportunity for investing in suitable coking operation assets which will fit Xinyang Jingang's imminent and future production need. In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Assets Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole.

On 20 December 2022, Xinyang Jingang (a subsidiary of the Company) (as the purchaser) and Xinyang Co (as the seller) entered into five land use right transfer agreements (the "**Land Use Right Transfer Agreements**"), pursuant to which Xinyang Co has agreed to sell, and Xinyang Jingang has agreed to purchase, the land use rights of five pieces of land located at (1) the east of Line 107, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC ("**Target Land I**"), (2) the east of Line 107, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC ("**Target Land II**"), (3) the north of Junmin Road, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC ("**Target Land III**"), (4) the north of Junmin Road, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC ("**Target Land IV**") and (5) Da Gu Zhuang Village, Minggang Town, Pingqiao District, Xinyang City, Henan Province, the PRC ("**Target Land V**"), respectively. The land use right of each of Target Land I and Target Land II has been granted for a term of 50 years expiring on 1 March 2054. The land use right of each of Target Land III, Target Land IV and Target Land V has been granted for a term of 50 years expiring on 4 May 2058. The consideration was approximately RMB56.7 million and shall be paid in full by Xinyang Jingang to Xinyang Co within 30 days commencing on the date of the respective Land Use Right Transfer Agreement.

As mentioned above, the construction and development of the second phase of the coking furnace located in the Xinyang Land is in progress, as such, Xinyang Jingang intends to acquire certain land parcels in the vicinity of the Xinyang Land for housing and building warehouses and storage facilities, belt conveyor systems, loading facilities for transporting cokes, and other operation facilities on the Target Lands in anticipation that the coking furnaces on the Xinyang Land will be put into full operation in the near future. Considering that (i) it is not easy to find large pieces of levelled land parcels in the vicinity of the Xinyang Land which are suitable for housing and building the aforementioned facilities; (ii) it will be cost-efficient to house and build the storage and loading facilities on the Target Lands given their proximity to the Xinyang Land; and (iii) the acquisition of the Target Lands will lower the operation risk of Xinyang Jingang as the Xinyang Jingang does not have to rely on leasing of land parcels from third party land owners and subject to re-negotiation of the relevant leases from time to time, and if the relevant leases are not renewed, incur relocation cost of its facilities, the Company believe that the acquisitions represent a valuable opportunity for investing in suitable land parcels located close to the Xinyang Land for constructing Xinyang Jingang's operation facilities as required.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Xinyang Jingang is owned as to 70% by the Company and as to 30% by Xinyang Co. Accordingly, Xinyang Co is a substantial shareholder of a member of the Group and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Assets Transfer Agreement, the Land Use Right Transfer Agreements and all the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

For further details of the Assets Transfer Agreement, the Land Use Right Transfer Agreements and the transactions contemplated thereunder, please refer to the Company's announcements dated 6 December 2022 and 20 December 2022, respectively.

Continuing Connected Transactions

For the year ended 31 December 2022, the Group conducted the following continuing connected transactions in respect of its business, details of which are disclosed in compliance with the requirements under Chapter 14A of the Listing Rules:

Name of Connected Person	Relationship with the Group	Nature of Transaction	Annual Cap for 2022 RMB'000	Actual Transaction Amount for 2022 RMB'000
Maanshan Steel	Maanshan Steel is interested in 26.89% of the total number of shares in issue of the Company and is one of the substantial shareholders of the Company	Sale of coke	1,170,000	955,286
Jiangxi PXSteel	Jiangxi PXSteel is interested in 9.89% of the total number of shares in issue of the Company	Sale of coke	2,790,000	2,369,635
Zenith Steel	Holder of approximately 22.27% of the equity interest in Shenzhen Jinma (a subsidiary of the Company)	Sale of coke	3,753,600	1,311,765
Xuzhou Oriental	Holder of approximately 22.27% of the equity interest in Shenzhen Jinma (a subsidiary of the Company); Xuzhou Oriental is held by Shanghai Luxiang as to approximately 63.30% equity interest and is therefore a subsidiary of Shanghai Luxiang	Sale of coke and coal Purchase of coal Provision of logistics services	1,092,000 1,050,000 88,200	49,262 201,471 –
Yugang Coking#	Yugang Coking was held as to 88.03% by Golden Fair Chemicals (Holding) Limited which was in turn held as to 65.92% by a substantial shareholder of Jinning Energy, a member of the Group and an insignificant subsidiary of the Company.	Purchase of coal tar Purchase of crude benzene Purchase of coal gas Sale of coal	70,800 30,000 32,000 150,000	3,765 742 1,010 –
Xinyang Co.	Holder of approximately 30.00% of the equity interest in Xinyang Jingang (a subsidiary of the Company)	Sale of coke Sale of electricity	386,112 12,528	242,035 –

Jinning Energy has been an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules, hence, Yugang Coking did not constitute a connected person of the Company for the year ended 31 December 2022.

Sale of Coke to Maanshan Steel Group

Pursuant to the framework agreement entered into between the Company and Maanshan Steel on 23 August 2019 (the "**Maanshan Steel Framework Agreement**"), it was agreed that sales of coke by the Group to Maanshan Steel and its associates (the "**Maanshan Steel Group**") shall continue for a term commencing from 1 January 2020 to 31 December 2022. For further details, please refer to the announcement of the Company dated 23 August 2019.

Under the Maanshan Steel Framework Agreement, the Maanshan Steel Group shall place purchase orders with the Group from time to time, specifying the amount of coke required by the Maanshan Steel Group, the requisite product specifications, as well as the expected delivery schedule; and following the Group's acceptance of the orders, the Group will sell the coke at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule, and payment is settled on monthly basis according to the terms of payment.

On 8 November 2022, the Company and Maanshan Steel agreed to renew the Maanshan Steel Framework Agreement for three years commencing from 1 January 2023 to 31 December 2025, pursuant to which the Group will continue to sell coke to the Maanshan Steel Group during the three years from 1 January 2023 to 31 December 2025. The proposed annual caps for each of the three years ended 31 December 2025 remain the same, i.e. RMB1,170.0 million per year.

Through the transactions contemplated under the Maanshan Steel Framework Agreement, the Group will continue to sell coke to the Maanshan Steel Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Maanshan Steel Framework Agreement. With respect to the sales amount, the 2022 annual cap for such continuing connected transactions was RMB1,170.0 million, and the actual annual transaction amount for the year ended 31 December 2022 was approximately RMB955.3 million.

For further details of the renewal of the Maanshan Steel Framework Agreement, please refer to the announcement of the Company dated 8 November 2022.

Sale of Coke to Jiangxi PXSteel Group

Pursuant to the framework agreement entered into between the Company and Jiangxi PXSteel on 23 August 2019 (as supplemented by the supplemental agreement dated 19 November 2021) (the "**Jiangxi PXSteel Framework Agreements**"), it was agreed that the Group shall sell coke to Jiangxi PXSteel and its associates (the "**Jiangxi PXSteel Group**") for a term commencing from 1 January 2020 to 31 December 2022. Pursuant to the supplemental agreement, the annual cap has been revised from RMB1,755.0 million to RMB2,255.0 million for the year 2021, and from RMB1,755.0 million to RMB2,790.0 million for the year 2022, as a result of the significant rise in the price of coke. For further details, please refer to the announcements of the Company dated 23 August 2019 and 19 November 2021.

Under the Jiangxi PXSteel Framework Agreements, the Jiangxi PXSteel Group will place purchase orders with the Group from time to time, specifying the amount of coke required by the Jiangxi PXSteel Group, the requisite product specifications, as well as the expected delivery schedule; and following the Group's acceptance of the orders, the Group will sell the coke at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis according to the terms of payment.

Through the transactions contemplated under the Jiangxi PXSteel Framework Agreements, the Group will continue to sell coke to the Jiangxi PXSteel Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Jiangxi PXSteel Framework Agreements. With respect to the sales amount, the revised 2022 annual cap for such continuing connected transactions was RMB2,790.0 million, and the actual annual transaction amount for the year ended 31 December 2022 was approximately RMB2,369.6 million.

On 15 June 2021, Jiangxi PXSteel completed the sale transaction of part of its shareholdings of the Company. After the transaction, Jiangxi PXSteel was holding 9.89% of the Group's equity and hence not a connected person of the Company under Chapter 14A of the Listing Rules. Thereafter, no further announcement will be made regarding the renewal of the framework agreement between the Company and Jiangxi PXSteel.

Sale of Coke and Coal to Zenith Steel Group

Pursuant to the framework agreement entered into between the Company and Zenith Steel dated 29 December 2021 (the "**New Zenith Steel Sales Framework Agreement**"), it was agreed that the Group could sell coke and coal to Zenith Steel and its associates (the "**Zenith Steel Group**") from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

Under the New Zenith Steel Sales Framework Agreement, the Zenith Steel Group shall from time to time place purchase orders with the Group, specifying the amount of coke and/or coal required by the Zenith Steel Group, the requisite product specifications, as well as the expected delivery schedule; and the Group shall sell the coke and/or coal at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis.

Through the transactions under the New Zenith Steel Sales Framework Agreement, the Group considered that the Group will sell coke and/or coal to the Zenith Steel Group and record predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company from the transactions. With respect to the sales amount, the 2022 annual cap for such continuing connected transactions was RMB3,753.6 million, and the actual annual transaction amount for the year ended 31 December 2022 was approximately RMB1,311.8 million.

Sale of Coke and Coal to Xuzhou Oriental Group and Purchase of Coal and Provision of Logistics Services from Xuzhou Oriental Group

- **Sale of Coke and Coal to Xuzhou Oriental Group**

  Pursuant to the framework agreement entered into between the Company and Xuzhou Oriental dated 29 December 2021 (the "**New Xuzhou Oriental Sales Framework Agreement**"), it was agreed that the Group could sell coke and coal to Xuzhou Oriental and its associates (the "**Xuzhou Oriental Group**") from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

  Under the New Xuzhou Oriental Sales Framework Agreement, the Xuzhou Oriental Group shall from time to time place purchase orders with the Group, specifying the amount of coke and/or coal required by the Xuzhou Oriental Group, the requisite product specifications, as well as the expected delivery schedule; and the Group shall sell the coke and/or coal at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis.

  Through the transactions contemplated under the New Xuzhou Oriental Sales Framework Agreement, the Group considered that the Group will continue to sell coke and/or coal to the Xuzhou Oriental Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the 2022 annual cap for such continuing connected transactions was RMB1,092.0 million, and the actual annual transaction amount for the year ended 31 December 2022 was approximately RMB49.3 million.

- **Purchase of Coal from Xuzhou Oriental Group**

  Pursuant to the framework agreement entered into between the Company and Xuzhou Oriental dated 29 December 2021 (the "**New Xuzhou Oriental Purchase Framework Agreement**"), it was agreed that the Group could purchase coal from the Xuzhou Oriental Group from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

  Under the New Xuzhou Oriental Purchase Framework Agreement, the Group shall from time to time place purchase orders with the Xuzhou Oriental Group, specifying the amount of coal required by the Group, the requisite product specifications, as well as the expected delivery schedule; and the Xuzhou Oriental Group shall sell the coal at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis.

  Through the transactions contemplated under the New Xuzhou Oriental Purchase Framework Agreement, the Group considered that the Group will continue to acquire coal from the Xuzhou Oriental Group and strengthen the business relationship with reliable business partners, in order to ensure stable supply of high quality coking coal for production and promote business development plan. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the 2022 annual cap for such continuing connected transactions was RMB1,050.0 million, and the actual annual transaction amount for the year ended 31 December 2022 was approximately RMB201.5 million.

- **Provision of Logistics Services from Xuzhou Oriental Group**

  Pursuant to the framework agreement entered into between the Company and Xuzhou Oriental dated 29 December 2021 (the "**New Xuzhou Oriental Logistics Services Framework Agreement**"), it was agreed that the provision of logistics services by the Xuzhou Oriental Group to the Group from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

  Under the New Xuzhou Oriental Logistics Services Framework Agreement, the sales department of the Group will regularly monitor the changing trends of different types of transportation (including railway, road and ship), and determine the prevailing price range of the transportation fees after considering the prices published by specialized online information platforms. Based on the prevailing price range of coke, the Group will also hold an internal price analysis meeting. After considering the above factors, the transportation fee will be determined through fair negotiation with the Xuzhou Oriental Group, and the payment will be settled on a monthly basis.

  Through the transactions contemplated under the New Xuzhou Oriental Logistics Services Framework Agreement, the Group believes that it can ensure a stable and reliable supply of high quality products and services without having to purchase from other market suppliers, which will further support the smooth operation of the Group. Accordingly, the Directors (including independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the 2022 annual cap for such continuing connected transactions was RMB88.2 million, and the actual annual transaction amount for the year ended 31 December 2022 was zero.

Purchase of Coal Tar, Crude Benzene and Coal Gas from Yugang Coking and Sale of Coal to Yugang Coking

- **Purchase of Coal Tar from Yugang Coking**

  Pursuant to the framework agreement entered into among Bohigh Chemical, the Company and Yugang Coking on 18 September 2017 (as supplemented by the supplemental agreement dated 23 August 2019) (the "**Coal Tar Purchase Framework Agreement**"), it was agreed that Bohigh Chemical (and/or other group companies) shall purchase coal tar from Yugang Coking for a term commencing from 1 January 2017 until 31 December 2022.

  Under the Coal Tar Purchase Framework Agreement, Bohigh Chemical (and/or other group companies) will place purchase orders with Yugang Coking from time to time, specifying the amount of coal tar required by the Group, the requisite product specifications, as well as the expected delivery schedule. Yugang Coking will sell the coal tar at the prevailing market price and complete delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis according to the terms of payment.

- **Purchase of Crude Benzene from Yugang Coking**

  Pursuant to the framework agreement entered into among Jinyuan Chemicals, the Company and Yugang Coking on 18 September 2017 (as supplemented by the supplemental agreement dated 23 August 2019) (the "**Crude Benzene Purchase Framework Agreement**"), it was agreed that Jinyuan Chemicals (and/or other Group Companies) shall purchase the crude benzene from Yugang Coking for a term commencing from 1 January 2017 until 31 December 2022.

  Under the Crude Benzene Purchase Framework Agreement, Jinyuan Chemicals (and/or other Group Companies) will place purchase orders with Yugang Coking from time to time, specifying the amount of crude benzene required by the Group, the requisite product specifications, as well as the expected delivery schedule. Yugang Coking will sell the crude benzene at the prevailing market price and complete delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis according to the terms of payment.

- **Purchase of Coal Gas from Yugang Coking**

  Pursuant to the framework agreement entered into among Jinning Energy, the Company and Yugang Coking on 18 September 2017 (as supplemented by the supplemental agreement dated 23 August 2019) (the "**Coal Gas Purchase Framework Agreement**"), it was agreed that Jinning Energy (and/or other Group Companies) shall purchase the coal gas from Yugang Coking for a term commencing from 1 January 2017 until 31 December 2022.

  Under the Coal Gas Purchase Framework Agreement, Jinning Energy (and/or other Group Companies) will place purchase orders with Yugang Coking from time to time, specifying the amount of coal gas required by the Group, the requisite product specifications, as well as the expected delivery schedule. Yugang Coking will sell the coal gas at the prevailing market price and complete delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis according to the terms of payment.

  Through the transactions contemplated under the Coal Tar Purchase Framework Agreement, the Crude Benzene Purchase Framework Agreement and the Coal Gas Purchase Framework Agreement (collectively, the "**Yugang Purchase Framework Agreements**"), the Group considered that the Group will continue to acquire such raw materials for the Group's processing business from sources that facilitate transportation and have been able to produce products of stable quality at prevailing market price. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Yugang Purchase Framework Agreements. With respect to the purchase amount, the 2022 annual caps for such continuing connected transactions in relation to coal tar, crude benzene and coal gas were RMB70.8 million, RMB30.0 million and RMB32.0 million, respectively, and the actual annual transaction amounts for the year ended 31 December 2022 were approximately RMB3.8 million, approximately RMB0.7 million and approximately RMB1.0 million, respectively.

- **Sale of Coal to Yugang Coking**

  Pursuant to the framework agreement entered into between Shanghai Jinma and Yugang Coking on 18 September 2017 (as supplemented by the supplemental agreement dated 23 August 2019) (the "**Yugang Sale Framework Agreement**"), it was agreed that Shanghai Jinma shall sell coal to Yugang Coking for a term commencing from 1 January 2017 until 31 December 2022.

  Under the Yugang Sale Framework Agreement, Yugang Coking will place purchase orders with Shanghai Jinma from time to time, specifying the amount of coal required by Yugang Coking, the requisite product specifications, as well as the expected delivery schedule. Following the acceptance of the orders by Shanghai Jinma, Shanghai Jinma will sell the coal at market price and complete delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis according to the terms of payment.

  Shanghai Jinma is principally engaged in the trading of coal and coal mining equipment and has been cooperating with certain customers of its coal trading business, while Yugang Coking has been a customer of Shanghai Jinma since 2013. In addition to generating revenue from the transaction, coal trading also allows the Group to enhance the cost advantage derived from purchasing coal in bulk. In recent years, although Yugang Coking has reduced the number of transactions contemplated under the Yugang Sales Framework Agreement, the Company's Directors (including the independent non-executive Directors) still considered that it would be beneficial for the Company to continue performing the transactions under the Yugang Sale Framework Agreement. With respect to the sales amount, the 2022 annual cap for such continuing connected transactions was RMB150.0 million, and the actual annual transaction amount for the year ended 31 December 2022 was zero.

  Yugang Coking was held as to 88.03% by Golden Fair Chemicals (Holding) Limited which was in turn held as to 65.92% by a substantial shareholder of Jinning Energy. For the year ended 31 December 2022, Jinning Energy is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules and therefore Yugang Coking does not constitute a connected person of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yugang Coking and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Sales of Coke, Electricity and Heat to Xinyang Group

Pursuant to the framework agreement entered into between the Company and Xinyang Co dated 29 March 2022 (the "**Xinyang Company Sales Framework Agreement**"), it was agreed that the Group could sell coke and electricity to Xinyang Co and its associates (excluding Xinyang Jingang) (the "**Xinyang Group**") from 1 January 2022 to 31 December 2022.

Under the Xinyang Company Sales Framework Agreement, the Xinyang Group shall from time to time place purchase orders with the Group, specifying the amount of coke and/or electricity required by the Xinyang Group, the requisite product specifications, as well as the expected delivery schedule; and the Group shall sell the coke and/or electricity at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule, and payment will be settled on monthly basis.

Through the transactions contemplated under the Xinyang Company Sales Framework Agreement, the Group considered that the Group will continue to sell coke and/or electricity to Xinyang Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions.

With respect to the sales amount, the 2022 annual cap for such continuing connected transactions for the sales of coke was RMB386.1 million, and the actual annual transaction amount for the year ended 31 December 2022 was approximately RMB242.0 million. The 2022 annual cap for such continuing connected transactions for the sales of electricity was RMB12.5 million, and the actual annual transaction amount for the year ended 31 December 2022 was zero.

On 8 November 2022, the Company and Xinyang Co agreed to a new framework agreement (the "**New Xinyang Company Sales Framework Agreement**"), pursuant to which the Group agrees to provide coke and heat energy to the Xiyang Group during the three years from 1 January 2023 to 31 December 2025. The annual caps for transactions contemplated under the New Xinyang Company Sales Framework Agreement for the year ending 2023, 2024 and 2025 are RMB4,600 million, RMB5,375 million and RMB5,375 million respectively. For further details of the New Xinyang Company Sales Framework Agreement, please refer to the announcement dated 8 November 2022.

Opinions of Independent Non-executive Directors and Auditor

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above at the meeting of the Board held on 24 March 2023 and confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or on terms no less favourable than those entered into by independent third parties with the Group; and (iii) pursuant to the relevant agreements governing these transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Group's auditor has issued an unqualified letter containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The auditor confirms and states in the letter that:

- They have not noticed anything that causes them to believe that the continuing connected transactions disclosed have not been approved by the Board of Directors of the Company.

- For transactions involving the provision of goods or services by the Group, they have not noticed anything that causes them to believe that the transactions were not conducted in accordance with the Group's pricing policy in all material aspects.

- They have not noticed anything that causes them to believe that the transactions were not conducted in accordance with the relevant agreements governing the transactions in all material aspects.

- In respect of the aggregate transaction amount of the above continuing connected transactions, they have not noticed anything that causes them to believe that the continuing connected transactions disclosed exceeded the relevant annual caps as approved by the Company.

The auditor of the Group has provided a copy of the auditor's letter on behalf of the Company to The Stock Exchange of Hong Kong Limited.

Except for the connected transactions (including continuing connected transactions) disclosed above, all the related parties' transactions set out in Note 43 to the consolidated financial statements of the Group do not constitute continuing connected transactions or connected transactions of the Company that are required to comply with the relevant annual review, disclosure or shareholder's approval requirements under Chapter 14A of the Listing Rules.

Interests of Substantial Shareholders in Securities

As at 31 December 2022, 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 the issued share capital of the Company:

Name	Nature of Interest	Class of Securities	Number of Shares Held (Note 1)	Approximate percentage of shareholding in the total Share Capital of the Company (Note 2)
Jinma HK	Beneficial owner	H shares	162,000,000(L)	30.26%
Jinma Coking	Interests in controlled corporation (Note 3)	H shares	162,000,000(L)	30.26%
Golden Star	Interests in controlled corporation (Note 4)	H shares	162,000,000(L)	30.26%
Ms. Lam Yuk Wai	Interest of spouse (Note 5)	H shares	164,303,000(L)	30.69%
Maanshan Steel	Beneficial owner (Note 6)	H shares	144,000,000(L)	26.89%
Magang (Group) Holdings Co., Ltd.	Interests in controlled corporation (Note 6)	H shares	144,000,000(L)	26.89%
Jiangxi PXSteel	Beneficial owner	H shares	52,945,000(L)	9.89%
Jiangxi Fangda Steel Group Co., Ltd.	Interests in controlled corporation (Note 7)	H shares	52,945,000(L)	9.89%
Liaoning Fangda Group Industrial Co., Ltd.	Interests in controlled corporation (Note 7)	H shares	52,945,000(L)	9.89%
Beijing Fangda International Enterprise Investment Co., Ltd.	Interests in controlled corporation (Note 8)	H shares	52,945,000(L)	9.89%
Mr. Fang Wei	Interests in controlled corporation (Note 9)	H shares	52,945,000(L)	9.89%
Jinma Xingye	Beneficial owner	H shares	40,000,000(L)	7.47%
Mr. Wang Lijie	Interests in controlled corporation (Note 10)	H shares	40,000,000(L)	7.47%
Ms. Zheng Jing	Interest of spouse (Note 11)	H shares	40,000,000(L)	7.47%

Notes:

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

2. The percentage is based on the total number of 535,421,000 Shares in issue of which all are H shares.

3. 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.

4. 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.

5. 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.

6. 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 36.97% 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.

7. As per their confirmations, while Jiangxi Fangda Steel Group Co., Ltd. ("**Fangda Group**") is directly interested in approximately 51.90% of Jiangxi PXSteel, Fangda Group is the holding company. Accordingly, Fangda Group is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO. And 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.

8. 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.

9. 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.

10. Mr. Wang Lijie (王利傑) 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.

11. 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.

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 31 December 2022.

Sufficiency of Public Float

Based on the information that is available to the Group and to the best knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this report.

Provision of Financial Subsidiaries and Guarantees for Associates or Subsidiaries

For the year ended 31 December 2022, no financial assistance or guarantees were provided by the Company to its associates or subsidiaries in respect of any banking facilities.

Employees and Remuneration Policy

Employees are the Group's important asset. As at 31 December 2022, the Group employed about 2,848 employees, with an average turnover of less than 6.1% over the past three years, reflecting the competitive remuneration and benefits provided by the Group to its employees.

The Group has established a remuneration committee to review 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. 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 its employees in accordance with the relevant PRC labour laws and regulations. Other relevant information is provided in Note 35 Retirement Benefit Costs to the "Consolidated Financial Statements".

Details of Directors' remuneration for 2022 are provided in Note 15 to the "Consolidated Financial Statements" in this annual report.

Pension Schemes

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries. Under these plans, no forfeited contributions can be used by the employers to reduce the existing level of contributions.

The Hong Kong based employees of the Group participate in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the employers' existing level of contributions can be reduced by contributions forfeited by the employers on behalf of those employees who leave the scheme prior to vesting fully in the contributions. During the years ended 31 December 2021 and 2022, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2021 and 2022.

Auditor

The consolidated financial statements for the year ended 31 December 2022 have been audited by Deloitte Touche Tohmatsu ("**Deloitte**") who will retire from the office of auditor at the forthcoming annual general meeting of the Company and, being eligible, will offer itself for re-election. Since the Listing Date and up to the date of this annual report, the Company has not changed its auditor.

On behalf of the Board of Directors

Yiu Chiu Fai
Chairman

Hong Kong
24 March 2023

In 2022, in strict compliance with the relevant requirements of the Company Law, Securities Law, Articles of Association, Rules of Procedures for Supervisory Committee Meetings, in response to being accountable for all shareholders' interests, all members of the Supervisory Committee of Henan Jinma Energy Company Limited (hereinafter referred to as the "Company") had conscientiously fulfilled their Supervisory Committee functions, proactively carried out the relevant work and exercised supervision over the operations of the Company according to law and the performance of duties of the directors and senior management personnel of the Company, which safeguarded the legal rights and interests of the Company and shareholders and promoted the regulated operation, risk avoidance and sound development of the Company.

I. Basic Assessment on the Operation, Management Behaviour and Results of the Company in 2022

In 2022, the Supervisory Committee of the Company earnestly performed its supervision duty in strict accordance with the requirements of the Company Law, Articles of Association, Rules of Procedures for Supervisory Committee Meetings, and relevant laws and regulations, to effectively safeguard the interest of the Company as well as the rights and interests of the minority shareholders. The supervisors attended all the meetings of the Board during the Reporting Period and are of the view that the Board had implemented resolutions of the general meetings of shareholders conscientiously and had performed their obligations faithfully without any actions which were detrimental to the interests of the Company and the shareholders. All resolutions of the Board had complied with the laws and regulations such as the Company Law and the requirements of the Articles of Association. During the Reporting Period, the Company achieved sound operating results and basically realized the production operation plan and the Company's profit plan formulated at the beginning of the year. The Supervisory Committee supervised the Company's production and operating activities during its term of office and is of the view that the Company's management had performed its obligations faithfully and had duly executed all the resolutions of the Board.

II. The Meetings of the Supervisory Committee

During the reporting period, the Supervisory Committee of the Company convened three meetings:

On 21 March 2022, the sixth meeting of the Second Session of the Supervisory Committee was held, out of the six Supervisors who were eligible to attend the meeting, six Supervisors were present at the meeting. The meeting was convened in compliance with the requirements of the Company Law and Articles of Association. The meeting had considered and approved the following resolutions: 2021 Annual Supervisory Committee's Report of Henan Jinma Energy Company Limited, the Audit Report 2021 for Henan Jinma Energy Company Limited《河南金馬能源股份有限公司2021年度審計報告》, the Annual Report 2021 for Henan Jinma Energy Company Limited《河南金馬能源股份有限公司2021年度報告》, the Annual Results Announcement 2021 for Henan Jinma Energy Company Limited《河南金馬能源股份有限公司2021年度業績報告》, the Resolution on the Distribution of the Final Cash Dividends for the Year 2021《關於派發2021年度末期現金股息的議案》, and the Report on the Use of Proceeds from Public Offering of Overseas Listed Foreign Shares (H Shares) of Henan Jinma Energy Company Limited《河南金馬能源股份有限公司公開發行境外上市外資股(H股)募集資金使用情況的報告》.

On 12 April 2022, the seventh meeting (extraordinary) of the Second Session of the Supervisory Committee was held in the form of written meeting. The meeting was convened in compliance with the requirements of the Company Law and Articles of Association. The meeting had considered and approved the following resolution: the Resolution on the Nomination of Member Candidates of the Third Session of the Supervisory Committee of the Company《關於提名公司第三屆監事會成員候選人的議案》, pursuant to which, Wong Tsz Leung and Wu Jiacun were nominated as candidates of shareholder representative supervisors of the third session of the Supervisory Committee while Zhou Tao, David and Tian Fangyuan as candidates for the independent supervisor of the third session of the board of supervisors of the Company, and jointly formed the third session of the Supervisory Committee of the Company together with the Supervisors representing the employees elected during the 2021 annual general meeting and members of the third session of the Supervisory Committee for a term of three years commencing from the date of appointment after the resolution at the 2021 annual general meeting.

On 23 May 2022, the first meeting of the Third Session of the Supervisory Committee was held, out of the six Supervisors who were eligible to attend the meeting, six Supervisors were present at the meeting. The meeting was convened in compliance with the requirements of the Company Law and Articles of Association. The meeting had considered and approved the following resolution: the Resolution on the Electing the Chairman of the Third Session of the Supervisory Committee of the Company《關於選舉公司第三屆監事會主席的議案》, pursuant to which, Mr. Wang Tsz Leung was elected as the Chairman of the Third Session of the Supervisory Committee of the Company for a term of three years commencing from the date of the resolution of this meeting of the Supervisory Committee.

III. Supervision Opinions of the Supervisory Committee on Relevant Matters of the Company in 2022

(I) Operating the Company according to law

During the Reporting Period, the Supervisory Committee strictly complied with the requirements of the Company Law and the Articles of Association, conscientiously performed its duties by actively attending the general meeting and Board meetings, supervising the Company's legal compliance of its operations in 2022, and concluded that the standardized operation and decision-making procedures of the Board of the Company were in compliance with the requirements of the Articles of Association and the relevant laws and regulations, earnestly implemented the resolutions of the Board, and faithfully fulfilled its fiduciary duties. The Company has been continuously improving the internal control system. The Directors and senior management of the Company conscientiously implemented the relevant laws and regulations, the Articles of Association, the resolutions of the general meetings and the Board meetings and performed their duties diligently. The Supervisory Committee were not aware of any violation of laws and regulations and the Articles of Association or any act detrimental to the interests of the Company.

(II) Financial conditions of the Company

During the Reporting Period, the Supervisory Committee carefully examined and audited the financial position of the Company and issued an audit opinion on each of the periodic reports. The Supervisory Committee was of the view that the Company's financial system was sound with stable financial operation. The financial statements of the Company gave a full, objective and true picture of the financial position and operation results of the Company. The standard unqualified auditor's reports and audit opinion issued by the accounting firm on the annual financial position of the Company for the reporting period were objective and justifiable.

(III) Related party transactions

During the Reporting Period, the Supervisory Committee conducted inspection over the related party transactions of the Company, and was the view of that in 2022, the related party transactions of the Company were conducted in the ordinary course of business of the Company. The transaction plan has been approved by the Board or general meetings in advance in accordance with the approval procedure. The transaction behavior complied with the market principles, and fulfilled the relevant approval procedures in accordance with the relevant laws and regulations and the requirements of the Articles of Association. The price of the related party transaction is fair, reasonable and impartial, and will not prejudice the interests of the Company and other non-related shareholders.

(IV) Internal control assessment of the Company

During the Reporting Period, the Supervisory Committee reviewed the internal control assessment of the Company, and considered that the Company has established a relatively sound internal control system and the existing internal control system is in compliance with the requirements under relevant national laws and regulations and that can cope with the actual needs of the Company in its production operation management, and such system has been effectively implemented. The establishment of the internal control system has provided better risk prevention and control in all aspects of the Company's production operation management, ensuring the orderly and effective commencement of the Company's various business activities, protecting the safety and integrity of the Company's assets and safeguarding the interests of the Company and its shareholders.

IV. Comprehensive Opinions of the Supervisory Committee on the Circumstances of the Company in 2022

(I) During the Reporting Period, members of the Supervisory Committee conscientiously fulfilled their obligations. Through attending Board meetings, it exercised supervision over the performance of duties and the execution of decision-making procedures of the Company by the Board. The Supervisory Committee is of the view that all resolutions and decision-making procedures of the Board of the Company are in strict compliance with the requirements of the Company Law, the Articles of Association and Rules of Procedures for Board Meetings, and are therefore lawful and valid.

(II) During the Reporting Period, the senior management officers of the Company had complied with the Articles of Association and the State laws and regulations when they performed their duties to safeguard the interests of the Company and its shareholders, and had conscientiously implemented the resolutions of the general meeting and fulfilled the obligations of honesty and diligence to facilitate the legitimate operation of the Company, the passing of democratic decisions and the performance of scientific management with clear objectives and continuous innovations, and achieved good economic benefits without any non-compliance acts in violation of laws and regulations.

(III) The Supervisory Committee had seriously reviewed the 2022 financial report of the Company and the relevant information, was of the opinion that the report had reflected objectively the financial conditions and operating results of the Company, the results of the Company for 2022 were genuine and the cost control effectiveness was remarkable.

V. Supervisory Committee's Outlook of Work in 2023

In 2023, the Supervisory Committee of the Company will continue to strictly comply with the relevant laws and regulations as well as the requirements of the Articles of Association and the Rules of Procedures for Supervisory Committee Meetings, fully exercise the rights conferred by the laws and regulations and perform its supervisory duties faithfully and diligently. The Supervisory Committee will continue to strengthen the internal learning and training of Supervisors to improve their supervision awareness and ability, and continuously promote self-improvement of the Supervisory Committee. The Supervisory Committee will further strengthen its supervision of the Company's financial position, material matters and the legality and compliance of the Company's directors, managers and other senior management in discharging their duties, so as to effectively safeguard and protect the interests of the Company and its shareholders, and prevent damage to the interests and image of the Company.

DIRECTORS

The Board currently consists of nine Directors, of whom three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The term of office of all Directors (of the current session of the Board) shall end at the conclusion of the annual general meeting for the year ending 31 December 2024, and the Directors may be appointed for consecutive terms. Mr. Xu Baochun was appointed as a non-executive Director on 23 May 2022, in place of Mr. Hu Xiayu who did not offer himself for re-election as a non-executive Director and was retired from directorship, for a term of three years from 23 May 2022 to the conclusion of the annual general meeting of the Company for the year ending 31 December 2024 (both days inclusive). The Board shall be responsible for and shall have general power to manage and develop the Company's business.

Executive Directors

Mr. Yiu Chiu Fai (饒朝暉), aged 54, was appointed as an executive Director and the chairman of the Board of the Company in July 2016. Mr. Yiu is also a director of Jinma HK, Jinma Coking and Golden Star, all of which are companies controlled by Mr. Yiu. Mr. Yiu joined the Group in May 2006 as a Director of the Company's predecessor. As chairman of the Board, Mr. Yiu is mainly responsible for leading the Board to formulate corporate and operational strategies and make major corporate and operational decisions of the Group.

Prior to joining the Group, Mr. Yiu was a department manager of Xiamen Commercial Foreign Trade Corporation from around August 1990 to September 1993, a director and deputy general manager of Shangxiang Minmetals Investment Ltd. from December 1993 to June 1997, an executive director of Central China Enterprises Limited, a company listed in Hong Kong (stock code: 351), from June 1998 to September 2000, and the chairman of Yugang Coking from June 2002 to July 2012. Mr. Yiu has over 20 years of experience in corporate management.

Mr. Yiu obtained a bachelor's degree in law from Xiamen University in July 1990. He also obtained a master's degree in business administration from the University of South Australia in April 2003 through long distance learning.

Mr. Wang Mingzhong (王明忠), aged 59, was appointed as the Chief Executive Officer and an executive Director of the Company in July 2016. Mr. Wang is also a director of Jinma Xingye, a Substantial Shareholder of the Company. Mr. Wang joined the Group as a Director of the Company's predecessor since its establishment in February 2003 and has served as the general manager of the Company (and the Company's predecessor) since April 2003. He is mainly responsible for formulating development and operational strategies and the overall daily business operation and management of the Group.

Prior to joining the Group, Mr. Wang was a manager in Henan Jiyuan Liquefied Petroleum Gas Company* (河南省濟源市石油液化氣公司) from December 1993 to December 1995. He also served as the general manager and the deputy secretary of the party committee of Yugang Coking from January 1996 to February 2003. Mr. Wang has over 20 years of experience in the petroleum and coking industry.

Mr. Wang obtained the qualification of senior economist in November 2010.

Mr. Li Tianxi (李天喜), aged 58, was appointed as an executive Director of the Company in December 2016. Mr. Li is currently the Company's executive deputy general manager and chief engineer, and also an executive director of Bohigh Chemical, a subsidiary of the Company. Mr. Li is also a director of Jinma Xingye, the Company's Substantial Shareholder. Mr. Li joined the Group in April 2003 as the Company's executive deputy general manager, chief engineer and the secretary to the Board. He is mainly responsible for the technological, environmental and construction developments of the Group. Mr. Li also served as an executive director and general manager of Jinma Qingneng (formerly known as Jinma Qingfeng), a subsidiary of the Company in January 2023.

Prior to joining the Group, Mr. Li worked in Yugang Coking from February 1996 to October 2002 and served as a deputy general manager and the chief engineer.

Mr. Li was qualified as a senior engineer in September 2005 and was recognized as a metallurgy industry expert in Henan province by Henan Iron and Steel Association* (河南省鋼鐵工業協會) and Henan Society for Metals* (河南省金屬學會) in December 2006, and awarded the second prize of Metallurgy Science and Technology Award by China Iron and Steel Association* (中國鋼鐵工業協會) and The Chinese Society for Metals in August 2009, and recognized as a coking expert by Henan Iron and Steel Association in September 2016. Mr. Li was appointed as an expert of the Seventh Session of China Coking Industry Association by China Coking Industry Association in January 2018, and has been serving as the president of Coking Industry Branch of Henan Iron and Steel Association* (河南省鋼鐵工業協會焦化行業分會) since April 2019 and has also been serving as the vice president of the Seventh Session of the Henan Society for Metals* since October 2020.

Mr. Li obtained a bachelor's degree in Chemical Engineering and Technology from Henan University in January 2010.

Non-executive Directors

Mr. Wang Kaibao (汪開保), aged 51, was appointed as a non-executive Director of the Company in May 2020. Mr. Wang is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

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 the 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 manager and the chief engineer from March 2015 to February 2018.

Mr. Wang 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 in July 1996. Mr. Wang is qualified as a senior engineer.

Ms. Ye Ting (葉婷), aged 36, was appointed as a non-executive Director of the Company in October 2019. Ms. Ye is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

Ms. Ye joined the Jiangxi PXSteel Group (being Jiangxi PXSteel Industrial Co. Ltd. ("Jiangxi PXSteel") and its subsidiaries) since July 2009 and served in various positions, including as a chemical analyst of the quality assurance department and the manager of Administrations Office of Jiujiang Ping Gang Steel Co., Ltd.* (九江萍鋼鋼鐵有限公司, the coal-coking company of Jiangxi PXSteel). Since October 2018, she has been serving as the deputy manager in Administrations Office of Ping Xiang Ping Gang Anyuan Steel Co., Ltd.* (萍鄉萍鋼安源鋼鐵有限公司), a subsidiary of Jiangxi PXSteel.

Ms. Ye graduated from Jiujiang University (九江學院) in July 2007, majoring in tourism and aviation services.

Mr. Xu Baochun (徐葆春), aged 52, was appointed as a non-executive Director of the Company in May 2022. Mr. Xu is mainly responsible for participating in the formulation of the Group's corporate and operational strategies. Mr. Xu graduated from Wuhan Institute of Iron and Steel* (武漢鋼鐵學院) (now known as Wuhan University of Science and Technology (武漢科技大學)) with a Bachelor's degree in Engineering specialising in iron and steel metallurgy. Mr. Xu is a qualified engineer.

Mr. Xu joined the No. Three Steel Factory* (三鋼廠) of Maanshan Steel in August 1994 and is currently the manager of the procurement centre of Maanshan Steel. Mr. Xu previously worked in various positions in the steel making workshops of No. Three Steel Factory of Maanshan Steel from August 1994 to July 2009, and acted as the factory manager of the steel casting branch factory of the No. Three Main Steel Mill* (三鋼軋總廠連鑄分廠) and the deputy chief engineer, the deputy manager and the manager of the procurement centre, of the No. 1 Main Steel Mill* (一鋼軋總廠) of Maanshan Steel from July 2009 to April 2022.

Independent non-executive Directors

Mr. Wu Tak Lung (吳德龍), aged 57, was appointed as an independent non-executive Director of the Company in September 2017. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group. Mr. Wu currently serves as an independent non-executive director of Sinomax Group Limited (stock code: 1418), Kam Hing International Holdings Limited (stock code: 2307), Zhongguancun Science-Tech Leasing Co., Ltd. (stock code:1601), Minth Group Limited (stock code: 425) and Sinopharm Group Co., Ltd. (stock code: 1099).

During the past three years, Mr. Wu served as an independent non-executive director of China Machinery Engineering Corporation and Beijing Media Corporation Limited (a company listed in Hong Kong (stock code: 1000)). Mr. Wu has been criticized by the Listing Committee of the Stock Exchange for violations in relation to his capacity as a former independent non-executive director of Beijing Media, details of which are set out in the Company's announcement dated 14 February 2022. As stated in the announcement of the Company dated 14 February 2022, the Board has carefully assessed the abovementioned criticism and considers that Mr. Wu's ability to discharge his duties as an independent non-executive Director of the Company has not been affected, and he remains competent and suitable to act as an independent non-executive Director. Mr. Wu has worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years.

Mr. Wu is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of Hong Kong Securities and Investment Institute, the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong, and the Hong Kong Chartered Governance Institute.

Mr. Wu obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University and a master's degree of business administration (MBA) jointly issued by the University of Manchester and the University of Wales.

Mr. Meng Zhihe (孟至和), aged 68, was appointed as an independent non-executive Director of the Company in May 2020. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group.

Mr. Meng is currently the vice president and secretary-general of Tsinghua University Association of Senior Scientists and Technicians* (清華大學老科學技術工作者協會). Mr. Meng 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. He was the chief financial officer of School of Continuing Education, Tsinghua University* (清華大學繼續教育學院) from 2003 to 2006. Mr. Meng was the associate dean of School of Continuing Education, Tsinghua University* from 2006 to 2015.

Mr. Meng 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. Cao Hongbin (曹紅彬), aged 55, was appointed as an independent non-executive Director of the Company in December 2020. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group.

Mr. Cao joined the group of Beijing Shougang Co., Ltd.* (北京首鋼股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000959), in August 1990 and served various positions in the group until March 2011, including the deputy division head of the technical department of the coking plant, the deputy manager of the engineering department (遷焦工程部) and the chief of the recycling section of the coking plant. Mr. Cao joined the China Coking Industry Association in April 2011 and is currently appointed as the deputy secretary.

Mr. Cao obtained a bachelor's degree in environmental engineering from Hefei University of Technology and a master's degree in environmental engineering from Beijing University of Technology. Mr. Cao was qualified as a senior engineer.

SUPERVISORS

The Supervisory Committee of the Company currently consists of six Supervisors, of whom two are shareholder representatives, two are external Supervisors and two are employee representatives. Shareholder representative Supervisors and external Supervisors are elected by the Shareholders and employee representative Supervisors are elected by employee representatives. The supervisors of this session of the Supervisory Committee were appointed for a term to the conclusion of the annual general meeting for the year ending 31 December 2024, and may be appointed for consecutive terms. In light of the expiry of term of office of Ms. Li Lijuan as a Supervisor, Mr. Wu Jiacun was appointed as a Supervisor on 23 May 2022 for a term of three years from 23 May 2022 to the conclusion of the annual general meeting of the Company for the year ending 31 December 2024 (both days inclusive). The Supervisory Committee is responsible for overseeing the Board and senior management in discharging their responsibilities and reviewing financial statements of the Group.

Mr. Wong Tsz Leung (黃梓良), aged 59, was appointed as a shareholder representative Supervisor of the Company in July 2016 and was elected as the chairman of the Supervisory Committee of the Company in July 2016. Mr. Wong joined the Group in February 2012 as a Supervisor of the Company's predecessor. Mr. Wong is currently the financial manager of Jinma HK, a Substantial Shareholder of the Company. He is mainly responsible for overseeing the affairs of the Supervisory Committee and supervising the Group's operations and financial activities. Mr. Wong has been serving as an executive Director and the chief financial officer of Smart-Core Holdings Limited (stock code: 2166), a listed company in Hong Kong, since October 2016.

Mr. Wong has approximately 20 years of experience in financial strategic planning and management. He was the chief financial controller of OSSIMA Publishing Group Limited, a company engaged in travel media business, from January 1995 to September 2005.

Mr. Wong obtained a master's degree in business administration from the University of Wales in December 2011 via its distance learning program.

Mr. Wu Jiacun (吳家村), aged 58, joined the original No. Two Sintering plant of Maanshan Steel in November 1982 and is currently the senior manager (高級主任管理師) of the audit department of Maanshan Steel. He was appointed as a shareholder representative Supervisor of the Company in May 2022.

Mr. Wu served the audit department of Maanshan Steel from January 1989 to October 1998, and subsequently the audit department and the audit supervising department of 馬鋼(集團)控股有限公司(Magang (Group) Holdings Co., Ltd.) from October 1998 to October 2021. Mr. Wu graduated from the 安徽廣播電視大學(Anhui Radio & TV University*) (now known as 安徽開放大學(Anhui Open University)) with a degree in auditing. Mr. Wu is a qualified political commissioner (政工師).

Mr. Zhou Tao David (周韜), aged 52, joined the Group in September 2017 when he was appointed as an external Supervisor of the Company. Mr. Zhou is mainly responsible for supervising the Group's operations and financial activities. Mr. Zhou has served as the person in charge of compliance in Dongxing Securities (Hong Kong) Financial Holdings Limited since June 2021.

Mr. Zhou has been a non-executive director of Sansheng Holdings (Group) Co. Ltd. (a company listed in Hong Kong, stock code: 2183) since December 2021 and an independent non-executive director of Beijing Evercare Medical Technology Group Co., Ltd. since July 2021. He had been serving as the company secretary of Wealthking Investments Limited (formerly known as OP Financial Limited, a company listed in Hong Kong, stock code: 1140) from November 2016 to June 2021, during which he also acts as the head of legal and compliance. Mr. Zhou also served as an independent director of Tian Di No.1 Beverage Inc. (天地壹號飲料股份有限公司), a company quoted on the National Equities Exchange and Quotations System in the PRC. Mr. Zhou has over 18 years of experience in handling legal and compliance matters in financial institutions in Hong Kong. Mr. Zhou is qualified as a Hong Kong solicitor and obtained lawyer qualification in the PRC. He is also an arbitrator of the South China International Economics and Trade Arbitration Commission.

Mr. Zhou obtained a bachelor of laws degree from Xiamen University in July 1992 and a bachelor of laws degree from the Manchester Metropolitan University in July 2007 through a long-distance learning program.

Ms. Tian Fangyuan (田方遠), aged 35, joined the Group in September 2017 when she was appointed as an external Supervisor of the Company. Ms. Tian is mainly responsible for supervising the Group's operations and financial activities.

Ms. Tian has over five years of experience in the finance and accounting. She has been the Market Development Manager of Central Finance Advisory (a company based in Sydney) since October 2017. She worked in KBL Mining Ltd., a company listed on the Australian Stock Exchange from July 2011 to September 2016 and served as a manager of the financial department. She is also a member of CPA Australia.

Ms. Tian obtained a bachelor's degree in commerce from the University of Melbourne in December 2009.

Ms. Hao Yali (郝亞莉), aged 49, was elected as an employee representative Supervisor of the Company in September 2017. Ms. Hao joined the Group in September 2004, and was promoted to the position of the deputy manager of the materials procurement department of the Company's predecessor in July 2005, and was promoted to the position of the manager of the materials procurement department of the Company in 2018. Since December 2009, Ms. Hao has also served as a member of the labor union committee and the head of the female employee committee and was appointed as the deputy chairman of the labor union in April 2018. She is mainly responsible for supervising the Group's operations and financial activities.

Prior to joining the Group, Ms. Hao worked in the finance, enterprise management, operations and supply divisions of Yugang Coking from November 1996 to September 2004.

Ms. Hao was certified as a senior professional manager by China Enterprise Confederation and the China Enterprise Directors Association in August 2008. Ms. Hao graduated from the finance postgraduate program from Henan University in June 2015.

Mr. Fan Xiaozhu (范小柱), aged 35. Mr. Fan joined the Group in 2016 as a safety officer and served as the deputy manager of the production department of the Company since 2021 and was elected as an employee representative Supervisor on 23 April 2021. He is mainly responsible for planning and supervising the implementation of safe production.

Mr. Fan is qualified as an assistant engineer in chemical engineering and an intermediate certified safety engineer in chemical safety in the PRC. Mr. Fan graduated from the programme of applied chemical technology in the Chemical Technology Vocational College of Henan University of Technology in 2009 and further graduated from the junior college to bachelor degree transfer programme of chemical engineering and technology in Henan Institute of Science and Technology in 2017.

SENIOR MANAGEMENT

Members of the senior management are responsible for the day-to-day operation of the business of the Company. For the biographical details of Directors who form part of the senior management, please see page 111 of this section.

Mr. Tang Jianfa (唐建發), aged 57, joined the Group in May 2017, and was appointed as the chief financial officer and deputy general manager of the Company in March 2018. He is mainly responsible for overseeing the Group's financial and accounting management and coordination as well as implementation of the Group's financial strategic planning. He is also responsible for overseeing the finance department, the settlement department and the budget department.

Prior to joining the Group, Mr. Tang held various positions at Maanshan Steel from July 1986 to May 2017, including being a clerk of the costing section of accounting and finance department, business executive, and deputy section chief and section chief of the finance section under the accounting and finance department stationed in No.3 steel-making headquarter plant.

Mr. Tang graduated from the accounting program of Anhui Institute of Finance and Trade (安徽財貿學院) (now Anhui University of Finance and Economics (安徽財經大學)) in October 1989 and obtained an accountant certificate in May 2000.

Mr. Fan Jianguo (范建國), aged 56, joined the Group in March 2005 as the Group's deputy general manager. He was the general manager of Jinyuan Chemicals, a subsidiary of the Company, between January 2015 and January 2018. He was also an executive Director of that company from January 2018 to November 2020. Mr. Fan is a chairman of Jinma Zhongdong, a subsidiary of our Company since April 2021. He is currently the Group's deputy general manager and is mainly responsible for the sales management of the Group.

Prior to joining the Group, Mr. Fan worked in Yugang Coking from July 1998 to March 2005, and served as the deputy head of the sales division, the head of the operation division, the deputy general manager and manager of the sales arm of Yugang Coking.

Mr. Fan obtained a master's degree in management from the Australian National University in December 2016.

Mr. Ju Lixing (琚理興), aged 47, joined the Group in October 2007 as the assistant to the general manager of the Company's predecessor. Since April 2012, he has served as the Company's deputy general manager and is in charge of the procurement operations. Mr. Ju was a director and chairman of the board of directors of Shanghai Jinma, a subsidiary of our Company. Mr. Ju also served as a director of Shaanxi Jinma, a former subsidiary of our Company from April 2020 to November 2021, and the chairman of Yan'an Jinneng, a former subsidiary of our Company from May 2020 to November 2021, and an executive director of Liyuan Railway, a former subsidiary of our Company from June 2020 to November 2021. Mr. Ju served as a director and general manager of 廈門金馬國貿有限公司(Xiamen Jinma ITG Co., Ltd.*) since March 2022. Mr. Ju is mainly responsible for overseeing procurement of the Group.

Prior to joining the Group, Mr. Ju had joined Yugang Coking group and served as the deputy head of the operations division of Yugang Coking in September 2001, the deputy manager of the raw materials procurement department in December 2002 and the executive deputy manager of the materials procurement department in November 2003.

Mr. Ju obtained a master's degree in business management from Huazhong University of Science and Technology (華中科技大學) in June 2015.

Mr. Wang Yongxin (王永新), aged 47, joined the Group in January 2004 as a deputy director of the electrical instrument workstation of the Company's predecessor and was appointed as the director of such workstation in March 2007. Mr. Wang was subsequently promoted to the position of the director of the workstation of the Company's predecessor in January 2008 and the head of the production department of the Company's predecessor in February 2011. Since October 2013, Mr. Wang has served as the deputy general manager of the Company's predecessor and he is mainly responsible for overseeing production of the Group. Mr. Wang is also a director and the chairman of the board of directors of Jinning Energy, the Company's subsidiary and a director of Jinma Xingye, a Substantial Shareholder of the Company.

Prior to joining the Group, Mr. Wang worked at Yugang Coking from August 1997 to January 2002 and held positions including the leader of the electricity team.

Mr. Wang obtained a bachelor's degree in chemical engineering and craftsmanship from Henan Institute of Science and Technology (河南科技學院) in July 2015.

Mr. Li Zhongge (李中革), aged 50, joined the Group in December 2004, and was appointed as the deputy general manager in March 2018. Mr. Li served as a supervisor of Jinrui Energy and Jinrui Gas, subsidiaries of the Company. He has served in various positions in the Company, including the deputy administrative manager and the head of the corporate governance department. He is currently the deputy general manager and member of the party committee of the Company. Mr. Li is the chairman of Jinjiang Refinery, a joint venture of the Company. Mr. Li has also served as the deputy chairman of Yilong Coal, an associate of the Company since January 2015. From February 2021 to January 2023, Mr. Li has served as the chairman of Jinma Qingneng (formerly known as Jinma Qingfeng), a subsidiary of the Company.

Prior to joining the Group, Mr. Li served as the deputy head of the corporate development management department and as the deputy manager of the materials procurement department of Yugang Coking from September 1996 to November 2004.

Mr. Li was certified as a senior professional manager by China Enterprise Confederation and China Enterprise Directors Association in August 2008. Mr. Li graduated from the finance faculty of Central Radio and TV University (中央廣播電視大學) in July 2011 and obtained a master's degree in management from the Australian National University in December 2015.

Mr. Wang Zengguang (王增光), aged 42, joined the Group in March 2003 and was appointed as deputy general manager in March 2018. He is also the general manager of Jinyuan Chemicals, a subsidiary of the Company, and is responsible for the work of Jinyuan Chemicals. Mr. Wang has also been an executive director of that company since November 2020. He served as deputy director of the production management department from January 2004 to July 2009, as deputy director and director of the coal preparation workshop from July 2009 to January 2015, and as director of production management department from January 2015 to February 2017.

Mr. Wang graduated from the economic management program of Party School of Henan Committee of C.P.C (中共河南省委黨校) in July 2004, graduated from the applied chemical technology program of Jiyuan Vocational and Technical College (濟源職業技術學院) in January 2010, obtained a degree in business administration from Zhengzhou University in August 2015, and obtained a Certificate in Advanced Executive Management from Peter F. Drucker Academy in 2015.

Mr. Wang Zhaofeng (王兆峰), aged 46, joined the Group in March 2008. Mr. Wang was subsequently promoted to the position of the deputy office manager and the deputy director of the human resources department of our predecessor in September 2012 and the manager of the investment department of our predecessor in January 2015. Since December 2016, Mr. Wang has also been serving as the secretary to our Board and is mainly responsible for providing support to our Board and coordinating the Group's administrative management. In September 2017, Mr. Wang served as a supervisor of of Jinjiang Refinery, a joint venture of the Company. In April 2020, Mr. Wang also served as a director of Jinning Energy, a Company's subsidiary. From May 2020 to November 2021, Mr. Wang served as a director of Yan'an Jinneng, a former subsidiary of our Company, and the deputy chairman of Yan'an Railway, a former associate of the Company. From February 2021 to October 2022, Mr. Wang has served as a director of Jinma Qingneng (formerly known as Jinma Qingfeng), a subsidiary of the Company.

Mr. Wang obtained a bachelor's degree in management from Shenyang University of Technology in July 2000 and a master's degree in corporate management from Shenyang University of Technology in April 2003.

Mr. Wong Hok Leung (alias Wong Hok Leung Paul) (王學良), aged 70, joined the Group and was appointed as our head of capital markets and company secretary on 1 January 2017. Mr. Wong is responsible for the Group's corporate governance, company secretarial and capital markets matters.

Prior to joining our Group, from August 2002 to April 2008, Mr. Wong served in the Sun Hung Kai Properties Group as the group head of financial control and business development, and served as the chairman of Sun Hung Kai Logistics Holdings Limited. From May 2008 to November 2009, Mr. Wong was a director of China Metal Recycling (Holdings) Limited (stock code: 773), which was delisted from the Main Board in 2016. Mr. Wong was the chief corporate officer of IMC Industrial Pte Ltd. (formerly known as IMC Corp Pte Ltd) from January 2010 to August 2011. From August 2011 to February 2016, Mr. Wong served as the head of Asia Pacific of Scholz AG (now known as Scholz Holding GmbH) and was responsible for its business development in the PRC and Asian region. Mr. Wong has over 20 years of experience in banking, finance, IT and retail banking, and his last position in banking was in Singapore, as the head of distribution channels for DBS Bank.

Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Chartered Association of Certified Accountants and obtained his accounting qualification experience in Price Waterhouse Lowe Bingham & Matthews (now known as PricewaterhouseCoopers). Mr. Wong obtained a bachelor's degree in science from the University of Hong Kong in November 1975.

To the Shareholders of Henan Jinma Energy Company Limited
(a joint stock company established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Henan Jinma Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 123 to 218, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Principal versus agent consideration relating to revenue recognition	
We identified revenue recognition, specifically on the revenue from some of its contracts with customers relating to trading of coal and coke as a key audit matter because of the significant degree of judgment made by the Group's management in determining the revenue recognition. As disclosed in Note 4 to the consolidated financial statements, the management identified the Group taking different roles within contracts with customers relating to trading of coal and coke by determining whether its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent). When the Group acts as a principal, it recognises trading revenue in the gross amount of consideration ("Gross Amount") to which the Group expects to be entitled as specified in the contracts. When the Group acts as an agent, it recognises revenue in the net amount of consideration ("Net Amount") that it retains after paying the other party the consideration received in exchange for the goods provided by that party. In identifying the nature of promise, the Group's management takes into consideration indicators such as the contractual party that is primarily responsible for fulfilling the promise, is exposed to inventory risk and has discretion in establishing the price. Management's disclosures with regard to the judgement are set out in Note 4 to the consolidated financial statements. For the year ended 31 December 2022, the Group recognised revenue, acting as a principal, amounted to RMB618,189,000 and fee revenue, acting as an agent, amounted to RMB3,791,000 respectively relating to trading of coal and coke, the details of which are included in Note 5 to the consolidated financial statements.	Our procedures in relation to the revenue recognition as a principal or agent included: • Understanding the Group's revenue recognition process on sales relating to trading of coal and coke; • Evaluating the reliability of sales contracts list prepared by the management which entails contractual terms of contracts relating to trading of coal and coke, on a sample basis, by comparing them to the underlying contracts; • Evaluating the reasonableness of the management's assessment on the Group's roles within the contracts relating to trading of coal and coke, on sample basis, by assessing its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent) after taking into consideration indicators as follows: – Primary responsibility: the Group has the primary responsibility for the good meeting the customer's specifications; – Inventory risk: the Group obtains the control over products before passing on to customers; – Pricing strategy: the Group has discretion in establishing the pricing; and • Evaluate the appropriateness of the sales amounts, relating to trading of coal and coke, recorded at Gross Amount or at Net Amount by comparing to respective record in the sales contracts list.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chen Ping Him.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2023

	NOTES	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations			
Revenue	5	**12,448,644**	7,398,260
Cost of sales		**(11,307,824)**	(6,383,003)
Gross profit		**1,140,820**	1,015,257
Other income	6	**51,121**	43,673
Other gains and losses	7	**(25,658)**	(93,209)
Impairment losses under expected credit loss ("ECL") model, net of reversal	8	**48,821**	(2,907)
Selling and distribution expenses		**(251,033)**	(104,398)
Administrative expenses		**(173,081)**	(140,288)
Finance costs	9	**(94,182)**	(48,285)
Share of result of a joint venture		**28,482**	3,334
Share of results of associates		**1,969**	—
Profit before tax	10	**727,259**	673,177
Income tax expense	11	**(156,475)**	(172,497)
Profit for the year from continuing operations		**570,784**	500,680
Discontinued operations	12		
Profit for the year from discontinued operations		**—**	7,067
Profit for the year		**570,784**	507,747
Other comprehensive expense:	13		
Item that may be reclassified subsequently to profit or loss:			
Fair value loss on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		**(36)**	(2,291)
Total comprehensive income for the year		**570,748**	505,456

	NOTE	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Profit for the year attributable to owners of the Company:			
– from continuing operations		**421,950**	486,367
– from discontinued operations		**—**	155
		421,950	486,522
Profit for the year attributable to non-controlling interests:			
– from continuing operations		**148,834**	14,313
– from discontinued operations		**—**	6,912
		148,834	21,225
Profit for the year		**570,784**	507,747
Total comprehensive income for the year attributable to:			
– Owners of the Company		**422,423**	485,911
– Non-controlling interests		**148,325**	19,545
		570,748	505,456
Total comprehensive income for the year attributable to owners of the Company:			
– from continuing operations		**422,423**	485,756
– from discontinued operations		**—**	155
		422,423	485,911
Earnings per share (RMB)			
From continuing and discontinued operations			
– Basic	16	**0.79**	0.91
From continuing operations			
– Basic	16	**0.79**	0.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTES	31/12/2022	31/12/2021
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	5,998,533	4,352,445
Right-of-use assets	18	326,462	335,123
Intangible assets	19	449,462	185,189
Goodwill		10,669	10,669
Interest in a joint venture	21	83,084	59,502
Interests in associates	22	99,969	—
Advance to an associate	22	–	15,000
Deferred tax assets	23	85,124	59,336
Deposits for acquisition of property, plant and equipment, intangible assets and right-of-use assets		70,851	168,808
		7,124,154	5,186,072
CURRENT ASSETS			
Inventories	24	571,078	467,673
Trade and other receivables	25	800,520	709,809
Tax recoverable		19,076	—
Amount due from a shareholder	26	70,490	57,585
Amounts due from related parties	27	78,389	20
Financial assets at fair value through profit or loss ("FVTPL")		–	18,000
Bills receivables at FVTOCI	28	1,065,648	806,113
Restricted bank balances	29	587,735	703,118
Bank balances and cash	29	913,992	576,951
		4,106,928	3,339,269
CURRENT LIABILITIES			
Borrowings	30	1,387,680	972,434
Trade and other payables	31	2,841,560	2,217,758
Amount due to a related party	32	–	113
Contract liabilities	33	283,139	101,401
Lease liabilities	34	1,864	1,882
Tax payable		18,995	32,735
		4,533,238	3,326,323
NET CURRENT (LIABILITIES) ASSETS		(426,310)	12,946
TOTAL ASSETS LESS CURRENT LIABILITIES		6,697,844	5,199,018

	NOTES	31/12/2022	31/12/2021
		RMB'000	RMB'000
CAPITAL AND RESERVES			
Share capital	36	535,421	535,421
Reserves		2,978,560	2,689,992
Equity attributable to owners of the Company		3,513,981	3,225,413
Non-controlling interests		1,212,499	1,078,874
TOTAL EQUITY		4,726,480	4,304,287
NON-CURRENT LIABILITIES			
Borrowings	30	1,835,440	828,429
Lease liabilities	34	2,693	3,130
Deferred revenue	37	20,644	22,848
Deferred tax liabilities	23	96,957	40,324
Perpetual loan	38	15,630	–
		1,971,364	894,731
		6,697,844	5,199,018

The consolidated financial statements on pages 123 to 218 were approved and authorised for issue by the Board of Directors on 24 March 2023 and are signed on its behalf by:

Yiu Chiu Fai	**Wang Mingzhong**
DIRECTOR	*DIRECTOR*

	Attributable to owners of the Company								
	Share capital	Capital reserve	FVTOCI reserve	Statutory surplus reserve fund	Retained profits	Special reserve	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000
At 1 January 2021	535,421	386,695	(7,473)	242,311	1,719,926	23,248	2,900,128	1,080,365	3,980,493
Profit for the year	—	—	—	—	486,522	—	486,522	21,225	507,747
Other comprehensive expense for the year	—	—	(611)	—	—	—	(611)	(1,680)	(2,291)
Total comprehensive (expense) income for the year	—	—	(611)	—	486,522	—	485,911	19,545	505,456
Capital contributions from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	356,000	356,000
Return of paid-up capital	—	—	—	—	—	—	—	(65,238)	(65,238)
Disposal of subsidiaries	—	—	—	—	—	—	—	(288,794)	(288,794)
Dividends recognised as distribution (Note 14)	—	—	—	—	(160,626)	—	(160,626)	(23,004)	(183,630)
Transfer	—	—	—	25,399	(33,066)	7,667	—	—	—
At 31 December 2021 and 1 January 2022	535,421	386,695	(8,084)	267,710	2,012,756	30,915	3,225,413	1,078,874	4,304,287
Profit for the year	—	—	—	—	**421,950**	—	**421,950**	**148,834**	**570,784**
Other comprehensive income (expense) for the year	—	—	**473**	—	—	—	**473**	**(509)**	**(36)**
Total comprehensive income for the year	—	—	**473**	—	**421,950**	—	**422,423**	**148,325**	**570,748**
Dividends recognised as distribution (Note 14)	—	—	—	—	**(133,855)**	—	**(133,855)**	**(14,700)**	**(148,555)**
Transfer	—	—	—	—	**1,398**	**(1,398)**	—	—	—
At 31 December 2022	**535,421**	**386,695**	**(7,611)**	**267,710**	**2,302,249**	**29,517**	**3,513,981**	**1,212,499**	**4,726,480**

Notes:

(i) The balance mainly comprises (i) reserves arose from shareholding reform of the Company prior to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in year 2016 and (ii) the difference between the carrying amount of consideration paid and 25% of the net assets value of Shanghai Jinma Energy Co., Ltd. ("Shanghai Jinma") 上海金馬能源有限公司, when acquiring the non-controlling interest of Shanghai Jima in year 2019.

(ii) 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.

(iii) The Group is required to make appropriations based on its revenue in accordance with CaiQi [2006] No. 478 and CaiZi [2022] No. 136 "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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
OPERATING ACTIVITIES		
Profit before tax	727,259	683,745
Adjustments for:		
Interest income on bank deposits	(24,384)	(17,606)
Interest income on bills receivables at FVTOCI	(20,328)	(18,933)
Loss on disposal of property, plant and equipment	427	45,497
Loss on disposal of subsidiaries	—	9,249
Loss on disposal of interest in an associate	—	1,105
Gain on termination of right-of-use assets	—	(1,096)
Depreciation of property, plant and equipment	262,962	155,714
Depreciation of right-of-use assets	9,764	10,951
Amortisation of intangible assets	35,727	18,039
Impairment losses under ECL model, net of reversal	(48,821)	2,907
Impairment loss on property, plant and equipment	—	27,381
Impairment loss on goodwill	—	4,778
Allowance for inventories	14,028	2,618
Share of results of associates	(1,969)	(595)
Share of result of a joint venture	(28,482)	(3,334)
Finance costs	94,182	49,994
Release of assets-related government subsidies	(2,204)	(2,088)
Fair value changes from financial assets at FVTPL	(93)	(8,231)
Loss on disposal of financial assets at FVTPL	—	35
Net foreign exchange loss (gain)	429	(185)
Operating cash flows before movements in working capital	1,018,497	959,945
Increase in inventories	(117,433)	(106,756)
(Increase) decrease in bills receivables at FVTOCI	(239,255)	52,040
Decrease in financial assets at FVTPL	—	31,716
Increase in trade and other receivables	(136,890)	(261,949)
Increase in amount due from a shareholder	(12,905)	(162,068)
(Increase) decrease in amounts due from related parties	(78,369)	113,240
Increase in trade and other payables	540,178	628,556
Decrease in amount due to a related party	(113)	(1,098)
Increase in contract liabilities	181,738	51,714
Cash generated from operations	1,155,448	1,305,340
Income tax paid	(158,434)	(190,389)
NET CASH FROM OPERATING ACTIVITIES	997,014	1,114,951

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
INVESTING ACTIVITIES		
Repayment from an associate	60,000	—
Assets-related government subsidies received	—	3,060
Interest on bank balances received	24,384	17,606
Proceeds from disposal of financial assets at FVTPL	18,093	2,478,487
Investment in financial assets at FVTPL	—	(2,460,200)
Purchase of property, plant and equipment	(1,665,475)	(1,880,938)
Purchase of intangible assets	(278,555)	(22,955)
Refund of deposit for acquisition of intangible assets and right-of-use assets	50,000	120,000
Payments for right-of-use assets	—	(203,909)
Net cash outflow on acquisition of business	—	(10,040)
Net cash inflow on disposal of subsidiaries (Note 39)	—	196,060
Proceeds from disposal of an associate	—	1,750
Deposit paid for acquisition of property, plant and equipment, intangible assets and right-of-use assets	(58,439)	(466,066)
Payment for acquisition of business/subsidiaries in prior year	(425)	(249,045)
Placement of restricted bank balances	(1,563,012)	(1,279,093)
Withdrawal from restricted bank balances	1,678,395	968,433
Proceeds from disposal of property, plant and equipment	103	25,480
Investment in an associate	(98,000)	—
Dividend received from a joint venture	4,900	4,900
NET CASH USED IN INVESTING ACTIVITIES	(1,828,031)	(2,756,470)
FINANCING ACTIVITIES		
Interest paid	(118,366)	(61,233)
Cash received from perpetual loan	15,630	—
Cash received from other borrowing	80,000	—
New bank borrowings raised	2,423,378	1,587,133
Repayment of bank borrowings	(1,081,121)	(767,970)
Repayment of lease liabilities	(2,479)	(1,926)
Capital contributions from non-controlling shareholders of subsidiaries (Note 20)	—	356,000
Return of capital to non-controlling shareholders of a subsidiary	—	(65,238)
Dividends paid	(134,786)	(160,260)
Dividends paid to non-controlling shareholders of subsidiaries	(14,700)	(23,004)
NET CASH FROM FINANCING ACTIVITIES	1,167,556	863,502
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	336,539	(778,017)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	576,951	1,355,149
Effect of foreign exchange rate changes	502	(181)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	913,992	576,951

1. GENERAL INFORMATION

Henan Jinma Energy Company Limited (the "Company") was established in the PRC on 13 February 2003 as a limited liability company under the Company Law of the PRC.

The principal activities of the Company and its subsidiaries (Note 20) (the "Group") are mainly engaged in the production and sales of coke, coking by-products and derivative chemical products, coal gas, liquefied natural gas ("LNG"), trading of coke and coal and provision of other services including but not limited to provision of water, catering and fire prevention and management services ("Other Services").

The address of the registered office and the principal place of business of the Company is West First Ring Road South, Jiyuan, Henan Province, the PRC. The Company established a place of business in Hong Kong at Unit 2801, 28/F, 88 Hing Fat Street, Causeway Bay, Hong Kong. It was registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) on 11 April 2017.

The Company was owned by Henan Hongkong (Jiyuan) Coking Group Co., Ltd., Maanshan Iron & Steel Company Limited ("Maanshan Steel") 馬鞍山鋼鐵股份有限公司and Jiangxi PXSteel Industrial Co., Ltd. ("Jiangxi PXSteel") 江西萍鋼實業股份有限公司when established in 2003. With a series of equity transfer arrangements, the Company has been jointly owned by Jinma Energy (Hong Kong) Limited ("Jinma HK") 金馬能源(香港)有限公司, Maanshan Steel, Jiangxi PXSteel and Jiyuan Jinma Xingye Investment Co., Ltd. 濟源市金馬興業投資有限公司since August 2011. On 3 August 2016, the Company was converted into a joint stock company with 400,000,000 shares at a par value of RMB1.00 in issue. Pursuant to a prospectus issued by the Company dated 26 September 2017 in relation to its global offering of the Company's shares, the Company issued 133,334,000 H shares and were listed on the Stock Exchange on 10 October 2017. In addition, 2,087,000 new H shares of the Company were issued upon exercise of over-allotment option and were listed on the Stock Exchange on 31 October 2017.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in Note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective (continued)

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

The amendments are effective for the Group's annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB4,736,000 and RMB4,557,000 respectively. In the view of the directors of Company, the application of the amount is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

As at 31 December 2022, the Group had net current liabilities of approximately RMB426,310,000. In addition, there were outstanding capital commitments amounting to RMB1,133,486,000 (Note 40). The directors of the Company are of the opinion that, taking into account the current operation of the Group, undrawn banking facilities (Note 45) available to the Group and new borrowings of RMB353,520,000 obtained by the Group subsequent to 31 December 2022, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 "Lease", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairments of Assets".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or IFRIC 21 "Levies", in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 "Employee Benefits" respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

Definition of a lease (continued)

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in an index/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Property, plant and equipment (continued)

Buildings and structures, machinery and equipment and office equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Bank balances and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and bills receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amounts due from a shareholder/related parties, advance to an associate, restricted bank balances, bank balances and bills receivables at FVTOCI) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and amounts due from a shareholder/related parties in trade nature ("Trade-related Receivables").

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a bill receivable has not increased significantly since initial recognition if the bill receivable is determined to have low credit risk at the reporting date. A bill receivable is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a bill receivable to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for Trade-related Receivables, which are not credit-impaired are assessed on a collective basis, whereas debtors which is considered credit-impaired are assessed on individual basis, taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and

- Nature, size and industry of debtor.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of Trade-related Receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account. For bills receivables classified as at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these bills receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a bill receivable at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

All financial liabilities including borrowings, trade and other payables, amount due to a related party are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Principal versus agent consideration

The Group engages in trading of coal and coke and its role involving in these trading sales contracts are varied. The Group identifies its role of each contract by analysing the nature of of underlying promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group concluded that it acts as the principal for such transactions as it controls specified products before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, retains inventory risk and has discretion in establishing the price. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. When Group did not obtain the control over products before passing on to customers taking into consideration of the same indicators as above, the Group acts as an agent in this type of trading and recognises revenue in the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods provided by that party.

During the year ended 31 December 2022, the Group recognised revenue, acting as a principal, amounted to RMB618,189,000 (2021: RMB1,343,908,000) and fee revenue, acting as an agent, amounted to RMB3,791,000 (2021: RMB6,434,000) respectively relating to trading of coal and coke for the continuing operations.

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is based on estimated selling prices less any estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period.

During the year ended 31 December 2022, inventory allowance of RMB2,618,000 (2021: RMB628,000) were derecognised upon realisation of sales and an additional allowance of RMB14,028,000 (2021: RMB2,618,000) was recognised based on estimated net realisable value.

As at 31 December 2022, the carrying amount of inventories is RMB571,078,000 (2021: RMB467,673,000) (net of allowance for inventories of RMB14,028,000 (2021: RMB2,618,000)).

Provision of ECL for Trade-related Receivables

Lifetime ECL for Trade-related Receivables which are not credit-impaired are assessed on a collective basis based on the Group's internal credit ratings, whereas debtors which considered credit-impaired are assessed on individual basis, taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. The internal credit ratings assigned and the loss rate determined is based on the creditors' historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL for Trade-related Receivables are disclosed in Note 45.

Fair value measurement of Bills receivables at FVTOCI

As at 31 December 2022, the Group's bills receivables at FVTOCI amounting to RMB1,065,648,000 (2021: RMB806,113,000) are measured at fair values with fair values being determined based on observable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques which is reflective of the current market conditions and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of fair value measurement of financial instruments are set out in Note 45.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Continuing operations

	For the year ended 31 December 2022						
Segments*	**Coke**	**Coking by-products**	**Refined chemicals**	**Energy products**	**Trading**	**Other Services**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service							
Sales of goods							
Coke	8,551,562	—	—	—	789,976#	—	9,341,538
Ammonium sulphater	—	41,580	—	—	—	—	41,580
Benzene based chemicals	—	223,270	1,313,836	—	—	—	1,537,106
Coal tar based chemicals	—	485,542	898,769	—	—	—	1,384,311
Coal gas	—	—	—	829,070	—	—	829,070
LNG	—	—	—	459,201	72,629	—	531,830
Coal	—	—	—	—	723,638#	—	723,638
Refined oil	—	—	—	—	108,694	—	108,694
Others	—	25,982	—	98,050	92,716	5,233	221,981
	8,551,562	776,374	2,212,605	1,386,321	1,787,653	5,233	14,719,748
Providing services							
Trading agency	—	—	—	—	4,914##	—	4,914
Energy supply	—	—	—	15,140	—	203,852	218,992
Others	—	—	—	—	—	48,140	48,140
	—	—	—	15,140	4,914	251,992	272,046
Total	8,551,562	776,374	2,212,605	1,401,461	1,792,567	257,225	14,991,794

Included in trading of coke and coal are inter-group sales amounting to RMB895,425,000, which are recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB618,189,000, relating to trading of coal and coke.

RMB1,123,000 out of total, are inter-group trading agency services. The Group recognised fee revenue from contracts with external customers, acting as an agent, amounted to RMB3,791,000, relating to trading of coal and coke.

* Each of segments are defined in segment information as follows.

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

Continuing operations (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December 2022		
	Segment revenue	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000
Coke	8,551,562	(706)	8,550,856
Coking by-products	776,374	(708,812)	67,562
Refined chemicals	2,212,605	(37,493)	2,175,112
Energy products	1,401,461	(665,007)	736,454
Trading	1,792,567	(903,391)	889,176
Other Services	257,225	(227,741)	29,484
Revenue from contracts with customers	14,991,794	(2,543,150)	12,448,644

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

Continuing operations (continued)

	For the year ended 31 December 2021						
Segments*	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service							
Sales of goods							
Coke	3,822,840	—	—	—	1,371,194#	—	5,194,034
Ammonium sulphater	—	14,550	—	—	—	—	14,550
Benzene based chemicals	—	83,098	1,065,598	—	—	—	1,148,696
Coal tar based chemicals	—	178,141	663,371	—	—	—	841,512
Coal gas	—	—	—	492,384	—	—	492,384
LNG	—	—	—	15,438	79,962	—	95,400
Coal	—	—	—	—	284,004#	—	284,004
Refined oil	—	—	—	—	56,617	—	56,617
Others	—	21,182	—	11,406	38,397	2,755	73,740
	3,822,840	296,971	1,728,969	519,228	1,830,174	2,755	8,200,937
Providing services							
Trading agency	—	—	—	—	36,405##	—	36,405
Energy supply	—	—	—	17,588	—	63,127	80,715
Others	—	—	—	—	—	13,491	13,491
	—	—	—	17,588	36,405	76,618	130,611
Total	3,822,840	296,971	1,728,969	536,816	1,866,579	79,373	8,331,548

Included in trading of coke and coal are inter-group sales amounting to RMB311,290,000, which are recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB1,343,908,000, relating to trading of coal and coke.

RMB29,971,000 out of total, are inter-group trading agency services. The Group recognised fee revenue from contracts with external customers, acting as an agent, amounted to RMB6,434,000, relating to trading of coal and coke.

* Each of segments are defined in segment information as follows.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

Continuing operations (continued)

	For the year ended 31 December 2021		
	Segment revenue	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000
Coke	3,822,840	(443)	3,822,397
Coking by-products	296,971	(261,258)	35,713
Refined chemicals	1,728,969	(22,989)	1,705,980
Energy products	536,816	(237,485)	299,331
Trading	1,866,579	(347,502)	1,519,077
Other Services	79,373	(63,611)	15,762
Revenue from contracts with customers	8,331,548	(933,288)	7,398,260

Performance obligations for contracts with customers

The Group is mainly engaged the production and sales of coke, coking by-products and derivative chemical products, coal gas, LNG, trading of coke and coal and provision of Other Services, for which revenue is recognised at point in time.

For sales of and trading as a principal 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 and coal as an agent, revenue is recognised at a point in time when the agent service has been completed, being when the goods have been delivered from the suppliers to the customers, and collectability of the related receivables is reasonably assured.

In general, for some customers with long-term relationships, the normal credit term is 30 to 60 days upon delivery. For other general customers, non-refundable prepayment from these customers 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 or providing services 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.

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

Information reported to the executive 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 year. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating segments under IFRS 8 "Operating Segments" are (i) sales of coke ("Coke"), (ii) sale of coking by-products, mainly ammonium sulphater ("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, mining equipment and nonferrous materials ("Trading"), and (vi) provision of Other Services.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 December 2022

Continuing operations

	Sales of goods						
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE							
External sales	8,550,856	67,562	2,175,112	736,454	889,176	29,484	12,448,644
Inter-segment sales	706	708,812	37,493	665,007	903,391	227,741	2,543,150
	8,551,562	776,374	2,212,605	1,401,461	1,792,567	257,225	14,991,794
Segment profit	953,113	27,183	4,032	109,673	56,324	429	1,150,754
Other income							51,121
Other gains and losses							(25,658)
Impairment losses, under ECL model, net of reversal							48,821
Selling and distribution expenses							(251,033)
Administrative expenses							(173,081)
Finance costs							(94,182)
Share of result of a joint venture							28,482
Share of results of associates							1,969
Unallocated expenses							(9,934)
Profit before tax							727,259

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2021

Continuing operations

	Sales of goods						
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE							
External sales	3,822,397	35,713	1,705,980	299,331	1,519,077	15,762	7,398,260
Inter-segment sales	443	261,258	22,989	237,485	347,502	63,611	933,288
	3,822,840	296,971	1,728,969	536,816	1,866,579	79,373	8,331,548
Segment profit (loss)	918,716	(5,316)	119,175	(64,686)	61,741	714	1,030,344
Other income							43,673
Other gains and losses							(93,209)
Impairment losses, under ECL model, net of reversal							(2,907)
Selling and distribution expenses							(104,398)
Administrative expenses							(140,288)
Finance costs							(48,285)
Share of result of a joint venture							3,334
Unallocated expenses							(15,087)
Profit before tax							673,177

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the gross profit from each segment without allocation of other income, other gains and losses, impairment losses under ECL model, net of reversal, selling and distribution expenses, administrative expenses, finance costs, share of result of a joint venture and share of results of associates. Sales related taxes are classified as unallocated expenses.

Inter-segment sales are charged at prevailing market rates.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to or reviewed by the chief operating decision maker.

5. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

	Sales of goods							
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2022								
Amounts included in measure of segment results:								
Depreciation and amortisation	139,948	1,969	55,401	45,812	6,269	35,519	24,456	309,374

	Sales of goods							
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2021								
Amounts included in measure of segment results:								
Depreciation and amortisation	59,159	746	37,887	41,528	6,181	7,528	22,454	175,483

Entity-wide disclosures

Geographical information

During the years ended 31 December 2022 and 2021, all of the Group's revenue from external customers, from continuing operations, were generated from the PRC whereas all non-current assets are located in the PRC as at 31 December 2022 and 2021.

5. REVENUE AND SEGMENT INFORMATION (continued)

Entity-wide disclosures (continued)

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group, from continuing operations, for the years is as below:

	Year ended	
	31/12/2022	31/12/2021
	RMB'000	RMB'000
Jiangxi PXSteel and its subsidiaries (Notes i and ii)	**2,118,997**	1,614,677
Customer A (Note i)	**1,311,766**	1,236,966

Notes:

(i) Revenue from sale of coke.

(ii) Jiangxi PXSteel is the shareholder of the Company.

6. OTHER INCOME

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Continuing operations		
Interest income on bank deposits	**24,384**	17,497
Interest income on bills receivables at FVTOCI	**20,328**	18,933
Release of assets-related government subsidies (Note 37)	**2,204**	2,088
Government grants	**987**	3,107
Others	**3,218**	2,048
	51,121	43,673

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Gain on fair value changes of financial assets at FVTPL	93	8,196
Net loss arising on bills receivables at FVTOCI	(33,121)	(27,983)
Impairment loss recognised in respect of property, plant and equipment (Note 17)	—	(27,381)
Loss on disposal of property, plant and equipment	(427)	(46,435)
Foreign exchange (loss) gain, net	(429)	152
Gain on disposal of scrap steel	5,980	1,814
Others	2,246	(1,572)
	(25,658)	(93,209)

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

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Impairment losses (reversed) recognised on:		
– trade receivables	(3,894)	2,907
– advance to an associate	(45,000)	—
– other receivables	73	—
	(48,821)	2,907

Details of impairment assessment are set out in Note 45.

9. FINANCE COSTS

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Interest expense on:		
– bank borrowings	**121,000**	59,198
– perpetual loan	**1,600**	—
– other borrowing	**485**	—
– lease liabilities	**303**	326
	123,388	59,524
Less: amounts capitalised	**(29,206)**	(11,239)
	94,182	48,285
Capitalisation rate – per annum	**4.69%**	4.50%

10. PROFIT BEFORE TAX

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Profit before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration (Note 15)	**2,340**	3,704
Other staff costs	**216,756**	178,844
Other staffs' benefit (Note 35)	**37,177**	25,221
Total staff costs	**256,273**	207,769
Capitalised in inventories	**(153,333)**	(94,915)
Capitalised in property, plant and equipment	**(25,297)**	(42,423)
	77,643	70,431
Depreciation of property, plant and equipment	**262,962**	149,162
Capitalised in inventories	**(251,419)**	(136,914)
	11,543	12,248
Depreciation of right-of-use assets	**10,685**	8,456
Capitalised in construction in progress	**(921)**	–
	9,764	8,456
Amortisation of intangible assets included in		
– cost of sales	**25,727**	17,865
– administrative expenses	**10,000**	—
Auditors' remuneration	**2,010**	2,010
Cost of inventories recognised as expenses (including write-down of inventories amounting to RMB14,028,000 (2021: RMB2,618,000))	**11,297,890**	6,367,916

11. INCOME TAX EXPENSE

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
– current tax	122,606	192,364
– under-provision in prior years	3,012	586
Deferred tax (Note 23)	30,857	(20,453)
	156,475	172,497

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the group entities established in the PRC is 25% for both years.

The taxation charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Profit before tax	727,259	673,177
Tax charge at the applicable income tax rate of 25% (2021: 25%)	181,815	168,294
Tax effect of expenses not deductible for tax purposes	888	1,612
Tax effect of tax concessions	(218)	(93)
Tax effect of share of results of associates and a joint venture	(7,613)	(834)
Tax effect of tax losses not recognised	87	3,741
Under-provision in prior years	3,012	586
Tax effect of income not taxable for tax purpose (Note)	(17,141)	(750)
Utilisation of tax losses previously not recognised	(4,305)	—
Others	(50)	(59)
Income tax expense	156,475	172,497

Note:

Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources ("資源綜合利用") is exempted from EIT. During the year ended 31 December 2022, the Group had tax deduction under the scheme of RMB17,141,000 (2021: RMB750,000).

12. DISCONTINUED OPERATIONS

During the prior year, the Group entered into a sale agreement to dispose its 51% equity interest in Yan'an Jinneng Railway Logistics Technology Co., Ltd. 延安金能鐵路物流科技有限公司 and its subsidiary, Yan'an Liyuan Minerals Railway Logistics Co., Ltd. ("Liyuan Railway") 延安利源礦業鐵路運輸有限公司, (together, "Disposal Group A"). The 80% interest in Liyuan Railway was acquired by the Group from an independent third party on 31 May 2020. Disposal Group A carried out the Group's coal trading business, railway related storage and logistics services previously included in the Group's Other Services for segment reporting purposes. The disposal was effected in order to generate cash flows for the expansion of the Group's strategic businesses. The disposal was completed on 30 September 2021, on which date the control of Disposal Group A passed to the acquirer.

During the prior year, the Group also resolved to dispose of its 35% equity interest in an associate, Yan'an Energy Railway Transportation Co., Ltd. ("Yan'an Railway") 延安能源鐵路運銷有限公司 ("Disposal Group B"), which cooperates with Disposal Group A in coal trading business. The Group entered into a sale agreement on 30 September 2021 and the disposal was completed on the same day.

During the prior year, the Group entered into a sale agreement to dispose its 52.38% equity interest in Shaanxi Jinma Energy Sources Co., Ltd. ("Shaanxi Jinma") 陝西金馬能源有限公司 ("Disposal Group C"), which is the holding company of Disposal Group A. The disposal was completed on 30 November 2021, on which date the control of Disposal Group C passed to the acquirer.

The operations of the Disposal Group A, Disposal Group B and Disposal Group C (together the "Disposal Groups") are treated as discontinued operations. The profit for the prior year from the Disposal Groups is set out below.

	From 1/1/2021 to respective disposal dates
	RMB'000
Profit of the Disposal Groups for the period	17,421
Loss on disposal of the Disposal Groups	(10,354)
	7,067

12. DISCONTINUED OPERATIONS (continued)

The results of the Disposal Groups for the period from 1 January 2021 to respective disposal dates, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1/1/2021 to respective disposal dates
	RMB'000
Revenue	1,041,730
Cost of sales	(1,002,577)
Gross profit	39,153
Other income	109
Other gains and losses	(3,941)
Selling and distribution expenses	(7,371)
Administrative expenses	(5,914)
Finance costs	(1,709)
Share of result in an associate	595
Profit before tax	20,922
Income tax expense	(3,501)
Profit for the period	17,421
Profit for the period from 1 January 2021 to respective disposal dates from discontinued operations includes the following:	
Depreciation of property, plant and equipment	6,552
Depreciation of right-of-use assets	2,495
Amortisation of intangible assets (included in cost of sales)	174
Cash flows from the Disposal Groups:	
Net cash flows from operating activities	80,254
Net cash flows used in investing activities	(45,352)
Net cash flows used in financing activities	(70,615)
Net cash flows	(35,713)

The carrying amounts of the assets and liabilities of Disposal Group A and Disposal Group C at the date of disposal are disclosed in Note 39.

13. OTHER COMPREHENSIVE EXPENSE

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Continuing operations		
Other comprehensive expense includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value change arising from bills receivables at FVTOCI	(134,940)	(136,745)
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	134,904	134,454
	(36)	(2,291)

Income tax effect relating to other comprehensive income

	Year ended 31/12/2022			Year ended 31/12/2021		
	Before-tax amount RMB'000	Tax credit RMB'000	Net-of-income tax amount RMB'000	Before-tax amount RMB'000	Tax credit RMB'000	Net-of-income tax amount RMB'000
Item that may be reclassified subsequently to profit or loss:						
Fair value (loss) gain on:						
– bills receivables at FVTOCI	(48)	12	(36)	(3,054)	763	(2,291)

14. DIVIDENDS

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Interim – RMB0.05 (2021: 2021 interim dividend RMB0.10) per share	26,771	53,542
2021 Final – RMB0.20 (2021: 2020 final dividend RMB0.20) per share	107,084	107,084
	133,855	160,626

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of RMB0.05 per share (2021: RMB0.20 per share), in an aggregate amount of RMB26,771,000 (2021: RMB107,084,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividends declared by subsidiaries of the Company to the non-controlling shareholders amounted to RMB14,700,000 (2021: RMB23,004,000) during the year ended 31 December 2022.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', Chief Executive's and Supervisors' emoluments

Details of the emoluments paid to the individuals who were appointed as the directors, chief executive and supervisors are as follows:

	Fees	Basic salaries	Performance related bonuses	Retirement benefit	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2022					
Executive directors:					
Mr. Yiu Chiu Fai	—	—	—	—	—
Mr. Wang Mingzhong	—	649	55	32	736
Mr. Li Tianxi	—	361	55	32	448
Non-executive directors:					
Mr. Xu Baochun (Note i)	—	—	—	—	—
Mr. Hu Xiayu (Note i)	—	—	—	—	—
Ms. Ye Ting	—	—	—	—	—
Mr. Wang Kaibao	—	—	—	—	—
Independent non-executive directors:					
Mr. Wu Tak Lung	280	—	—	—	280
Mr. Meng Zhihe	120	—	—	—	120
Mr. Cao Hongbin	120	—	—	—	120
Supervisors:					
Mr. Wong Tsz Leung	—	—	—	—	—
Mr. Fan Xiaozhu	—	123	39	20	182
Mr. Wu Jiacun (Note ii)	—	—	—	—	—
Ms. Li Lijuan (Note ii)	—	—	—	—	—
Mr. Zhou Tao David	80	—	—	—	80
Ms. Tian Fangyuan	80	—	—	—	80
Ms. Hao Yali	—	243	31	20	294
	680	1,376	180	104	2,340

Notes:

(i) Mr. Hu Xiayu tendered his resignation as a non-executive director with effect from 23 May 2022 whereas Mr. Xu Baochun was appointed as a non-executive director on the same day.

(ii) Ms. Li Lijuan tendered his resignation as a supervisor with effect from 23 May 2022 whereas Mr. Wu Jiacun was appointed as a supervisor on the same day.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors', Chief Executive's and Supervisors' emoluments (continued)

	Fees	Basic salaries	Performance related bonuses	Retirement benefit	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2021					
Executive directors:					
Mr. Yiu Chiu Fai	—	—	—	—	—
Mr. Wang Mingzhong	—	652	789	24	1,465
Mr. Li Tianxi	—	413	254	24	691
Non-executive directors:					
Mr. Hu Xiayu	—	—	—	—	—
Ms. Ye Ting	—	—	—	—	—
Mr. Wang Kaibao	—	—	—	—	—
Independent non-executive directors:					
Mr. Wu Tak Lung	280	—	—	—	280
Mr. Meng Zhihe	120	—	—	—	120
Mr. Cao Hongbin	120	—	—	—	120
Supervisors:					
Mr. Wong Tsz Leung	—	—	—	—	—
Mr. Fan Xiaozhu (Note)	—	127	77	15	219
Mr. Zhang Wujun (Note)	—	142	—	5	147
Ms. Li Lijuan	—	—	—	—	—
Mr. Zhou Tao David	80	—	—	—	80
Ms. Tian Fangyuan	80	—	—	—	80
Ms. Hao Yali	—	255	232	15	502
	680	1,589	1,352	83	3,704

Note:

The Group held a meeting of employees representatives of the Group on 23 April 2021, in which Mr. Zhang Wujun tendered his resignation and Mr. Fan Xiaozhu was elected as an employee representative supervisor of the Company, with effect from 23 April 2021.

Certain executive directors and supervisors who did not receive emoluments during the reporting periods, also held positions in the corporate shareholders of the Company and their subsidiaries ("Shareholder's Entities") and the emoluments were borne by the respective Shareholder's Entities for the services rendered for the Shareholder's Entities. In the opinion of the directors of the Company, it is not practicable to allocate their remunerations to the Group.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors', Chief Executive's and Supervisors' emoluments (continued)

Mr. Wang Mingzhong is the chief executive of the Company and his emolument disclosed above include those for services in connection with the management of affairs of the Group rendered by him as the chief executive.

The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group whereas those paid to non-executive directors and independent non-executive directors were for their services as directors of the Company.

The performance related bonuses were determined by the management of the Group by reference to the performance and market trend as relevant.

Five individuals with the highest emoluments

Of the five individuals with the highest emoluments in the Group, one (2021: one) was a director of the Company for the year ended 31 December 2022, whose emoluments is included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Salaries, wages and allowance	**2,801**	2,583
Performance related bonuses	**756**	1,412
Retirement benefit	**238**	125
	3,795	4,120

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
Nil to Hong Kong Dollar ("HK$") 1,000,000	**3**	Nil
HK$1,000,001 to HK$1,500,000	**1**	3
HK$1,500,001 to HK$2,000,000	**Nil**	1

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office during both years. None of the directors waived any emoluments during both years.

16. EARNINGS PER SHARE

For continuing operations and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following analysis:

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**421,950**	486,522
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

For continuing operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following analysis:

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**421,950**	486,367
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

For discontinued operations

Based on the gain for the year ended 31 December 2021 from discontinued operations of RMB155,000 and with the same denominators detailed above, the basic earnings per share from discontinued operations is less than RMB0.01 per share for the year ended 31 December 2021.

Basic earnings per share was calculated by dividing the profit for the year attributable to owners of the Company by the number of ordinary shares in issue during the year 31 December 2021.

No diluted earnings per share is presented as there was no dilutive potential ordinary share in issue for the years ended 31 December 2022 and 2021.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2021	968,192	1,695,068	20,604	89,433	654,350	3,427,647
Addition on acquisition of business	422	—	—	511	—	933
Disposal of subsidiaries (Note 39)	(256,675)	(41,434)	(901)	(1,172)	(3,215)	(303,397)
Additions	7,881	15,167	3,031	2,806	2,476,678	2,505,563
Transfer	434,738	1,197,612	—	222	(1,632,572)	—
Disposals	(66,141)	(296,655)	(230)	(13,321)	(372)	(376,719)
At 31 December 2021	1,088,417	2,569,758	22,504	78,479	1,494,869	5,254,027
Additions	40,860	74,611	209	1,183	1,792,717	1,909,580
Transfer	562,639	894,277	1,915	550	(1,459,381)	—
Disposals	—	(3,212)	(1,209)	(1,462)	—	(5,883)
At 31 December 2022	**1,691,916**	**3,535,434**	**23,419**	**78,750**	**1,828,205**	**7,157,724**
Depreciation						
At 1 January 2021	312,597	659,438	10,189	46,066	—	1,028,290
Provided for the year	43,074	104,817	3,023	4,800	—	155,714
Disposal of subsidiaries (Note 39)	(8,294)	(3,957)	(94)	(173)	—	(12,518)
Eliminated on disposals	(44,114)	(214,139)	(196)	(11,455)	—	(269,904)
At 31 December 2021	303,263	546,159	12,922	39,238	—	901,582
Provided for the year	61,545	193,304	2,962	5,151	—	262,962
Eliminated on disposals	—	(2,905)	(1,135)	(1,313)	—	(5,353)
At 31 December 2022	**364,808**	**736,558**	**14,749**	**43,076**	**—**	**1,159,191**
Impairment						
At 1 January 2021	5,555	2,902	—	—	—	8,457
Recognised in profit or loss	—	27,381	—	—	—	27,381
Eliminates on disposals	(5,555)	(30,283)	—	—	—	(35,838)
At 31 December 2021 and 2022	—	—	—	—	—	—
Carrying values						
At 31 December 2022	**1,327,108**	**2,798,876**	**8,670**	**35,674**	**1,828,205**	**5,998,533**
At 31 December 2021	785,154	2,023,599	9,582	39,241	1,494,869	4,352,445

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Buildings and structures	3%-10%
Machinery and equipment	4%-32%
Motor vehicles	6%-19%
Office equipment	6%-32%

18. RIGHT-OF-USE ASSETS

	Leasehold lands	Office premises	Machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	223,252	4,232	—	227,484
Additions	203,889	1,498	940	206,327
Addition on acquisition of business	81	—	—	81
Lease termination	—	(1,447)	—	(1,447)
Disposal of subsidiaries (Note 39)	(86,283)	(88)	—	(86,371)
Depreciation charged during the year	(8,280)	(2,295)	(376)	(10,951)
As at 31 December 2021	332,659	1,900	564	335,123
Additions	—	2,024	—	2,024
Depreciation charged during the year	(8,133)	(1,988)	(564)	(10,685)
As at 31 December 2022	**324,526**	**1,936**	**—**	**326,462**

The above items of right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Leasehold lands	2%-20%
Office premises	20%-50%
Machinery	60%

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Expense relating to short-term leases (Note)	**1,602**	443
Total cash outflow for leases	**4,081**	206,806

18. RIGHT-OF-USE ASSETS (continued)

Note:

The short-term leases are mainly apartments rented for staff, office premises and machinery. The Group has elected the recognition exemption on short-term leases and recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term. As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expenses disclosed above.

For both years, the Group leases offices and machinery for its operations. Lease contracts are entered into for fixed term of 12 months to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for five (2021: five) leasehold lands with carrying amount of RMB2,800,000 (2021: RMB3,077,000) in which the Group obtains the right of use under long-term lease contracts.

Variable lease payment

In April 2010, the Company entered into a 30-year land lease contract for the expansion of "Zenan Reservoir" to improve the Company's water supply for production of coke. The lease price is adjusted every 5 years according to the National Grain Purchase Price ("國家糧食收購價格"), and the annual lease price for each Mu ("畝") of the land is calculated by the purchase price of 550 kilogram of wheat. After the adjustment in 2020, the lease price is RMB244,000 per year. It is expected the next price adjustment will be in the year of 2025.

Restrictions or covenants on leases

In addition, lease liabilities of RMB4,557,000 are recognised with related right-of-use assets of RMB4,736,000 as at 31 December 2022 (2021: lease liabilities of RMB5,012,000 are recognised with related right-of-use assets of RMB5,542,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. INTANGIBLE ASSETS

	Franchise right	Operating license	Coke capacity	Total
	RMB'000	RMB'000	RMB'000 (Note)	RMB'000
Cost				
At 1 January 2021	100,453	22,384	—	122,837
Addition	—	—	141,510	141,510
Addition on acquisition of business	—	6,634	—	6,634
Disposal of a subsidiary (Note 39)	(6,951)	—	—	(6,951)
At 31 December 2021	93,502	29,018	141,510	264,030
Addition	—	—	300,000	300,000
At 31 December 2022	93,502	29,018	441,510	564,030
Amortisation				
At 1 January 2021	59,568	1,611	—	61,179
Charge for the year	15,016	1,451	1,572	18,039
Disposal of subsidiaries (Note 39)	(377)	—	—	(377)
At 31 December 2021	74,207	3,062	1,572	78,841
Charge for the year	14,842	1,451	19,434	35,727
At 31 December 2022	89,049	4,513	21,006	114,568
Carrying values				
At 31 December 2022	4,453	24,505	420,504	449,462
At 31 December 2021	19,295	25,956	139,938	185,189

The above intangible assets have finite useful lives, amortised on a straight-line basis over the following remaining periods:

	31/12/2022	31/12/2021
	years	years
Franchise right – sales of coal gas	**0.3**	1.3
Operating license of refined oil	**16.3**	17.3
Coke capacity	**13.5-29**	14.5

Note:

The coke capacity acquired during the year ended 31 December 2022 represents maximum coke production capacity of 1,590,000 (2021: 600,000) tonnes per annum.

20. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting periods are set out below.

Name of subsidiary*	Place of establishment and operations	Class of shares held	Equity interest attributable to the Group		Paid up/ registered capital	Principal activities
			2022	2021		
Directly held:						
濟源市金源化工有限公司 (Jiyuan Jinyuan Chemicals Co., Ltd.)	PRC	Ordinary shares	100%	100%	RMB100,000,000	Manufacturing and sales of benzene based chemicals
Shanghai Jinma	PRC	Ordinary shares	100%	100%	RMB50,000,000	Trading of coke, coal and coal mining equipment
河南博海化工有限公司 (Henan Bohigh Chemical Co., Ltd.)	PRC	Ordinary shares	100%	100%	United States dollar 7,700,000	Manufacturing and sale of coal tar based chemicals
濟源市金寧能源實業有限公司 (Jiyuan Jinning Energy Co., Ltd.) ("Jinning Energy")	PRC	Ordinary shares	51%	51%	RMB10,000,000	Distribution and sale of coal gas
河南金瑞能源有限公司 (Henan Jinrui Energy Co., Ltd.) ("Jinrui Energy")	PRC	Ordinary shares	71%	71%	RMB100,000,000	Manufacturing and sale of LNG
深圳金馬能源有限公司 (Shenzhen Jinma Energy Co., Ltd.) ("Shenzhen Jinma")	PRC	Ordinary shares	51%	51%	RMB1,347,000,000	Project investment, and investment management
河南金馬環保科技有限公司 (Henan Jinma Environmental Protection Technology Co., Ltd.)	PRC	Ordinary shares	60%	60%	Nil./RMB10,000,000	Research and development of environmental protection technology
信陽鋼鐵金港能源有限公司 (Xinyang Steel Jingang Energy Co., Ltd.) ("Xinyang Jingang")	PRC	Ordinary shares	70%	70%	RMB1,000,000,000	Production and sale of coke, electricity and heat energy

20. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary*	Place of establishment and operations	Class of shares held	Equity interest attributable to the Group 2022	Equity interest attributable to the Group 2021	Paid up/ registered capital	Principal activities
Directly held: (continued)						
河南金馬氫能有限公司 (Henan Jinma Qingneng sEnergy Co., Ltd.)	PRC	Ordinary shares	100%	80%	Nil/RMB200,000,000	Provision of multimodal transportation, warehouse and distribution services for coal products
河南省金洲化工科技有限公司 (Henan Jinzhou Chemical Technology Co., Ltd.) (Note)	PRC	Ordinary shares	100%	Nil	Nil/RMB100,000,000	Inactive
Indirectly held:						
河南金瑞燃氣有限公司 (Henan Jinrui Gas Co., Ltd.)	PRC	Ordinary shares	100%	100%	RMB25,500,000	Sales and retail of LNG and oil
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) ("Ouya Gas Station")	PRC	Ordinary shares	100%	100%	RMB500,000	Sales and retail of refined oil
河南金馬中東能源有限公司 (Henan Jinma Zhongdong Energy Co., Ltd.) ("Jinma Zhongdong")	PRC	Ordinary shares	100%	100%	RMB1,347,000,000	Manufacturing and sale of coke

* English name for identification only

Note: This company is inactive since its incorporation on 28 March 2022.

All the subsidiaries of the Company are domestic limited liability companies. None of the subsidiaries had any debt securities outstanding at 31 December 2022 and 2021 or at any time during both years.

20. PARTICULARS OF SUBSIDIARIES (continued)

The table below shows details of non-wholly-owned subsidiaries of the Company:

Name of subsidiary	Proportion ownership interest held by non-controlling interests At 31 December		Profit (loss) allocated to non-controlling interests Year ended 31 December		Accumulated non-controlling interests At 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Jinning Energy	**49**	49	**16,739**	9,517	**63,432**	61,393
Jinrui Energy	**29**	29	**39,113**	(2,511)	**74,115**	35,002
Shenzhen Jinma and its subsidiary	**49**	49	**101,680**	7,232	**783,626**	683,369
Xinyang Jingang	**30**	30	**(8,698)**	75	**291,326**	299,110
Shaanxi Jinma and its subsidiaries	**Nil***	Nil*	**N/A**	6,912	**N/A**	—
			148,834	21,225	**1,212,499**	1,078,874

* Shaanxi Jinma and its subsidiaries were disposed during the year ended 31 December 2021.

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

20. PARTICULARS OF SUBSIDIARIES (continued)

Jinning Energy

	31/12/2022 RMB'000	31/12/2021 RMB'000
Current assets	60,231	43,433
Non-current assets	87,502	102,476
Current liabilities	17,167	15,794
Non-current liabilities	1,113	4,824
Net equity	129,453	125,291
Equity attributable to owners of the Company	66,021	63,898
Equity attributable to non-controlling interests	63,432	61,393

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Revenue	415,089	266,436
Expenses	380,927	247,013
Profit and total comprehensive income for the year	34,162	19,423
Profit and total comprehensive income attributable to		
– the owners of the Company	17,423	9,906
– the non-controlling interests	16,739	9,517
Profit and total comprehensive income for the year	34,162	19,423
Dividends declared and paid to non-controlling interests	14,700	14,700
Net cash from operating activities	44,262	36,390
Net cash used in investing activities	(36,097)	(3,876)
Net cash used in financing activities	(30,000)	(32,673)
Net cash outflow	(21,835)	(159)

20. PARTICULARS OF SUBSIDIARIES (continued)

Jinrui Energy

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Current assets	153,347	69,418
Non-current assets	302,374	324,156
Current liabilities	158,946	262,080
Non-current liabilities	41,207	12,379
Net equity	255,568	119,115
Equity attributable to owners of the Company	181,453	84,113
Equity attributable to non-controlling interests	74,115	35,002

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Revenue	652,124	152,692
Expenses	515,671	162,211
Profit (loss) and total comprehensive income (expense) for the year	136,453	(9,519)
Profit (loss) and total comprehensive income (expense) attributable to		
– the owners of the Company	97,340	(7,008)
– the non-controlling interests	39,113	(2,511)
Profit (loss) and total comprehensive income (expense) for the year	136,453	(9,519)
Net cash (used in) from operating activities	(24,216)	18,346
Net cash used in investing activities	(8,096)	(31,638)
Net cash from financing activities	55,773	—
Net cash inflow (outflow)	23,461	(13,292)

20. PARTICULARS OF SUBSIDIARIES (continued)

Xinyang Jingang

	31/12/2022 RMB'000	31/12/2021 RMB'000
Current assets	478,258	719,355
Non-current assets	2,537,654	1,052,752
Current liabilities	1,310,443	775,007
Non-current liabilities	734,382	—
Net equity	971,087	997,100
Equity attributable to owners of the Company	679,761	697,990
Equity attributable to non-controlling interests	291,326	299,110

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Revenue	44,221	—
Expenses (income)	73,280	(249)
(Loss) profit for the year	(29,059)	249
(Loss) profit attributable to		
– the owners of the Company	(20,361)	174
– the non-controlling interests	(8,698)	75
(Loss) profit for the year	(29,059)	249
Other comprehensive income (expense) attributable to		
– the owners of the Company	2,132	(2,169)
– the non-controlling interests	914	(930)
Other comprehensive income (expense) for the year	3,046	(3,099)
Total comprehensive expense attributable to		
– the owners of the Company	(18,229)	(1,995)
– the non-controlling interests	(7,784)	(855)
Total comprehensive expense for the year	(26,013)	(2,850)
Net cash used in operating activities	(96,139)	(3,890)
Net cash used in investing activities	(1,460,116)	(801,277)
Net cash from financing activities	1,036,419	744,993
Net cash outflow	(519,836)	(60,174)

20. PARTICULARS OF SUBSIDIARIES (continued)

Shenzhen Jinma and subsidiary

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Current assets	**1,388,913**	951,116
Non-current assets	**2,708,963**	2,312,789
Current liabilities	**1,642,513**	1,150,146
Non-current liabilities	**856,127**	723,934
Net equity	**1,599,236**	1,389,825
Equity attributable to owners of the Company	**815,610**	706,456
Equity attributable to non-controlling interests	**783,626**	683,369

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Revenue	**6,200,987**	763,056
Expenses	**5,988,672**	753,163
Profit for the year	**212,315**	9,893
Profit attributable to		
– the owners of the Company	**110,635**	2,661
– the non-controlling interests	**101,680**	7,232
Profit for the year	**212,315**	9,893
Other comprehensive expense attributable to		
– the owners of the Company	**(1,481)**	(780)
– the non-controlling interests	**(1,423)**	(750)
Other comprehensive expense for the year	**(2,904)**	(1,530)
Total comprehensive income attributable to		
– the owners of the Company	**109,154**	1,881
– the non-controlling interests	**100,257**	6,482
Total comprehensive income for the year	**209,411**	8,363
Net cash from (used in) operating activities	**675,185**	(181,674)
Net cash used in investing activities	**(795,502)**	(1,461,788)
Net cash from financing activities	**175,522**	953,754
Net cash inflow (outflow)	**55,205**	(689,708)

21. INTEREST IN A JOINT VENTURE

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Cost of unlisted investment in a joint venture	49,000	49,000
Share of post-acquisition results, net of dividends received	34,084	10,502
	83,084	59,502

Details of the Group's joint venture at the end of the reporting period are set out below:

Name of joint venture*	Place of registration and operations	Fully paid registered capital	Proportion of ownership interest/voting rights attributable to the Group		Principal activities
			2022	2021	
Henan Jinjiang Refinery Co., Ltd. ("Jinjiang Refinery") 河南金江煉化有限公司	PRC	RMB100,000,000	49%	49%	Manufacture and sale of hydrogen

* English name for identification only

21. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in the consolidated financial statements.

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Current assets	103,980	23,451
Non-current assets	96,079	115,531
Current liabilities	20,169	6,975
Non-current liabilities	10,332	10,575
The above amounts of assets and liabilities include the followings:		
Cash and cash equivalents	38,633	11,444
Current financial liabilities (excluding trade and other payables and provisions)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	—	—

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Revenue	283,972	182,873
Profit and total comprehensive income for the year	58,127	6,804
Dividends received from Jinjiang Refinery during the year	4,900	4,900

The above profit for the year includes the following:

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Depreciation	16,626	16,438
Interest income	672	32
Interest expense	—	68
Income tax expense (Note)	—	—

Note: Pursuant to the relevant tax rules and regulation in the PRC, revenue from Comprehensive Utilisation of Resources is exempted from tax.

21. INTEREST IN A JOINT VENTURE (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in consolidated financial statements.

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Net assets	169,558	121,432
Proportion of the Group's ownership interest in the joint venture	49%	49%
Carrying amount of the Group's interest in the joint venture	83,084	59,502

22. INTERESTS IN ASSOCIATES/ADVANCE TO AN ASSOCIATE

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Cost of unlisted investment in associates	139,460	41,460
Share of post-acquisition results, net of dividends received	(39,491)	(41,460)
	99,969	—

Details of the Group's associates at the end of the reporting period are set out below:

Name of associate	Place of registration and operations	Fully paid registered capital	Proportion of ownership interest/voting rights attributable to the Group		Principal activities
			2022	2021	
Xiamen Jinma ITG Co., Ltd.* ("Xiamen Jinma") 廈門金馬國貿有限公司	PRC	RMB200,000,000	49%	N/A	Domestic trading
Huozhou Coal Power Group Hongtong Yilong Co., Ltd. * ("Yilong Coal") 霍州煤電集洪洞億隆煤業有限責任公司	PRC	RMB80,000,000	33%	33%	Mining and sale of coal

* English name for identification only

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associates are accounted for using the equity method in the consolidated financial statements.

22. INTERESTS IN ASSOCIATES/ADVANCE TO AN ASSOCIATE (continued)

Xiamen Jinma

	31/12/2022
	RMB'000
Current assets	290,345
Non-current assets	161
Current liabilities	86,488
Non-current liabilities	—

	Year ended 31/12/2022
	RMB'000
Revenue	170,360
Profit and total comprehensive income for the year	4,018

Reconciliation of the above summarised financial information of the carrying amount of the interest in Xiamen Jinma recognised in the consolidated financial statements.

	31/12/2022
	RMB'000
Net assets	204,018
Proportion of the Group's ownership interest in the associate	49%
Carrying amounts of the Group's interest in the associate	99,969

Yilong Coal

The Group's share of losses of Yilong Coal exceeds the Group's interest in Yilong Coal (which includes long-term interests that, in substance, form part of the Group's net investment in the Yilong Coal), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of Yilong Coal.

22. INTERESTS IN ASSOCIATES/ADVANCE TO AN ASSOCIATE (continued)

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Advance to an associate	**940**	60,940
Less: Allowance for ECL	**(940)**	(45,940)
	—	15,000

The advance to an associate represents deposit for acquisition of mining right ("採礦許可證") and the total advance is unsecured, interest-free and has no fixed repayment terms. Impairment of RMB45,940,000 was recognised on advance to an associate during the year end 31 December 2020. In November 2021, the Group brought legal claim against Yilong Coal demanding for repayment of the loan and accrued interest. In February 2022, the court ordered Yilong Coal to repay the Group the entire amount of loan and the interest accrual thereon and Yilong Coal appealed in March 2022. The Higher People's Court of Henan Province rejected the appeal request in 27 May 2022 and Yilong Coal has repaid RMB60,000,000 to the Group during the year, reversal of impairment loss of RMB45,000,000 was recognised.

23. DEFERRED TAX ASSETS/LIABILITIES

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

	Allowance for inventories	ECL provision	Accelerated tax depreciation and temporary difference on deductible expenses	Fair value change of bills receivables at FVTOCI and assets at FVTPL	Unrealised profits	Fair value adjustments upon acquisition of business	Deferred revenue	Impairment of property, plant and equipment	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	157	11,807	(12,932)	2,755	1,992	(8,193)	5,469	2,114	–	3,169
Credit (charge) to profit or loss	498	727	(16,333)	(780)	34,409	3,447	243	–	–	22,211
Credit to the other comprehensive income	–	–	–	763	–	–	–	–	–	763
Addition on acquisition of a business	–	–	–	–	–	588	–	–	–	588
Disposal of property, plant and equipment	–	–	–	–	–	–	–	(2,114)	–	(2,114)
Disposal of subsidiaries (Note 39)	–	–	–	–	–	(5,605)	–	–	–	(5,605)
At 31 December 2021	655	12,534	(29,265)	2,738	36,401	(9,763)	5,712	–	–	19,012
Credit (charge) to profit or loss	2,852	(12,205)	(69,426)	787	37,416	4,083	(551)	–	6,187	(30,857)
Credit to the other comprehensive income	–	–	–	12	–	–	–	–	–	12
At 31 December 2022	**3,507**	**329**	**(98,691)**	**3,537**	**73,817**	**(5,680)**	**5,161**	**–**	**6,187**	**(11,833)**

For the purpose of presentation in the 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:

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Deferred tax assets	**85,124**	59,336
Deferred tax liabilities	**(96,957)**	(40,324)
	(11,833)	19,012

As at 31 December 2022, the Group had unused tax losses of RMB25,324,000 (2021: RMB17,448,000) available to offset against future profits. Deferred tax asset of RMB6,187,000 (2021: Nil) has been recognised in respect of tax losses of RMB24,748,000. All tax losses will expire within 5 years (2021: 5 years) from the year of origination. No deferred tax asset has been recognised in respect of the rest losses due to the unpredictability of future profit streams.

At 31 December 2022 and 2021, the Group had no other material unrecognised deductible temporary differences.

24. INVENTORIES

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Raw materials	444,048	364,780
Finished goods	127,030	102,893
	571,078	467,673

25. TRADE AND OTHER RECEIVABLES

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Trade receivables – contract with customers	171,744	94,555
Less: Allowance for ECL	(301)	(4,195)
	171,443	90,360
Other receivables	2,314	1,542
Less: Allowance for ECL	(73)	—
	2,241	1,542
Prepayments to suppliers	322,777	234,383
Prepaid other taxes and charges	303,195	333,071
Refundable deposits to suppliers	864	50,453
	800,520	709,809

As at 1 January 2021, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB92,285,000.

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

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Within 90 days	171,149	85,827
181 – 365 days	204	3,533
More than 1 year	90	1,000
	171,443	90,360

25. TRADE AND OTHER RECEIVABLES (continued)

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB595,000 (2021: RMB8,728,000) which are past due as at the reporting date. Out of the past due balances, RMB301,000 (2021: RMB5,195,000) has been past due 90 days or more and all of which is considered as in default and impairment allowance of RMB301,000 (2021: RMB4,195,000) was recognised accordingly.

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 45.

26. AMOUNT DUE FROM A SHAREHOLDER

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Trade nature		
Maanshan Steel	**70,490**	57,585

The amounts in trade nature are receivables from contracts with customers.

The balance at 1 January 2021 amounted to RMB11,770,000.

The normal credit term is 30 to 60 days. The amount due from a shareholder in trade nature is aged within 90 days based on invoice date, none of the balance is past due as at 31 December 2022 and 2021.

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

Details of impairment assessment of amount due from a shareholder are set out in Note 45.

27. AMOUNTS DUE FROM RELATED PARTIES

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Trade nature		
Jiangxi PXSteel's subsidiaries	45,375	—
Xiamen Jinma (Note i)	32,640	—
Jiyuan Fangsheng Chemicals Co., Ltd.* ("Fangsheng Chemicals") 濟源市方升化學有限公司 (Note ii)	374	20
	78,389	20

* English name for identification only

Notes:

(i) The balance is prepayment for purchase of coal.

(ii) The entity is controlled by a shareholder of the Company. The balance contains prepayment of RMB366,000 for purchase of materials including sodium hydroxide and hydrochloric acid.

The balance at 1 January 2021 amounted to RMB113,260,000.

The amounts in trade nature are from contract with customers. 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.

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Within 90 days	45,383	—

The normal credit term to the customers is ranged between 30 to 60 days. None of the balance is past due as at 31 December 2022 and 2021.

The Group does not hold any collateral over these balances.

Detail of impairment assessment of amounts due from related parties are set out in Note 45.

28. BILLS RECEIVABLES AT FVTOCI

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Bills receivables	1,065,648	806,113

Under IFRS 9, certain bills which were held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as "bills receivables at FVTOCI". At 31 December 2022 and 2021, 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 ECL are considered as insignificant.

Details of impairment assessment are set out in Note 45.

29. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.25% to 1.65% (2021: from 0.30% to 1.89%) per annum as at 31 December 2022.

The Group's restricted bank balances were pledged to banks for issuing bills.

30. BORROWINGS

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Bank borrowings	3,143,120	1,800,863
Other borrowing (Note)	80,000	–
Secured	1,891,040	753,429
Unsecured	1,332,080	1,047,434
	3,223,120	1,800,863
Fixed-rate borrowings	2,006,491	575,500
Floating-rate borrowings	1,216,629	1,225,363
	3,223,120	1,800,863

Note: This borrowing was borrowed from a company for a period of 6 months at an interest rate of 12% per annum with no collateral.

	Bank borrowings		Other borrowing		Total borrowings	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable: (based on scheduled payment terms)						
Within one year	1,307,680	972,434	80,000	–	1,387,680	972,434
More than one year, but not more than two years	771,747	285,000	–	–	771,747	285,000
More than two years, but not more than five years	1,063,693	543,429	–	–	1,063,693	543,429
	3,143,120	1,800,863	80,000	–	3,223,120	1,800,863
Less: Amount due for settlement within 12 months shown under current liabilities	(1,307,680)	(972,434)	(80,000)	–	(1,387,680)	(972,434)
Amount due for settlement after 12 months shown under non-current liabilities	1,835,440	828,429	–	–	1,835,440	828,429

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

	31/12/2022	31/12/2021
Effective interest rate per annum:		
– Fixed-rate borrowings	3.70%-6.30%	4.25%-6.30%
– Floating-rate borrowings	3.62%-5.60%	3.56%-5.46%

31. TRADE AND OTHER PAYABLES

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Trade payables	732,017	274,954
Bills payables	1,057,580	998,596
	1,789,597	1,273,550
Salaries and wages payables	31,831	39,355
Other tax payables	46,696	22,924
Consideration payable for purchase of		
– property, plant and equipment	928,769	732,102
– intangible assets	—	118,555
Accruals	12,267	9,795
Interest payable	5,022	—
Consideration payable for acquisition of business	3,222	3,647
Refundable deposit from suppliers	16,050	15,135
Other payables	8,106	2,695
	1,051,963	944,208
	2,841,560	2,217,758

The normal credit term to the Group is ranged between 30 to 60 days.

The following is an aging analysis of trade payables/bills payables presented based on the invoice date/issuance date at the end of the reporting period:

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Within 90 days	1,139,065	1,254,647
91 – 180 days	568,947	10,471
181 – 365 days	70,330	5,619
Over 1 year	11,255	2,813
	1,789,597	1,273,550

At the end of the reporting period, the Group's bills payables were issued by banks with maturities within 6 months and were secured by the Group's restricted bank balances and bills receivables at FVTOCI.

32. AMOUNT DUE TO A RELATED PARTY

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Trade nature		
Fangsheng Chemicals*	—	113

* English name for identification only

The normal credit term to the Group is ranged between 30 to 60 days.

The following is an aging analysis of amount due to a related party of trade payables presented based on the invoice date at the end of the reporting period:

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Within 90 days	—	113

33. CONTRACT LIABILITIES

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Sales of goods	283,139	101,401

As at 1 January 2021, contract liabilities amounted to RMB49,851,000.

For the year ended 31 December 2022, revenue of RMB101,401,000 (2021: RMB49,851,000) recognised that was included in the contract liability balance at the beginning of the year.

Contract liabilities are all expected to be settled within the Group's normal operating cycle, and are classified as current based on the Group's earliest obligation to transfer goods to the customers. Revenue recognised in the current year with performance obligation satisfied includes whole contract liability balance at the beginning of the year.

The significant increase in contract liabilities in the current year is the result of the increase in number of unsatified contracts at the end of the year.

34. LEASE LIABILITIES

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Within one year	1,864	1,882
Within a period of more than one year but not more than two years	430	577
Within a period of more than two years but not more than five years	666	840
Within a period of more than five years	1,597	1,713
	4,557	5,012
Less: Amount due for settlement within 12 months shown under current liabilities	(1,864)	(1,882)
Amount due for settlement after 12 months shown under non-current liabilities	2,693	3,130

The weighted average incremental borrowing rates applied to lease liabilities range from 4.50% to 5.96% (2021: from 4.50% to 5.96%) per annum.

35. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans recognised as employee benefit charged to profit or loss and capitalised as production costs or construction in progress as incurred for the year ended 31 December 2022 under such arrangement are RMB19,736,000 (2021: RMB15,446,000).

As at 31 December 2022, no contributions (2021: Nil) due in respect of the year ended 31 December 2022 had not been paid over to the plans.

36. SHARE CAPITAL

	Number of shares		Share capital	
	2022	2021	**2022**	2021
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
Ordinary shares of RMB1 each				
At beginning and end of year	**535,421**	535,421	**535,421**	535,421

37. DEFERRED REVENUE

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Assets-related government subsidies	**20,644**	22,848

During the year ended 31 December 2022, the Group received Nil (2021: RMB3,060,000) in relation to incentives for certain plants and equipment acquired by the Group. The amounts were recorded as deferred revenue and released to profit or loss on a systematic basis over the useful lives of the relevant assets. During the year ended 31 December 2022, subsidy income of approximately RMB2,204,000 (2021: RMB2,088,000) was released to profit or loss.

38. PERPETUAL LOAN

The Group received RMB15,630,000 from Wanghu Village Committee during the year of 2022. Interest of RMB1,600,000 should be paid to the borrower annually. This receipt was recognised as a perpetual loan based on the contract that the Group is only required to repay interest annually when the interest was past due. The perpetual loan was recognised at fair value with an effective interest rate of 10.24%.

39. DISPOSAL OF SUBSIDIARIES

As referred to Note 12, on 30 September 2021, the Group disposed of Disposal Group A. The net assets of Disposal Group A at the date of disposal were as follows:

From Disposal Group A

	RMB'000
Consideration received:	
Total consideration received in cash	204,000

	30/09/2021
	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	290,879
Right-of-use assets	86,371
Intangible assets	6,574
Goodwill	24,614
Deferred tax assets	5,605
Inventories	7,410
Trade and other receivables	32,994
Amount due from a related party	116,253
Bank balances and cash	2,795
Lease liabilities	(2,914)
Borrowings	(30,000)
Trade and other payables	(39,561)
Contract liabilities	(164)
Tax payable	(3,955)
Net assets disposed of	496,901
Loss on disposal of a subsidiary:	
Consideration received	204,000
Net assets disposed of	(496,901)
Non-controlling interests	286,771
	(6,130)
Net cash inflow arising on disposal:	
Cash consideration	204,000
Less: bank balances and cash disposed of	(2,795)
	201,205

39. DISPOSAL OF SUBSIDIARIES (continued)

From Disposal Group A (continued)

As referred to Note 12, on 30 November 2021, the Group disposed of Disposal Group C. The net assets of Disposal Group C at the date of disposal were as follows:

From Disposal Group C

	RMB'000
Consideration received:	
Total consideration received in cash	5,238

	30/11/2021 RMB'000
Analysis of assets and liabilities over which control was lost:	
Bank balances and cash	10,383
Trade and other payables	(3)
Net assets disposed of	10,380
Loss on disposal of a subsidiary:	
Consideration received	5,238
Net assets disposed of	(10,380)
Non-controlling interests	2,023
	(3,119)
Net cash outflow arising on disposal:	
Cash consideration	5,238
Less: bank balances and cash disposed of	(10,383)
	(5,145)

The impact of Disposal Groups on the Group's results and cash flows in the prior year is disclosed in Note 12.

40. CAPITAL COMMITMENTS

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**1,133,486**	1,802,512

41. PLEDGE OF ASSETS

At the end of the Reporting Period, the Group had pledged the following assets to banks as securities against general banking facilities, including banks borrowings and bills payables granted to the Group:

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Property, plant and equipment	**141,888**	1,322
Right-of-use assets	**211,510**	124,811
Restricted bank balances	**587,735**	703,118
Bills receivables at FVTOCI	**205,198**	195,309
	1,146,331	1,024,560

42. TRANSFER OF FINANCIAL ASSETS

The Group (i) endorsed certain bills receivables for the settlement of trade and other payables; and (ii) discounted certain bills 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 bills 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 bills receivable is low because all endorsed and discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of the reporting period are as follows:

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Endorsed bills for settlement of payables	**2,885,122**	2,608,690
Discounted bills for raising cash	**1,363,804**	293,325
Outstanding endorsed and discounted bills receivables	**4,248,926**	2,902,015

The outstanding endorsed and discounted bills receivables are with maturities no more than 6 months.

43. RELATED PARTIES' TRANSACTIONS

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

(a) Transactions with related parties

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

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Sales of products and services to:		
Jiangxi PXSteel's subsidiaries	**2,118,997**	1,614,677
Maanshan Steel	**955,286**	767,199
Jinjiang Refinery	**126,689**	104,098
Xiamen Jinma	**17,323**	—
Fangsheng Chemicals	**38**	24
Purchase of raw materials and services from:		
Fangsheng Chemicals	**16,496**	7,057
Jinjiang Refinery	**8,969**	6,303
Yan'an Railway (Note)	**N/A**	6,032

Note: The entity is no-longer a related party following the disposal on 30 September 2021.

(b) Compensation of key management personnel

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

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Salaries and allowance	**5,203**	5,127
Performance related bonuses	**1,142**	3,622
Retirement benefit	**385**	245
	6,730	8,994

Key management represents the directors of the Company disclosed in Note 15 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.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes perpetual loan, borrowings, lease liabilities, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital and reserves).

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, new debts or the redemption of existing debts.

45. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL	—	18,000
Bills receivables at FVTOCI	**1,065,648**	806,113
Financial assets at amortised cost		
– Bank balances and cash	**913,992**	576,951
– Restricted bank balances	**587,735**	703,118
– Trade and other receivables*	**174,548**	142,355
– Amount due from a shareholder	**70,490**	57,585
– Amounts due from related parties**	**45,383**	—
– Advance to an associate	—	15,000

* Excluded prepayments to suppliers and prepaid other taxes and charges.

** Excluded prepayments for purchase of goods and provision of shipping services.

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Financial liabilities		
Amortised cost		
– Borrowings	**3,223,120**	1,800,863
– Trade and other payables*	**2,763,033**	2,155,479
– Amount due to a related party	—	113
– Perpetual loan	**15,630**	—
– Lease liabilities	**4,557**	5,012

* Excluded salaries and wages payables, other tax payables.

45. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include advance to an associate, trade and other receivables, amounts due from/to a shareholder/related parties, financial assets at FVTPL, bills receivables at FVTOCI, restricted bank balances, bank balances and cash, trade and other payables, perpetual loan, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to certain interest-bearing restricted bank balances, bills receivables at FVTOCI, perpetual loan, borrowings and lease liabilities, all bear fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to certain bank balances and borrowings at floating interest rates. The Group currently does not have an interest rate hedging policy. There are no concentration on the Group's interest rate risks. However, the management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate for the floating-rate (depends on Loan Prime Rate) borrowings, assuming that the floating-rate borrowings outstanding at the end of the reporting period was outstanding for the whole relevant period. If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately RMB4,562,000 (2021: RMB4,595,000) for the year ended 31 December 2022. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2022 and 2021.

No sensitivity analysis on bank balances is presented as the directors of the Company consider that the exposure of cash flow interest rate risk arising from bank balances is minimal.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

45. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, which are mainly bank balances, at the end of the reporting period are as follows:

	31/12/2022	31/12/2021
	RMB'000	RMB'000
Assets		
Bank balances and cash – HK$	**4,841**	7,540

The following table details the Group's sensitivity to 5% appreciation of HK$ against RMB which represents the management's assessment of the possible change in foreign exchange rate. The sensitivity analysis of the Group includes the outstanding foreign currencies denominated monetary items and adjusts for 5% appreciation of foreign exchange rates at the end of the reporting period.

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	RMB'000
Increase in post-tax profit	**182**	283

There would be an equal and opposite impact on the above post-tax results, should HK$ be weakened against RMB in the above sensitivity analysis.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the foreign currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade-related Receivables arising from contracts with customers

The Group mainly conducts transactions with customers with good quality and long-term relationship. When accepting new customers, the Group requests advanced payment before the goods delivered. In order to minimize the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. In this regard and considering the long-term relationships with its customers and the financial position of these customers, the directors of the Company consider that the Group's credit risk is significantly reduced.

45. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Trade-related Receivables arising from contracts with customers (continued)

As at 31 December 2022, the Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the year. The percentage of Trade-related Receivables attributable to these five largest customers amounted to 41% (2021: 47%).

As at 31 December 2022, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 78% (2021: 81%) of total Trade-related Receivables outstanding balances.

The Group had concentration of credit risk by geographical location as Trade-related Receivables, bills receivables at FVTOCI, restricted bank balances and bank balances comprise various debtors which are all located in the PRC as at 31 December 2022 and 2021.

Except for debtors that are credit-impaired with internal credit rate of loss are assessed for impairment individually, the remaining Trade-related Receivables are assessed collectively following lifetime ECL (not credit-impaired) based on shared credit risk characteristics by reference to the Group's internal credit ratings. Nil (2021: RMB2,907,000) is recognised and an amount of RMB3,894,000 (2021: Nil) is reversed during the year. Details of the quantitative disclosures are set out below.

Other receivables and refundable deposits

For other receivables and refundable deposits, the Group makes individual assessment on recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort. Impairment of RMB73,000 (2021: Nil) is recognised during the year.

Advance to an associate

The Group regularly monitors the business performance of the associate. The Group's credit risks in the balance is mitigated through the historical financial information as well as consideration of probability of default and loss given default, adjusted for forward-looking information including industrial factors and available market data. No impairment is recognised and an amount of RMB45,000,000 (Note 22) (2021: Nil) is reversed during the year.

Bank balances and restricted bank balances

The Group's credit risk on bank balances and restricted bank balances is low and there is no significant concentration of credit risk because all bank deposits are deposited in or contracted with several state-owned banks with good reputation and with high credit ratings assigned by international credit-rating agencies. ECL on bank balances and restricted bank balances was insignificant in the profit or loss during the years ended 31 December 2022 and 2021.

45. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Bills receivables at FVTOCI

The Group only accepts bills receivables with low credit risk. The Group's bills receivables at FVTOCI are bank acceptance bills and therefore are considered to be low credit risk financial instruments. During the years ended 31 December 2022 and 2021, ECL on bills receivables at FVTOCI was insignificant in the profit or loss.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade-related Receivables	Other receivables/ refundable deposits
Low risk	The counterparty has a low risk of default and does not have any past-due amount	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m or lifetime ECL	31/12/2022 Gross carrying amount RMB'000	31/12/2021 Gross carrying amount RMB'000
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	**1,065,648**	806,113
Financial assets at amortised cost					
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**287,022**	143,412
		Watch list	Lifetime ECL (not credit-impaired)	**294**	3,533
		Loss	Credit-impaired	**301**	5,195
				287,617	152,140
Bank balances and restricted bank balances	AAA – AA+	N/A	12m ECL	**1,501,727**	1,280,069
Advance to an associate	N/A	Loss	Credit-impaired	**940**	60,940
Other receivables and refundable deposits	Note	Low risk	12m ECL	**2,623**	51,995
		Watch list	Lifetime ECL (not credit-impaired)	**555**	—
				3,178	51,995

Note: For other receivables, the external credit ratings are not available for each individual to be assessed.

45. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Bills receivables at FVTOCI (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. Credit-impaired debtors with gross carrying amounts of RMB301,000 as at 31 December 2022 (2021: RMB5,195,000) were assessed individually.

Gross carrying amount

	31/12/2022			31/12/2021		
Internal credit rating	**Average loss rate**	**Trade-related Receivables**	**ECL (not credit-impaired)**	Average loss rate	Trade-related Receivables	ECL (not credit-impaired)
		RMB'000	**RMB'000**		RMB'000	RMB'000
Low risk	**0.20%**	**287,022**	**— ***	0.05%	143,412	— *
Watch list	**4.23%**	**294**	**— ***	0.22%	3,533	— *
		287,316	**—**		146,945	—

* The amount of ECL loss is immaterial for the years ended 31 December 2022 and 2021.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised on Trade-related Receivables under the simplified approach.

	Lifetime ECL (credit-impaired)	**Total**
	RMB'000	**RMB'000**
As at 1 January 2021	1,288	1,288
– Impairment losses recognised	2,907	2,907
At 31 December 2021	4,195	4,195
– Impairment losses reversed	(3,894)	(3,894)
At 31 December 2022	**301**	**301**

45. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

Changes in the loss allowance for Trade-related Receivables are mainly due to:

	2022		2021	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	RMB'000	RMB'000	RMB'000	RMB'000
Trade-related Receivables with a gross carrying amount of Nil (2021: RMB5,195,000) defaulted and transferred to credit-impaired	—	—	—	2,907
Settlement in full of Trade-related Receivables with a gross carrying amount of RMB4,894,000 (2021: Nil)	—	(3,894)	—	—

The following table shows the movement in lifetime ECL that has been recognised on other receivables and refundable deposits under the simplified approach.

	Lifetime ECL (not credit-impaired)	Total
	RMB'000	RMB'000
At 31 December 2021	—	—
– Impairment losses recognised	73	73
At 31 December 2022	73	73

45. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

In the management of the liquidity risk, the Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2022, the Group had unutilised bank facilities of approximately RMB629,371,000 (2021: RMB2,010,941,000).

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

		As at 31 December 2022					
	Interest rate	Carrying amounts	On demand or within 6 months	6 months to 1 year	1 year to to 5 years	>5 years	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	3.62%-6.30%	3,143,120	610,198	811,304	1,933,608	—	3,355,110
Other borrowing	12%	80,000	80,432	—	—	—	80,432
Lease liabilities	4.50%-5.96%	4,557	898	1,032	1,268	2,759	5,957
Trade and other payables	N/A	2,763,033	2,763,033	—	—	—	2,763,033
Perpetual loan	10.24%	15,630	—	1,600	6,400	15,630	23,630
		6,006,340	3,454,561	813,936	1,941,276	18,389	6,228,162

		As at 31 December 2021					
	Interest rate	Carrying amounts	On demand or within 6 months	6 months to 1 year	1 year to to 5 years	>5 years	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	3.56%-6.30%	1,800,863	379,988	671,380	906,944	—	1,958,312
Lease liabilities	4.50%-5.96%	5,012	1,228	713	1,624	3,027	6,592
Trade and other payables	N/A	2,155,479	2,155,479	—	—	—	2,155,479
Amount due to a related party	N/A	113	113	—	—	—	113
		3,961,467	2,536,808	672,093	908,568	3,027	4,120,496

45. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Some of the Group's financial assets 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 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.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2022	31/12/2021		
Bills receivables at FVTOCI	**Assets- RMB1,065,648,000**	Assets- RMB806,113,000	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- Nil**	Assets- RMB18,000,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the contract and available market.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Other borrowing	Dividend payable	Perpetual loan	Lease liabilities	Interest payables	Total
	RMB'000 (restated)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,011,700	—	—	—	9,896	—	1,021,596
Financing cash flows (Note)	758,478	—	(183,264)	—	(2,474)	—	572,740
Dividend declared	—	—	183,630	—	—	—	183,630
Exchange adjustments	—	—	(366)	—	—	—	(366)
New leases entered	—	—	—	—	2,418	—	2,418
Lease termination	—	—	—	—	(2,543)	—	(2,543)
Acquisition of a business	—	—	—	—	81	—	81
Disposal of subsidiaries	(30,000)	—	—	—	(2,914)	—	(32,914)
Finance costs recognised	60,685	—	—	—	548	—	61,233
At 31 December 2021	1,800,863	—	—	—	5,012	—	1,805,875
Financing cash flows (Note)	1,342,257	80,000	(149,486)	15,630	(2,479)	(118,366)	1,167,556
Dividend declared	—	—	148,555	—	—	—	148,555
Exchange adjustments	—	—	931	—	—	—	931
New leases entered	—	—	—	—	2,024	—	2,024
Finance costs recognised	—	—	—	—	—	123,388	123,388
At 31 December 2022	3,143,120	80,000	—	15,630	4,557	5,022	3,248,329

Note: The cash flows represent new bank borrowings raised, the repayment of bank borrowings, interest paid, repayments of lease liabilities, dividend paid, perpetual loan received and other borrowing received in the consolidated statement of cash flows.

47. EVENTS AFTER THE REPORTING PERIOD

As of the date of approval for issuance of the consolidated financial statements, there is no significant event after reporting period.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2022	31/12/2021
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,000,304	996,034
Right-of-use assets	58,776	64,854
Investments in subsidiaries	1,733,159	1,733,159
Interest in a joint venture	49,000	49,000
Interest in associates	98,000	—
Advance to an associate	—	15,000
Deposit for acquisition of property, plant and equipment	19,831	10,234
	2,959,070	2,868,281
CURRENT ASSETS		
Inventories	132,141	139,498
Trade and other receivables	191,070	153,099
Amount due from a shareholder	8	31,436
Amounts due from subsidiaries	590,302	591,996
Amounts due from related parties	59,711	—
Financial assets at FVTPL	—	18,000
Bills receivables at FVTOCI	470,399	382,298
Restricted bank balances	366,289	176,769
Bank balances and cash	567,286	194,581
	2,377,206	1,687,677

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31/12/2022	31/12/2021
	RMB'000	RMB'000
CURRENT LIABILITIES		
Borrowings	523,580	667,933
Trade and other payables	1,347,515	759,239
Amount due to a related party	—	113
Amounts due to subsidiaries	—	20,850
Contract liabilities	40,055	9,060
Lease liabilities	7,061	6,635
Tax payable	3,646	12,603
	1,921,857	1,476,433
NET CURRENT ASSETS	455,349	211,244
TOTAL ASSETS LESS CURRENT LIABILITIES	3,414,419	3,079,525
CAPITAL AND RESERVES		
Share capital	535,421	535,421
Reserves	2,596,022	2,423,433
TOTAL EQUITY	3,131,443	2,958,854
NON-CURRENT LIABILITIES		
Borrowings	233,000	90,000
Lease liabilities	13,340	18,757
Deferred revenue	7,266	8,264
Deferred tax liabilities	29,370	3,650
	282,976	120,671
	3,414,419	3,079,525

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Movement in the Company's reserves:

	Special reserve	Capital reserve	Statutory surplus reserve fund	Retained profits	FVTOCI reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	—	386,496	242,311	1,471,770	(5,777)	2,094,800
Profit for the year	—	—	—	486,735	—	486,735
Other comprehensive income for the year	—	—	—	—	2,524	2,524
Total comprehensive income for the year	—	—	—	486,735	2,524	489,259
Dividends paid	—	—	—	(160,626)	—	(160,626)
Transfer	1,942	—	25,399	(27,341)	—	—
At 31 December 2021 and 1 January 2022	1,942	386,496	267,710	1,770,538	(3,253)	2,423,433
Profit for the year	—	—	—	307,416	—	307,416
Other comprehensive expense for the year	—	—	—	—	(972)	(972)
Total comprehensive income (expense) for the year	—	—	—	307,416	(972)	306,444
Dividends paid	—	—	—	(133,855)	—	(133,855)
At 31 December 2022	1,942	386,496	267,710	1,944,099	(4,225)	2,596,022

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

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Company website

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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. Xu Baochun (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao

Independent Non-executive Directors

Mr. Wu Tak Lung
Mr. Meng Zhihe
Mr. Cao Hongbin

Supervisors

Mr. Wong Tsz Leung (Chairman)
Mr. Wu Jiacun
Mr. Zhou Tao, David
Ms. Tian Fangyuan
Ms. Hao Yali
Mr. Fan Xiaozhu

Audit Committee

Mr. Wu Tak Lung (Chairman)
Mr. Xu Baochun
Mr. Meng Zhihe

Remuneration Committee

Mr. Cao Hongbin (Chairman)
Mr. Wu Tak Lung
Mr. Wang Mingzhong

Nomination Committee

Mr. Yiu Chiu Fai (Chairman)
Mr. Meng Zhihe
Mr. Cao Hongbin

Strategic Development Committee

Mr. Xu Baochun (Chairman)
Mr. Li Tianxi
Mr. Cao Hongbin

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
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PRC

Hong Kong Law

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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

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PRC

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PRC

Bank of China Limited Jiyuan Branch
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Zijingshan Road Operations Department
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Luoyang, Henan Province
PRC

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Zhengzhou, Henan Province
PRC

HengFeng Bank Co., Ltd. Zhengzhou Branch
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Zhengzhou, Henan Province
PRC

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

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223 Hing Fong Road
Kwai Chung, New Territories
Hong Kong

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 annual report, Taiwan, the Macau Special Administrative Region of the PRC and the Hong Kong Special Administrative Region of the PRC
"Code"	Corporate Governance Code as set out in 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" or "our 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
"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"

$$\frac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of shares in issue during the year}}$$

"current ratio"

$$\frac{\text{Total current assets}}{\text{Total current liabilities}}$$

"dividend payout ratio"

$$\frac{\text{Dividend}}{\text{Profit attributable to owners of our Company}}$$

"gearing ratio"

$$\frac{\text{Total interest-bearing bank borrowings}}{\text{Total equity}}$$

"return on assets"

$$\frac{\text{Profit and total comprehensive income}}{\text{Average total assets}}$$

"return on equity"

$$\frac{\text{Profit attributable to owners of our Company}}{\text{Average equity attributable to owners of our Company}}$$

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)
"Fangsheng Chemicals"	濟源市方升化學有限公司(Jiyuan Fangsheng Chemicals Co., Ltd.*)
"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 Qingneng"	河南金馬氫能有限公司(Henan Jinma Qingneng Co., Ltd.*)
"Jinma Xingye"	濟源市金馬興業投資有限公司(Jiyuan Jinma Xingye Investment Co., Ltd.*)
"Jinma Zhongdong"	河南金馬中東能源有限公司(Henan Jinma Zhongdong Energy Co., Ltd.)

"Jinning Energy"	濟源市金寧能源實業有限公司(Jiyuan Jinning Energy Co., Ltd.*)
"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*)
"Liyuan Railway"	延安利源礦業鐵路運輸有限公司(Yan'an Liyuan Minerals Railway Logistics 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
"Shaanxi Jinma"	陝西金馬能源有限公司(Shaanxi Jinma Energy Sources Co., Ltd.)
"Shanghai Hyfun"	上海氫楓能源技術有限公司(Shanghai Hyfun Energy Technology Co., Ltd.*)
"Shanghai Jinma"	上海金馬能源有限公司(Shanghai Jinma Energy Sources Co., Ltd.*)
"Shanghai Luxiang"	上海鷺翔實業集團有限公司(Shanghai Luxiang Industrial Group Co., Ltd.*)
"Shenzhen Jinma"	深圳市金馬能源有限公司(Shenzhen Jinma Energy Co., Ltd*)
"Xinyang Co."	安鋼集團信陽鋼鐵有限責任公司(Angang Group Xinyang Steel Co., Ltd.*)
"Xinyang Jingang"	信陽鋼鐵金港能源有限公司(Xinyang Steel Jingang Energy Co., Ltd.*)
"Xuzhou Oriental"	徐州東方物流集團有限公司(Xuzhou Oriental Logistics Group Co., Ltd.*)
"Yan'an Jinneng"	延安金能鐵路物流科技有限公司(Yan'an Jinneng Railway Logistics Technology Co., Ltd.)
"Yan'an Railway"	延安能源鐵路運銷有限公司(Yan'an Energy Railway Transportation Co., Ltd.)
"Yilong Coal"	霍州煤電集團洪洞億隆煤業有限責任公司(Huozhou Coal Power Group Hongtong Yilong 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.*)
"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