RISUN

China Risun Group Limited
中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code：1907

2024
Annual Report

The World's Leading Energy Chemical Company
—— Innovation Leads to the Future

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COMPANY NAME

China Risun Group Limited

STOCK CODE

1907

REGISTERED OFFICE

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

Room 2001, 20/F., Sino Plaza
255 Gloucester Road
Causeway Bay
Hong Kong

Building 1, Risun Plaza
Sihezhuang No. 2 Road, Huaxiang Town
Fengtai District
Beijing, PRC 100070

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2001, 20/F., Sino Plaza
255 Gloucester Road
Causeway Bay
Hong Kong

CONTACT INFORMATION

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Fax: +852 2877 8902
E-mail: ir@risun.com

COMPANY WEBSITE

http://www.risun.com

AUTHORISED REPRESENTATIVES

Mr. Han Qinliang
Mr. Ho Pui Lam Joseph

COMPANY SECRETARY

Mr. Ho Pui Lam Joseph *(FCPA)*

COMPANY DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Yang Xuegang *(Chairman & Chief Executive Officer)*
Ms. Lu Xiaomei *(effective from April 1, 2024)*
Mr. Li Qinghua *(effective from April 1, 2024)*
Mr. Zhang Yingwei
(resigned with effect from April 1, 2024)
Mr. Han Qinliang
Mr. Wang Fengshan
(resigned with effect from April 1, 2024)
Mr. Wang Nianping
Mr. Yang Lu

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Yu Kwok Kuen Harry
Mr. Wang Yinping
Dr. Liu Xiaofeng *(effective from October 10, 2024)*
Mr. Kang Woon *(resigned with effect from July 15, 2024)*

AUDIT COMMITTEE

Dr. Yu Kwok Kuen Harry *(Chairman)*
Mr. Wang Yinping
Dr. Liu Xiaofeng *(effective from October 10, 2024)*
Mr. Kang Woon *(resigned with effect from July 15, 2024)*

REMUNERATION COMMITTEE

Mr. Wang Yinping *(Chairman)*
(effective from July 15, 2024)
Dr. Yu Kwok Kuen Harry
Mr. Li Qinghua *(effective from July 15, 2024)*
Mr. Kang Woon *(resigned with effect from July 15, 2024)*

NOMINATION COMMITTEE

Mr. Yang Xuegang *(Chairman)*
Dr. Yu Kwok Kuen Harry
Mr. Wang Yinping *(effective from July 15, 2024)*
Mr. Kang Woon *(resigned with effect from July 15, 2024)*

SUSTAINABLE DEVELOPMENT COMMITTEE (ESTABLISHED ON AUGUST 27, 2024)

Mr. Yang Xuegang *(Chairman)*
Mr. Han Qinliang
Mr. Wang Yinping

PRINCIPAL BANKERS

Bank of China Limited
Xingtai Branch
No. 81 Zhong Xing West Street
Xingtai, Hebei Province
PRC

BNP Paribas
Hong Kong Branch
63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China Citic Bank
Dingzhou Branch
No. 172 Xingding Road
Dingzhou, Hebei Province
PRC

China CITIC Bank International Limited
80/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Construction Bank Corporation
Bohai New Area Branch
Shigang Road, Bohai New Area
Cangzhou, Hebei Province
PRC

Coöperatieve Rabobank U.A.
Hong Kong Branch
13/F One Pacific Place
88 Queensway
Hong Kong

Crédit Agricole Corporate and Investment Bank
Hong Kong Branch
27/F, One Pacific Place
88 Queensway
Hong Kong

Industrial and Commercial Bank of China Limited
Xingtai Qiaodong Branch
No. 220 Zhong Xing East Street
Xingtai, Hebei Province
PRC

MUFG Bank, Limited
1-4-5 Marunouchi
Chiyoda-ku
Tokyo
Japan

Nanyang Commercial Bank, Limited
Nanyang Commercial Bank Building
151 Des Voeux Road Central
Central
Hong Kong

Shanghai Pudong Development Bank
Yong Ding Road Branch
No. 51 Yong Ding Road
Haidian District
Beijing
PRC

Societe Generale
Hong Kong Branch
Level 38, Three Pacific Place
1 Queen's Road East
Hong Kong

Sumitomo Mitsui Banking Corporation
Hong Kong Branch
8/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

The Export-Import Bank of China
Hebei Branch
Floor 9-11, Minsheng Plaza
No. 197 Yuhuadong Road, Chang'an District
Shijiazhuang, Hebei Province
PRC

AUDITOR

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

LEGAL ADVISERS

AS TO HONG KONG LAW:

Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

AS TO PRC LAW:

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

AS TO CAYMAN ISLANDS LAW:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CAYMAN SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CHAIRMAN'S STATEMENT

Dearest Shareholders,

The next thirty years in future of Risun

On behalf of the Board of Directors of China Risun Group Limited ("**Risun**" or the "**Company**"), it is my pleasure to present the annual report for the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended on December 31, 2024 (the "**Year**" or "**Reporting Period**").

Upon writing this Chairman's Statement, it is the 30th anniversary of the founding of Risun. Over the past 30 years, Risun has transformed from a single entity to a diversified enterprise cluster and has grown from a regional market participant to a national industry leader. It has gradually expanded into the global market and formed an internationally leading industry brand effect.

REVIEW

In these 30 years, we have always adhered to the concept of "customer-centricity and creating value for customers" and the goal of "maximizing contribution to social progress". We have worked together with the government, shareholders, employees and other stakeholders to grasp the pulse of the times and successfully developed multiple business segments such as coke, chemicals, new energy and new materials. We have laid out 9 production bases in China and Indonesia, and our business covers 39 countries and regions including Australia, Brazil, Italy, Mexico, South Korea, Japan, Saudi Arabia, etc. We have created many world-leading product lines and taken solid steps in the internationalization process.

Through the establishment of overseas offices and participation in international project cooperation, Risun's international influence has been continuously enhanced, and it is gradually becoming a very competitive global enterprise. At the same time, we keep on the trend of global industrial transformation, accelerate the transformation to service-oriented manufacturing, improve customer stickiness through customized production, promote intelligent manufacturing and digital manufacturing based on differentiated customer needs, increase small-batch and multi-variety manufacturing, build an upstream and downstream supply and marketing network system, and fully empower industry development.

The Group has accomplished the following in 2024 and up to the date of this report:

- the largest independent coke producer and supplier in the world with market share of 2.5% (2023: 1.8%);
- the second largest caprolactam producer in the world with market share of 7.1% (2023: 7.6%);
- the largest high purified hydrogen producer in in Beijing-Tianjin-Hebei area of China with market share (by production capacity) of 18.6% (2023: 8.3%);

CAPITAL MARKET

During the Reporting Period, the Company repurchased 119,085,000 Shares at an average price of HK$2.98, which is approximately 2.67% of its total issued share capital of 4,454,186,000 Shares as of December 31, 2024.

Faced with fluctuations in the equity capital market and macroeconomic cycles, Risun developed steadily, continuously optimized its business and equity structure, and built a community with a shared future with investors.

ENVIRONMENTAL PROTECTION, SAFETY AND QUALITY

Safety, environmental protection and quality are the three lifelines of Risun. We always put safety in production first. We attach great importance to environmental protection and strictly abide by the relevant national and local environmental protection laws and regulations. With the guiding principles of "complying with laws and regulations, combining prevention with governance, energy conservation and emission reduction, and continuous improvement" for environmental management, we have built a complete environmental management system architecture from the management level to the execution level, and formulated a series of system documents covering all aspects of environmental management. In order to promote energy conservation and emission reduction, we have adopted advanced technical measures such as desulfurization and denitrification of coke oven flue gas and transformation of dry coke quenching equipment.

We always put quality first and continuously improve the quality of our products and services. We have established a comprehensive quality control system that accurately identifies key quality control points in the production process to ensure product stability and reliability. Through continuous technological innovation and investment in R&D, we continue to optimize production processes and enhance product added value to meet the increasingly diverse needs of customers. During the Reporting Period, the coke and chemical products produced by the Group have been fully recognized by customers, with customer satisfaction reaching 100%.

PROSPECTS

Looking to the future, Risun will adhere to the principle that "the national strategy is Risun's biggest strategy, and the needs of the times are Risun's direction of progress", unremittingly promote business management reforms, comprehensively strengthen scientific and technological innovation, continue to be committed to service-oriented innovation-oriented transformation and upgrading as well as industrial intelligence and green development, work together with all stakeholders to contribute the greatest strength to social progress, and strive to realize the corporate vision of "a world-leading energy chemical company – innovation leading the future".

DIVIDEND

For celebration of 30th anniversary of the founding of Risun, the Board proposes a special dividend for the Year of approximately RMB2.22 cents per share. This, combined with the interim dividend for 2024, brings the total dividend for the Year to approximately RMB3 cents per share as a gesture of appreciation to the Shareholders.

APPRECIATION

In conclusion, I would like to seize this opportunity to express my heartfelt gratitude to our dedicated staff, particularly our entry-level employees, as well as our shareholders and business partners. This includes, but is not limited to, our banks, customers, suppliers, and all those who have supported us. Your unwavering support and guidance have been instrumental to Risun's success.

The Board and management team eagerly anticipate building upon this foundation to achieve even greater prosperity in the years to come, whether in the next three decades or beyond. We are committed to steering Risun towards a future replete with achievements and milestones, thanks to the collective efforts of everyone involved.

Yang Xuegang
Chairman
March 28, 2025

Total revenue hits historical high

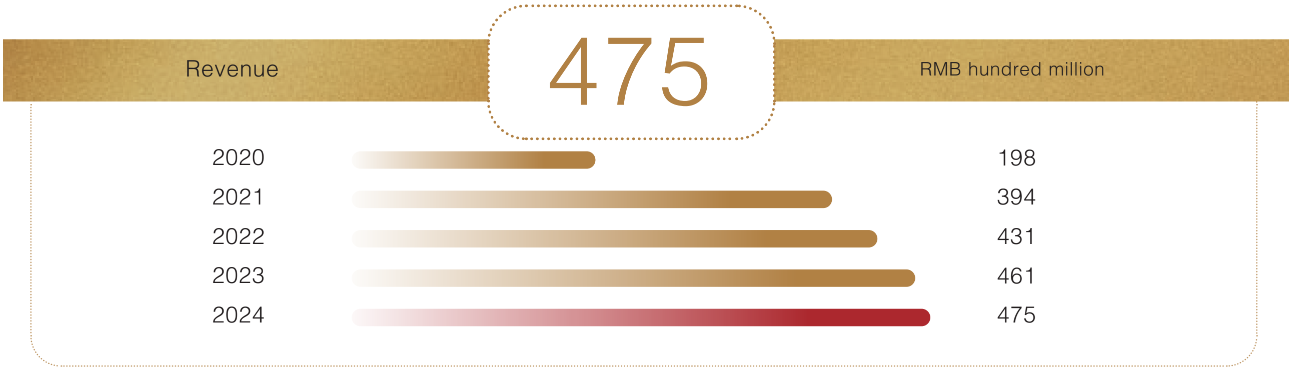
The Group's total revenue recorded over RMB475 hundred million in 2024

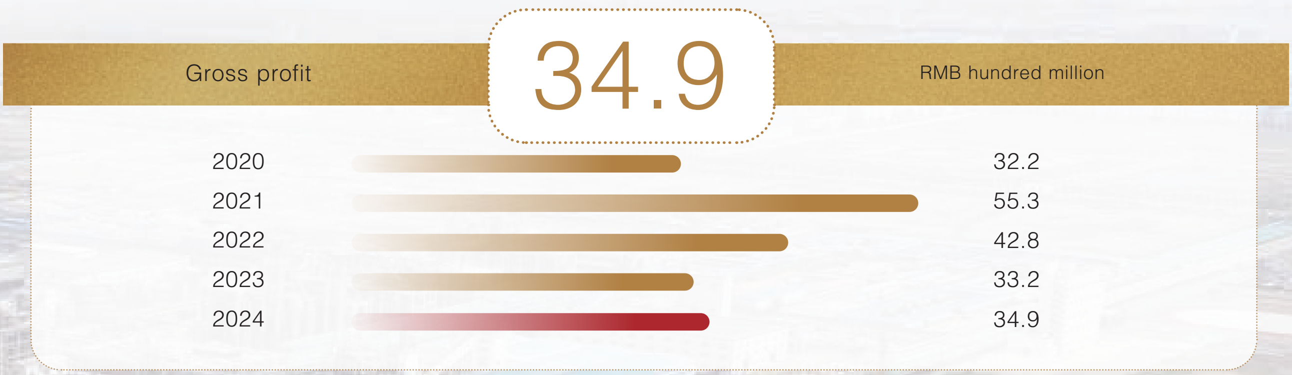
Production/processing volume continuously increases

Risun's annual coke production/processing volume reached 18.6 million tons in 2024

Refined chemicals revenue hits historical high

Refined chemicals revenue recorded over RMB207 hundred million in 2024





China Map

Provinces in which we had sales of our products during the Reporting Period

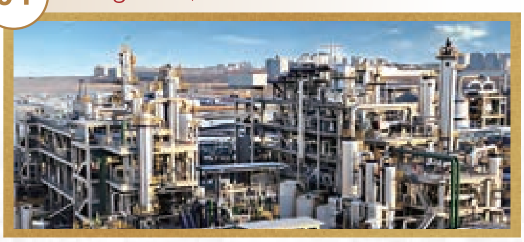
Locations of production base

01 Headquarters in Beijing

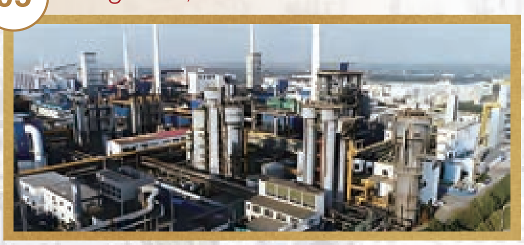
02 Xingtai, Hebei

03 Dingzhou, Hebei

04 Cangzhou, Hebei



05 Tangshan, Hebei

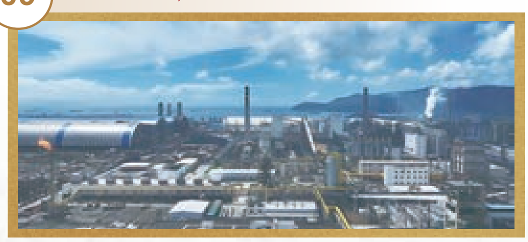


06 Huhhot, Inner Mongolia

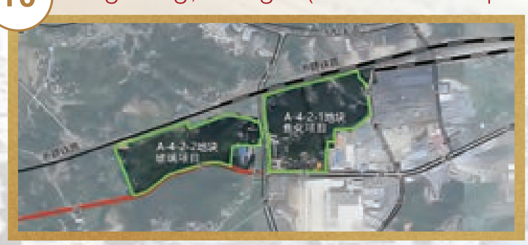
07 Yuncheng, Shandong

08 Dongming, Shandong

09 Sulawesi, Indonesia



10 Pingxiang, Jiangxi (Under development)



BUSINESS HIGHLIGHTS

Joint venture company CNC Risun Energy

Xingtai production base:

2 Coke and coking chemicals production lines

2 Alcohol-ammonia chemicals production lines

Joint venture company Risun Wei Shan

Sulawesi production base:

2 Coke and coking chemicals production line

Joint venture company Risun Wei Shan

Sulawesi production base:

1 Alcohol-ammonia chemicals production line

Associated company Cabot Risun Chemicals

Xingtai production base:

2 Carbon material chemical production lines

China Risun Group Limited

7 Coke and coking chemicals production lines

8 Carbon material chemicals production lines

12 Alcohol-ammonia chemicals production lines

20 Aromatics chemicals production lines

Operating Management Services

1 Coke and coking chemicals production lines

2 Carbon material chemicals production lines

2 Aromatics chemicals production lines

Production volume/processing volume of major products of the Group in 2024 (thousand tons)

Coke*	16,532.3	Production volume
Coking crude benzene	880.8	Production volume
Industrial naphthalene phthalic anhydride	154.4	Production volume
Coke oven gas methanol	702.1	Production volume
Coal tar	997.4	Production volume
Caprolactam	744.6	Production volume
High purified hydrogen	2,010.0 (million cubic meters)	Production volume

* Calculated on a dry basis

FINANCIAL HIGHLIGHTS

The following table sets out our key financial data for the periods or as of the dates indicated extracted from the audited consolidated financial statements disclosed in previous annual reports and this annual report.

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	For the year ended December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
	(Restated)	(Restated)			
Revenue	19,784,866	39,370,054	43,139,449	46,065,896	**47,542,739**
Gross profit	3,223,443	5,530,618	4,275,321	3,324,950	**3,489,562**
Profit before taxation	1,950,664	3,198,254	2,203,483	681,748	**109,397**
Income tax (expense) credit	(296,812)	(601,840)	(343,992)	307,801	**(11,594)**
Profit for the year attributable to:					
Owners of the Company	1,652,990	2,613,689	1,855,122	860,814	**20,133**
Non-controlling interests	862	(17,275)	4,369	128,735	**77,670**
Basic earnings per share *(RMB yuan)*	0.40	0.61	0.42	0.19	**0.005**

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
	(Restated)	(Restated)			
Non-current assets	17,258,345	24,634,133	32,713,772	36,702,430	**38,738,047**
Current assets	7,202,710	12,147,384	13,388,852	17,133,819	**21,102,895**
Total assets	24,461,055	36,781,517	46,102,624	53,836,249	**59,840,942**
Current liabilities	13,189,632	16,840,541	25,047,079	29,955,428	**33,796,018**
Non-current liabilities	2,888,635	8,846,362	8,460,516	9,408,376	**10,168,242**
Total liabilities	16,078,267	25,686,903	33,507,595	39,363,804	**43,964,260**
Net current liabilities	(5,986,922)	(4,693,157)	(11,658,227)	(12,821,609)	**(12,693,123)**
Net assets	8,382,788	11,094,614	12,595,029	14,472,445	**15,876,682**

EXECUTIVE DIRECTORS

Mr. YANG Xuegang (楊雪崗先生), aged 60, is an Executive Director, the chief executive officer of the Company and the chairman of the Board. He was appointed as an Executive Director in November 2007. He is responsible for the overall management and business development of the Group. He is also the chairman of the Nomination Committee and the Sustainable Development Committee.

Mr. Yang graduated from Hebei Hydraulic College (河北水利專科學校) (now known as Hebei University of Water Resources and Electric Engineering (河北水利電力學院)) in Cangzhou, the PRC in July 1985 with a diploma in hydraulic engineering construction and obtained the hydraulic engineer qualification issued by the Handan City Labour Bureau (邯鄲市勞動人事局) in December 1993. He completed a master-level training course in business administration at Renmin University of China (中國人民大學) in Beijing, the PRC in March 2000 and was a supervisor of a master's degree program at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in July 2002. He completed a further master-level training course in business administration at the ZhongHua Yanxiu University (中華研修大學) in Beijing, the PRC in September 2003. In November 2003, he obtained a master's degree in business administration from Asia International Open University (Macau) (亞洲(澳門)國際公開大學) in Macau. He obtained the senior engineer qualification awarded by the Hebei Provincial Department of Human Resources and Social Security (河北省人力資源與社會保障廳) in December 2012. In January 2017, Mr. Yang obtained an executive master's degree in business administration from Hebei University of Technology (河北工業大學) in Tianjin, the PRC.

Prior to the establishment of the Group, Mr. Yang was employed at the Dongwushi Reservoir Management Center (東武仕水庫管理處), a public body directly subordinated to the Handan City Hydraulics Bureau (邯鄲水利局), on a full-time basis for approximately 10 years from August 1985, and became a deputy director of the Dongwushi Reservoir Management Center from January 1988. He then joined the Group as general manager as a result of his entrepreneurial efforts since the establishment of Xingtai Risun Coking Limited (邢台旭陽焦化有限公司) in May 1995 and became chairman since May 1996. Since September 2012, he has been a director of Beijing Automic Technology Co., Ltd. (北京奧特美克科技股份有限公司) ("Beijing Automic"), a company previously listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 430245), whose principal business is the planning of water conservancy information projects, consultation and assessment, as well as software and hardware product development and services, and held as to 49.92% by Mr. Yang and parties acting-in-concert with him.

Over the years, Mr. Yang has taken up leadership roles in a number of industry associations, including those relating to the coking industry. He has been the vice president of CCIA since October 2005, and the president of HBCCIA since January 2006. In February 2008, Mr. Yang was elected and had served as a deputy to the 11th NPC and in February 2013, he was elected as a deputy to the 12th NPC.

Mr. Yang is the spouse of Ms. Lu Xiaomei, who is an executive Director as well as the father of Mr. Yang Lu, who is also an executive Director.

Ms. LU Xiaomei (路小梅女士), aged 61, is an Executive Director of the Company. She was appointed as a non-executive director of the Group from November 2007 to September 2018. In addition to her duties on the group-level, Ms. Lu also served in the management of various subsidiaries of the Group, including being appointed as a director of Hebei Risun Coking Limited (河北旭陽焦化有限公司) (currently known as Hebei Risun Energy Limited (河北旭陽能源有限公司)) and Xingtai Risun Coking Limited (邢台旭陽焦化有限公司) (currently known as Xingtai Risun Trading Limited (邢台旭陽貿易有限公司)) in 2004. She was also appointed as a director of Xingtai Risun Coal Chemicals Limited (邢台旭陽煤化工有限公司) in 2006. She resigned from her directorships in these three subsidiaries in 2007.

She graduated with a bachelor's degree in medicine from North China Coal Medical University (華北煤炭醫學院) (currently known as the Department of Medicine of North China University of Science and Technology (華北理工大學醫學部)) in 1988. In 2001, she completed the master-level training course in medicine at Hebei Medical University (河北醫科大學). In 2022, she obtained the deputy chief physician qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Ms. Lu has approximately 21 years of corporate management experience. Prior to joining the Group, she had been a gynecologist, a physician-in-charge and a deputy chief physician at the Hospital of Xingtai Mining Group (邢台礦業集團總醫院). Between October 2012 and March 2021, Ms. Lu was a director of Beijing Automic, a company listed on the National Equities Exchange and Quotations (stock code: 430245) between 2013 to 2019 and principally engaged in the planning of water conservancy information projects, consultation and assessment, as well as software and hardware product development and services.

Ms. Lu is the spouse of Mr. Yang Xuegang, who is the chairman, executive Director and chief executive officer of the Company, as well as the mother of Mr. Yang Lu, who is also an executive Director.

Mr. LI Qinghua (李慶華先生), aged 61, is an Executive Director of the Company and the executive president of the Group since April 2024 to oversee the Group's administration and management, assist the Board and the chairman of the Board in making operational decisions. He is primarily responsible for the daily operation of the Group and the management of all the Group's production bases. He is also a member of the Remuneration Committee.

He graduated from the Anhui Economic Management Cadre Institute (安徽經濟管理幹部學院) in Hefei, the PRC in July 1987 with a diploma in industrial enterprise management and obtained a master's degree in economics from the Party School of the Central Committee of the Communist Party of China (中共中央黨校) in Beijing, the PRC in July 2001. He obtained a senior economist qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in November 1999.

Mr. Li joined the Group in November 2004 as a deputy general manager of Xingtai Risun Trading. He has approximately 30 years of corporate management experience. Prior to joining the Group, he undertook several positions at Hebei Changzheng Automobile Manufacturing Co., Ltd. (河北長征汽車製造有限公司), an automobile manufacturer, from July 1983 to October 2004, including director of the special cars factory from May 1993 to June 1998, deputy director and director of the general factory from June 1998 to September 2002 and deputy general manager of Hebei Changzheng Automobile Manufacturing Co., Ltd. from September 2002 to October 2004.

Mr. HAN Qinliang (韓勤亮先生), aged 51, is an Executive Director and a senior vice president of the Group. Mr. Han was appointed as an Executive Director in May 2011. He is primarily responsible for the management of the financial, accounting and information systems of the Group. He is also a member of the Sustainable Development Committee.

Mr. Han obtained a diploma in industrial economy administration from Hebei College of Mechanical Engineering (河北機電學院) in Xingtai, the PRC in June 1993 (as a result of a merger, Hebei College of Mechanical Engineering is now part of Hebei University of Science and Technology (河北科技大學)). In December 2001, he obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC. In July 2001, he became a member of Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in the PRC. In December 2003, he obtained the senior accountant qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Mr. Han joined the Group in March 2004. Mr. Han has approximately 31 years of experience in steel and coal chemical industry. From September 1993 to April 2004, he was the deputy head of the finance department cost division in Xingtai Machinery and Mill Roll (Group) Corporation (邢台機械軋輥(集團)有限公司) (now known as Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. (中鋼集團邢台機械軋輥有限公司)). In March 2004, Mr. Han joined Xingtai Risun Trading as a general manager assistant.

Mr. WANG Nianping (王年平先生), aged 62, is an Executive Director and a senior vice president of the Group. He was appointed as an Executive Director in September 2018. He is primarily responsible for the legal and risk management of the Group.

Mr. Wang obtained a bachelor's degree in law from the Institute of Hubei Finance (湖北財經學院) (now known as Zhongnan University of Economics and Law (中南財經政法大學)) in Wuhan, the PRC in July 1984. He obtained a post-graduate degree in international trade and a juris doctor degree from the University of International Business and Economics (對外經濟貿易大學) in Beijing, the PRC in June 1994 and December 2007, respectively. He was admitted as a qualified lawyer in the PRC in June 1987 and obtained the senior economist qualification issued by the Sinopec Group in November 2004.

Mr. Wang joined the Group in February 2011. He had approximately 16 years of extensive experience in the petrochemical industry. He was recognized as a third level lawyer in April 1990 by the China National Petroleum Corporation (中國石油天然氣總公司) where he worked. In January 1996, Mr. Wang joined China Petroleum Engineering Construction Corporation, a company whose principal business is building oil and gas infrastructures and undertook various positions including contracts administrator, senior officer of the debt recovery department and deputy manager of the projects department. In May 2001, he joined Sinopec International Petroleum Exploration and Production Corporation ("SIPC"), a company whose principal business is in overseas oil and gas investment and operations, as the deputy manager of the legal department. From November 2004 to December 2008, he served as the vice president of the SIPC's subsidiaries in Kazakhstan and as the deputy general manager of the SIPC's subsidiaries in Syria from January 2009 to October 2010.

Mr. YANG Lu (楊路先生), aged 34, is an Executive Director and vice president of the Group. He is primarily responsible for the management of the international and domestic trading and refined chemicals business of the Group. He was appointed as an Executive Director in September 2018.

Mr. Yang Lu graduated with a bachelor's degree in chemical engineering from the Washington University in St. Louis, the United States in May 2012. He obtained the fund management qualification from the Asset Management Association of China in June 2015.

Mr. Yang Lu joined the Group in November 2013. He has approximately 12 years of fund management, international and domestic trade and refined chemicals business experience. Prior to joining the Group, he was a junior consultant at Roland Berger Management Consultants (Shanghai) Co., Ltd. (羅蘭貝格企業管理(上海)有限公司), a global strategy consulting firm, from September 2012 to September 2013, and from October 2013 to November 2014, he worked in the marketing department of Beijing Automic. Mr. Yang Lu has been the chairman's assistant of Hong Kong Risun since November 2013 and worked in the market research department as deputy manager of Risun Marketing Co. Ltd. (旭陽營銷有限公司) (previously named as Beijing Risun Hongye Chemicals Co., Ltd.) from December 2014 to May 2016. He then worked in Beijing Risun Fund Management Co., Ltd. (北京旭陽基金管理有限公司), a wholly-owned subsidiary of Xuyang Holding, between June 2016 and September 2018, first as deputy general manager and subsequently as general manager. Since September 2018, he was the general manager of Risun Marketing (旭陽營銷).

Mr. Yang Lu is the son of Mr. Yang Xuegang and Ms. Lu Xiaomei, both are also executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. YU Kwok Kuen Harry (余國權博士), aged 55, is an Independent Non-Executive Director and also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He was appointed as an Independent Non-Executive Director in September 2018.

Dr Yu holds a master degree in business administration and a doctoral degree of business administration. He is a fellow of the Institute of Chartered Accountants in England and Wales, a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Dr. Yu is also a Certified Public Accountant in the Macau Special Administrative Region.

Dr. Yu joined KPMG, an international accounting firm in October 1991 and was a partner of KPMG from July 2002 to June 2011.

Dr. Yu was an independent non-executive director at Impro Precision Industries Limited, a manufacturer of high-precision, high-complexity and mission-critical casting and machined components and a company listed on the Main Board of the Stock Exchange (stock code: 1286) from April 2019 to December 2024.

Mr. WANG Yinping (王引平先生), aged 64, is an Independent Non-executive Director and also the chairman of the Remuneration Committee, a member of the Audit Committee, the Nomination Committee and the Sustainable Development Committee. He was appointed as an Independent Non-executive Director in September 2018.

Mr. Wang obtained a bachelor's degree in law from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1985 and a master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC in November 2004.

Mr. Wang has extensive experience in corporate management. He joined China National Chemical Import & Export Corporation (中國化工進出口總公司) (now known as Sinochem Group Co., Ltd. (中國中化集團有限公司)) ("Sinochem"), a conglomerate offering exploration and production of oil and gas, energy, agriculture, chemical, real estate and financial services, in March 1988 and held various senior positions between March 1988 and March 2014 in Sinochem and its subsidiaries ("Sinochem Group"), including the deputy general manager of the Hainan branch of Sinochem, the general manager of the Pudong branch of Sinochem, the deputy general manager of China Foreign Economic and Trade Trust Company Limited (中國對外經濟貿易信託有限公司) a company principally engaged in microfinance, industrial finance, capital market and wealth management, the general manager of the human resource department of Sinochem Group, the vice president of Sinochem Group, the general manager of Sinochem International Trading Company Limited (now known as Sinochem International Corporation (中化國際(控股)股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600500) and principally engaged in the chemical and rubber business, the chairman of the China Foreign Economic and Trade Trust Company Limited and the chairman of the Sinochem Lantian Co., Ltd. (中化藍天集團有限公司), a company principally engaged in research, production and sale of fluorine chemicals.

Mr. Wang also served as chairman of the board of Zhejiang Int'l Group Co., Ltd. (浙江英特集團股份有限公司), a company that produces and sells pharmaceutical and Chinese medicine health products in China and listed on the Shenzhen Stock Exchange (stock code: 000411) from December 2010 to March 2014. From January 2015 to December 2016, Mr. Wang was an executive director of China Pioneer Pharma Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1345) and a comprehensive marketing, promotion and channel management service provider dedicated to imported pharmaceutical products and medical devices in the PRC, and was re-designated to serve as a non-executive director from December 2016 to December 2019. Mr. Wang was an independent non-executive director of Yida China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3639) from December 2016 to March 2023.

Dr. LIU Xiaofeng (劉曉峰博士), aged 62, is an Independent Non-executive Director and also a member of the Audit Committee. He was appointed as an Independent Non-executive Director in October 2024.

He obtained a master's degree and a Ph.D. in development economics from University of Cambridge in October 1988 and May 1994 respectively. He also obtained a master's degree in Development Studies from the University of Bath in December 1987, and a bachelor's degree in economics from Southwest University of Finance and Economics in China (previously known as Sichuan Institute of Finance and Economics) in July 1983.

Dr. Liu has approximately 32 years of experience in corporate finance and has worked in various international financial institutions since 1993, including N M Rothschild & Sons Limited, N M Rothschild & Sons (Hong Kong) Limited, JPMorgan Chase, DBS Asia Capital Limited, China Resources Capital Holdings Company Limited and UBS Securities Co., Limited. He also served as an independent non-executive director at Haier Electronics Group Co., Ltd. (stock code: 1169) from June 2007 to June 2014, at Hisense Home Appliances Group Co., Ltd. (stock code: 921) from September 2017 to August 2018, at Honghua Group Limited (stock code: 196) from January 2008 to November 2021, at AAG Energy Holdings Limited (stock code: 2686, delisted in July 2023) from August 2018 to August 2023, and at Cinda International Holdings Limited (stock code: 111) from July 2016 to July 2024. Currently, he has been an independent non-executive director at KunLun Energy Company Limited (stock code: 135) since April 2004, at Sunfonda Group Holdings Limited (stock code: 1771) since May 2017, at Logory Logistics Technology Co., Ltd. (stock code: 2482) since March 2023. Moreover, Dr. Liu has been the vice president of the China Independent Non-executive Directors Association since August 2023.

SENIOR MANAGEMENT

Mr. ZHANG Yingwei (張英偉先生), aged 52, is a senior vice president of the Group. He is primarily responsible for the strategic investments, production and engineering of the Group.

Mr. Zhang graduated with a bachelor's degree in coal chemistry from Tangshan Institute of Technology (唐山工程技術學院) (now known as North China University of Science and Technology (華北理工大學)) in Tangshan, the PRC in June 1993. He completed a master-level training program in business administration at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in November 2004. He also obtained a master's degree in metallurgical engineering at Hebei Polytechnic University (河北理工大學) (now known as North China University of Science and Technology (華北理工大學)) in Tangshan, the PRC in April 2007. In December 2012, he obtained the senior engineer qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Mr. Zhang has approximately 31 years of experience in iron and steel industry and coal chemical industry. Mr. Zhang worked for Xingtai Metallurgical Machinery and Mill Roll Joint Stock Corporation (邢台冶金機械軋輥股份有限公司) (now known as Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. (中鋼集團邢台機械軋輥有限公司)), whose principal business is the manufacturing of metallurgical machinery and parts for the production of metallurgical rolls and equipment, from September 1993. He then joined the Group in February 1996. He has been serving as a vice president of the Coking Chemistry Sub-committee of the National Technical Committee on Coal Chemical Industry of Standardization Administration of China (全國煤化工標準化技術委員會) since May 2016, an expert on the expert panel of the CCIA since January 2018 and an expert of both the HBCCIA and the Department of Industry and Information Technology of Hebei Province since April 2018. He was an Executive Director of the Company from July 2009 to April 2024.

Mr. HO Pui Lam Joseph (何沛霖先生), aged 44, is the company secretary and chief financial officer of the Company. He is primarily responsible for the management of finance, capital markets, corporate governance and company secretarial matters, participation in the making of material business decisions and development of the business strategy. He obtained a bachelor's degree of business administration in accounting and finance from the University of Hong Kong in December 2002. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Mr. Ho joined the Group in September 2017. He has approximately 21 years of auditing, finance, capital markets, corporate governance and company secretarial experience. Prior to joining the Group, he was an audit manager at Deloitte Touche Tohmatsu from September 2002 to November 2009. He also served as the financial controller and company secretary of Renheng Enterprise Holdings Limited, a company principally engaged in the manufacture and sale of tobacco machinery products in the PRC and listed on the Main Board of the Stock Exchange (stock code: 3628) from June 2010 to August 2017.

OVERVIEW

The Group is an integrated coke, coking chemical and refined chemical producer and supplier as well as relevant operation management services provider in China. The Group maintains as the world's largest independent producer and supplier of coke by production/processing volume in 2024# and this remarkable leading position in the independent coke industry has been maintained for three decades since 1995.

During the Reporting Period, the Group held several leading positions in coke, refined chemicals and hydrogen-energy products sectors in China or globally as followings:

1)	Coke	World's largest independent producer and supplier
2)	Coking crude benzene	World's largest processor
3)	High temperature coal tar	World's second largest processor
4)	Caprolactam (CPL)	World's second largest producer
5)	Coke-oven-gas-based methanol	China's largest producer
6)	Industrial-naphthalene-based phthalic anhydride	China's largest producer
7)	High purified hydrogen	Beijing-Tianjin-Hebei area's largest producer (by production capacity)

The Group is also an operation management service provider to third-party independent coke producers and/or refined chemicals producers in order to enhance the Group's influence, market share and discourse power in these industries. At the end of the Reporting Period, the Group was providing operation management service to six coke producers and two refined chemicals producers.

During the Year, the net profit decreased by approximately RMB891.7 million or 90.1% as compared to the year ended December 31, 2023 ("**Last Period**" or "**Last Year**"). The average price of the Group's coke products dropped to approximately RMB1,848/ton (tax-exclusive), down approximately 16.1% from the Last Year; and as of the end of March 2025, the Group's coke price remained at approximately RMB1,436.5/ton (tax-exclusive). The Group has been controlling its blended coal prices through various effective means, maintaining the target of coal-coke price spread at approximately RMB300/ton or above, representing a decrease of approximately 18.2% from the Last Year.

In order to strengthen the consolidated competitive advantage, the Group continuously focused on integrating and expanding existing businesses including production/processing capacity of coke, refined chemicals and operation management, while also improving the Group's performance under an operation and management reform. The purpose of the reform is to improve operation and management efficiency, profitability, return on investment, comprehensive competitiveness by fully implementing the annual plan of operation and production and the financial budget, achieving the corporate cost control measures and safeguarding profits so as to complete the Group's "Sixth Five-Year" plan by 2025.

According to the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global consulting firm.

OVERVIEW *(continued)*

Considering the operating results in the first half of 2025, the recent development of China and the world's economy, the Group's future development needs as well as its operation and management reform, the Board does not propose a final dividend for the year ended December 31, 2024. The Board wishes to emphasis that the Company paid an interim dividend of RMB0.78 cents per share (equivalent to HK0.85 cents per share) for the six months ended June 30, 2024, representing more than 34% of the Group's net profit for the Year, which is higher than the dividend payout ratio of 30% as documented in the prospectus of the Company dated February 28, 2019. The interim dividend, together with the Special Dividend (as defined below), represents the Company's commitment in sharing values with its Shareholders.

BUSINESS REVIEW

Other than the operation management business, the Group focused on the main theme of integration of existing businesses and production bases, expansion of production capacity of coke and refined chemicals. In order to continuously create value to the Shareholders, the Group closely controlled the operating costs and expenditures of production bases and monitored the operating efficiency of production facilities. The Group continued its expansion in annual capacity of coke and further refined into high-end chemicals products such as caprolactam ("**CPL**"), synthetic ammonia, 2-Amino-2-Methyl-1-Propanol ("**AMP**") with strong market demand.

Starting from 2021, the Group was also developing new production base with two joint ventures and one associate in Sulawesi Province, Indonesia. In the Year, there were four coke ovens commenced for operation and total annual coke production capacity was 3.2 million tons in Sulawesi Production Base. Other than the first overseas production base, the Group also had seven operating production bases in Hebei Province, Shandong Province and Inner Mongolia Autonomous Region, the PRC together with one constructing production base in Jiangxi Province, the PRC. The main philosophy of the Group's expansion is to increase its annual production/processing volume in coke and refined chemicals according to the market and the Group's own Five-Year Plan from 2021 to 2025. Gradually, there will be new production facilities commencing operation and the Group's growth in overall production capacity will continue to grow. By doing so, the Group can develop a longer and wider production chain of more than 60 types (2023: approximately 60 types) of refined chemicals. In the long run, the Group targets to maintain the leading positions of coke and refined chemicals industry and continue to create values to the Shareholders.

The Group's vertically integrated business model and its experience of more than 29 years in the coke industry production chain enables the Group to widen the downstream refined chemicals industry. Currently, the Group has four business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading.

During the Reporting Period and up to the date of this report, the Group entered into four new operation management agreements to further expand the Group's business presence in coke and coking chemicals, including coke and aniline refined chemicals sectors, in Shandong, Sichuan, Jiangsu Province and Inner Mongolia Autonomous Region, the PRC. Since 2014, the Group engaged its first operation management service, to which the Group was actively developing over a decade in operation management business.

Four existing business segments of the Group are set out as follows:

1) **coke and coking chemicals manufacturing:** the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group's coking facilities;

2) **refined chemicals manufacturing:** the processing of coking chemicals, sourced from the Group's coke and coking chemicals manufacturing segment and third parties, into refined chemicals products at the Group's refined chemicals facilities, as well as marketing and sale of such refined chemicals including hydrogen-energy products;

BUSINESS REVIEW *(continued)*

3) **operation management:** the operation management service provided to the third-party plants, and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts; and

4) **trading:** the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of them.

Below is the table summarizing the key corporate activities of the Group for the Year and up to the date of this report:

Time	Corporate Activities
July 2024 – Capital Increase of Dingzhou Tianlu New Energy Co., Ltd.	Introducing ABC Financial Asset Investment Co., Ltd. to increase capital in Dingzhou Tianlu New Energy Co., Ltd.* (定州天鷺新能源有限公司) by RMB450 million.
July 2024 – Entering into an operation management agreement with Wuhai Guangna Coal Coking Co., Ltd.	Signing cooperation agreement with Wuhai Guangna Coal Coking Co., Ltd.* (烏海廣納煤焦化有限公司) for the purpose of conducting unified sales of its coke with annual capacity of 1 million tons.
July 2024 – Entering into an operation management agreement with Sichuan Energy Investment Wangcang Coking Co., Ltd.	Signing cooperation agreement with Sichuan Energy Investment Wangcang Coking Co., Ltd.* (四川能投旺蒼焦化有限公司) for the purpose of providing comprehensive services for the overall production operation management of coke with annual capacity of 0.6 million tons.
August 2024 – Establishment of the Sustainable Development Committee	Establishment of the Sustainable Development Committee to show the commitment of long-lasting development of the Group.
September 2024 – Entering Into tripartite strategic cooperation framework agreement on liquid hydrogen	All-round cooperation on liquid hydrogen business cooperation, e.g. construction of a liquid hydrogen plant to create a 5-ton/day liquid hydrogen demonstration project with Beijing Institute of Aerospace Test Technology.
December 2024 – Acquisition of 100% equity interest in Risun Chemicals Technology Research Co., Ltd.	Acquisition of Risun Plaza as the headquarters in Beijing through acquisition of 100% equity interest of Risun Chemicals Technology Research Co., Ltd.* (旭陽化學技術研究院有限公司).
December 2024 – Establishment of the China Coking Coal & Coking Brand Cluster (the "**Brand Cluster**")	Establishment of the Brand Cluster signifies the formal recognition of the China's coking industry brand and promotion of China's coking brands on the global stage and an international center for coking coal and coking brands.
December 2024 – Capital increase of Cangzhou Risun Chemicals Limited	Introducing Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)) to increase capital in Cangzhou Risun Chemicals Limited* (滄州旭陽化工有限公司) by RMB800 million.
December 2024 – Top-up placing of 52,000,000 shares	A total of 52,000,000 placing shares were successfully placed at HK$3.00 per share to not less than six placees.

* *For identification purpose only*

BUSINESS REVIEW *(continued)*

Furthermore, the business developments in terms of the coke and refined chemicals, hydrogen-energy products, capital market, environmental protection, digitalization and research and development ("**R&D**") during the Reporting Period are described as follows:

Coke

The Group persistently focused on the expansion of its coke production capacity by either organic growth in self-construction of coke production facilities or merger and acquisition of other coke enterprises. In the past, the Group successfully completed the acquisition of a group of coke enterprises in Shandong in December 2020 and took the shortest time to make smooth integration into the Group.

In 2024, the Group did not acquire any new coke enterprise but was still focusing on the way of expansion by further integration of coke production facilities in Huhhot Production Base and Sulawesi Production Base. Also, the Group was constructing another coke production facilities in Sulawesi Production Base in phase.

Moreover, the Group was providing operation management service for third-party coke enterprises with plants producing and processing annual coke capacity of 8.2 million tons in different provinces in China.

Refined chemicals

The Group maintained three production chains of refined chemicals together with further refined production of hydrogen-energy products. The classification of four different refined chemicals products is as follows:

Carbon material chemicals:

Coal tar pitch, industrial-naphthalene-based phthalic anhydride, carbon black oil

Alcohol-ammonia chemicals:

Methanol, synthetic ammonia, 2-Amino-2-Methyl-1-Propanol (AMP)

Aromatic chemicals:

Benzene hydrogenation, cyclohexane, cyclohexanone, styrene, caprolactam (CPL), polyamide 6 (PA6)

Hydrogen-energy products:

High purified hydrogen, liquid hydrogen

In the Year, the Group made use of the leading position and advanced production chain and technology in operating and manufacturing caprolactam (CPL) and some alcohol-ammonia chemicals products, such as 2-Amino-2-Methyl-1-Propanol (AMP). CPL is the raw materials used for producing polyamide 6 (PA6) and high-temperature nylon – a special material for many consumables with its characteristic of strength and heat resistance, while AMP is a high value-added refined chemicals product, which was widely used in high-end paint additives, cosmetics, pharmaceuticals, pesticide, metal processing, carbon dioxide absorption etc. The main philosophy was to invest in those refined chemicals production lines with larger market demand anticipated by the Group.

For the new market of aromatic chemicals, the Group newly built an annual processing capacity of 0.36 million tons of crude benzene hydrogenation and renovated an annual processing capacity of 0.20 million tons of crude benzene hydrogenation into a single production base with obvious scale advantages and significant comprehensive benefits, resulting in annual processing capacity of 0.56 million tons in total in Tangshan Production Base. This further strengthened the Group's leading position as the world's largest processor of coking crude benzene and empower the Group with greater influence and competitiveness in the benzene hydrogenation market.

Moreover, during the Year, the Group was providing operation management service for third-party chemicals enterprises with plants processing/producing coal tar and aniline with an annual capacity of 0.66 million tons in different provinces in China.

BUSINESS REVIEW *(continued)*

Hydrogen-energy products

Apart from four exiting business segments, the Group actively participated into the hydrogen industrialization plan in Hebei Dingzhou, Inner Mongolia Hohhot and Hebei Xingtai, China. The Group aimed at becoming a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of the hydrogen energy industry in the Beijing-Tianjin-Hebei area, the Group is dedicated to advancing the entire hydrogen supply chain – from production, storage, transportation and hydrogenation to usage. This effort is complemented by the strategic expansion of intelligent hydrogen supply across the nation, utilizing advanced technology and offering more customer-oriented services.

In 2024, Dingzhou Risun Hydrogen Energy Co., Ltd.* (定州旭陽氫能有限公司) successfully obtained the "Low Carbon Hydrogen, Clean Hydrogen and Renewable Hydrogen Standards and Evaluation" certification of the National Hydrogen Energy and Fuel Cell Vehicle Demonstration Evaluation Platform. The Group became one of the first domestic enterprises that officially obtained clean hydrogen certification for demonstration city clusters.

The average selling prices (net of VAT) of the Group's major products during the Reporting Period are as follows:

	RMB per ton
Coke	1,847.7
Coal tar pitch	3,981.0
Phthalic anhydride	6,216.0
Methanol	2,047.3
Benzene	7,224.5
Synthetic amine	2,203.1
Styrene	8,015.5
Caprolactam (CPL)	10,836.3
Hydrogen-energy products (per cube meter)	2.28

BUSINESS REVIEW *(continued)*

Capital Market

During the Reporting Period, the number of shares of the Company held through Hong Kong Stock Connect was approximately 303 million shares. This reflected the market confidence in the Company with regard to its long-term strategy and development. The Group also strengthened the teams of equity market department to target different types of investors in China, Hong Kong, Asian Pacific and even around the world. We continuously promote the Company through monthly investors' presentations, roadshows, production bases' visits, press releases, constant announcements on business and operational update in order to enhance the transparency of, and present to the public, the operation of the Group.

The Group communicated with domestic and foreign investment institutions and securities analysts, organized reverse roadshows, enhanced the capital market's understanding and knowledge of the Company. The Group gained high recognition and praise from the capital market with its stable operational performance and strategic planning. The Company was not only the trading target of Hong Kong Stock Connect, but was also included in several classified index constituent stocks under the Hang Seng Index Series, FTSE Russell Index Series and MSCI Index Series.

Environmental Protection

Safety, environmental protection and quality are the lifeline of the Group. During the Reporting Period, the Group actively promoted the establishment of advanced environmental policies, committed to building green production bases and green factories, and actively carried out innovation of environmental protection technology.

Since the establishment, the Group continuously invested a total of RMB9.3 billion in environmental protection with the goal to achieve the carbon peak and carbon neutrality in 2030 and 2060. The Group focused on promoting environmental protection projects to reach ultra-low emission standards of pollutants such as nitrogen-oxides, sulfur-oxides, VOCs, etc.

In August 2024, the Group established the Sustainable Development Committee to further monitor ESG issues in order to sustain the development in future.

Digitalization

The Group is committed to lead the digitalization in the coke and chemical industry by continuous innovation throughout the process of sales-transportation-manufacturing-supply-research. The Group continued to promote the construction and improvement of digital or intelligent factories among the production bases of the Group with the aim of development of "green, agglomeration, intelligence and high-end" in the coke and chemicals industry.

Moreover, according to the National Five-Year Plan focusing on digital transformation, intelligent manufacturing, industrial Internet, big data and information security, the Group determined to formulate its own development in information technology and digitalization projects. By doing so, the Group continued to get along with "completely automation and thoroughly automation; completely informatization and thoroughly informatization" as well as industrial Internet, intelligent manufacturing together with the use of automatic equipment and automatic control system.

R&D

Innovation-driven leads Risun's continuous growth in business. Since the Listing, the Group has accumulated R&D expenditure of RMB4.3 billion, achieved a total of 46 national, provincial and municipal technological innovation results and won a total of 261 provincial and municipal honors.

The Group has established a three-level R&D system, including the R&D Committee, Chief Engineer and Production Technology Department, and has 2 provincial engineering technology R&D centers, 3 provincial technology innovation centers, 1 provincial key laboratory, 6 provincial enterprise technology centers, 6 provincial industrial enterprise (Grade A) R&D institutions, 5 national testing centers, postdoctoral research workstations, 2 academician expert workstations and other R&D platforms.

DEVELOPMENT STRATEGY

Founded in 1995 and up to 2024, the Group has a more than 29-years history of development, where it has taken advantage of its leading position, experience, technology and digitalization in coke and refined chemicals industries to drastically expand its four existing business segments together with hydrogen-energy products business through the following development strategies:

(i) expansion of business operation and production capacity (including high value-added chemicals products and hydrogen-energy products);

(ii) exploration of market opportunities to provide operation management services;

(iii) development and reinforcement of long-term business relationships with the major customers and suppliers;

(iv) expansion of domestic and international trading business;

(v) improvement of its energy-efficiency, environmental protection and operation safety standards; and

(vi) improvement of its core competitive strengths through automation and information technologies.

The above development strategies are deployed based on the Group's competitive advantageous abilities through integrated business model and are designed to diversify the risks throughout the production bases in China and overseas.

Apart from the above development strategies, there are nine competitive advantageous abilities that the Group believed and enabled to deploy and execute the development strategies effectively in order to enhance the leadership in coke and refined chemicals industries and hydrogen-energy products business:

1. **Scale advantageous ability**

   The Group is the world's largest independent coke producer and supplier by production/processing volume and enjoys economies of scale which enabled the Group to become more competitive in terms of costs, product quality and customer relationships among the eight production bases in China and overseas.

2. **Vertically integrated advantageous ability**

   The vertically integrated business model helps improving the Group's production efficiency and achieving synergies through centralized and unified management and reducing exposure to market volatility and price fluctuations.

3. **Production base advantageous ability**

   All of the production bases are located in industrial parks approved by local government authorities. The production bases are located near most of the major customers and suppliers and transportation infrastructure, such as national railway networks, major highways, expressways and ports, which provide the Group with multiple transportation options.

4. **Cost control advantageous ability**

   The Group actively control the expenditures in cost of sales and services, selling and distribution expenses, administrative expenses, finance costs and income tax expenses. The Group formulated a comprehensive and mature coal preparation and blending computer system based on its IT infrastructure and experience so as to widen the price spread between its products and raw materials both in coke and refined chemicals.

DEVELOPMENT STRATEGY *(continued)*

5. Centralized sale and marketing advantageous ability

The Group is market-oriented and all the products are sold under the brand "RISUN" via the centralized sale and marketing system operated by the Group. The Group maintains low levels of finished product inventories and adopt a "zero inventory" policy and strive to achieve minimal inventory of the Group's coke products. The Group produces based on the periodical production plans which are adjusted regularly pursuant to the customers' demands.

6. Innovation advantageous ability

The research and technology personnel focuses on the innovation of production and energy and resource efficiency to improve its manufacturing processes and reduce the environmental impact of its production processes. The Group also commits to improving product added value and extending the industrial chain.

7. Automation and information technologies advantageous ability

The production bases are highly automated and the Group established a centralized system connecting its Manufacturing Execution System (MES), Enterprise Resource Planning (ERP) systems and the BeiDou Navigation Satellite System. The Group also uses the mobile internet, cloud computing, internet of things, big data and intelligent manufacturing technologies in the operations of the Group.

8. Environmental safety advantageous ability

The Group adopts a number of measures and practices to reduce the environmental impact of the operations, such as preventing soil pollution, water pollution and air pollution in order to minimize the negative impact on the environment.

Another key of the Group's environmental measures is the Group's resource recovery and re-utilization. During the coking process, the Group recover and re-utilize valuable coking by-products, from which the Group manufactures its refined chemical products. With the vertically integrated business model, the Group also re-utilizes the heat from its production processes and re-use wastewater and other fluids after appropriate treatment.

9. Risk mitigation advantageous ability

The Group monitors the business operations of its customers, including but not limited to their inventory levels, production output and sales volumes, via its on-site customer service personnel. This can help the Group promptly understand the downstream demand for the Group's products, adjust the Group's production plans and mitigate the risks associated with price fluctuations and changes in demand for its products.

BUSINESS PROSPECTS

Looking forward to the Group's Five-Year Plan from 2021 to 2025, the Group will make use of different ways of operation management, merger and acquisition together with the setup of joint ventures with well-known geographical large enterprises to increase the market share by production/processing of coke and refined chemicals together with hydrogen-energy products.

In general, the Group is looking for every opportunities to release the intrinsic value of different products and/or segment, such as introduction of financial investors to invest in the subsidiaries of the Group and co-operation between companies listed in Hong Kong and China. The purpose is to create more shareholders' value.

BUSINESS PROSPECTS *(Continued)*

Coke and refined chemicals

Looking forward to 2025 onwards, the Group will continue to increase the market share in independent coke market and certain refined chemicals market in China and overseas by expanding the annual coke and refined chemicals production/processing capacity, exploring and focusing on new refined chemicals market with large potential demand and relatively small domestic supply together with entering into different operation management services in order to promote deep and instant market influence and power to selling price.

The Group is in the development process of Pingxiang Production Base in Xiangdong Industrial Park by constructing coke facilities with an annual coke production capacity of 1.8 million tons. Moreover, the Group will continue exploring different potential projects of mergers and acquisitions in China and overseas. The Group will explore by using more coals from different countries in the world and digitization of new technologies to maximize the price spread of the Group's products.

Last year, the Group was the world's second largest producer of caprolactam (CPL) and plans to enhance the CPL capacity to become the world's largest producer in future. Also, the Group plans to deploy the annual production capacity of 2-Amino-2-Methyl-1-Propanol (AMP) amounting to 5,000 tons in 2025. AMP is widely used in high-end coatings, metal processing, pharmaceutical pesticides and cosmetics, which can greatly improve their comprehensive performance in terms of the color uniformity and reduction of volatile organic compounds.

Hydrogen-energy products

The Group is going to participate actively into the hydrogen industrialization plan in different cities in the PRC, including Dingzhou, Xingtai and Baoding in the Hebei Province and Hohhot in Inner Mongolia, etc. The Group will also investing in new hydrogen-energy products project in Pingxiang Production Base. The Group aims at becoming a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to develop from production, storage, transportation, hydrogenation to usage together with radiation of intelligent supply of hydrogen to the whole country with advanced technology and more customer-oriented services. In the future, the Group will explore the opportunities to build up hydrogen-energy mother island and energy integrated station in Beijing-Tianjin-Hebei area.

EVENTS AFTER THE REPORTING DATE

On March 12, 2025, Risun Group Limited* (旭陽集團有限公司) ("**Risun Group**"), a wholly-owned subsidiary of the Company, and Beijing Sinohytec Co., Ltd. ("**Beijing Sinohytec**") entered into a framework agreement, pursuant to which Risun Group intends to dispose of its entire equity interest in Dingzhou Risun Hydrogen Energy Co., Ltd.* (定州旭陽氫能有限公司) to Beijing Sinohytec in exchange for A Shares to be issued by Beijing Sinohytec at a price of RMB18.53 per share; and Risun Group intends to subscribe for additional A Shares to be issued by Beijing Sinohytec at a price of RMB18.53 per share. Please refer to the announcement published by the Company on March 12, 2025 for details.

DEVELOPMENT, PERFORMANCE AND STATUS OF THE BUSINESS OF THE GROUP

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

	As of and for the year ended December 31,	
	2024	2023
Gross profit margin(1)	**7.3%**	7.2%
Net profit margin(2)	**0.2%**	2.1%
EBITDA margin(3)	**8.1%**	9.5%
Return on equity(4)	**0.2%**	6.7%
Gearing ratio(5)	**1.9**	1.8
Debt-to-asset ratio	**73.5%**	73.1%

Notes:

(1) Calculated by dividing gross profit by revenue for the year.

(2) Calculated by dividing profit by revenue for the year.

(3) Calculated by dividing earnings before interest, tax, depreciation and amortization ("**EBITDA**") by revenue for the year.

(4) Calculated by dividing profit attributable to owners for the year by equity attributable to owners as of the end of the year.

(5) Calculated by dividing total interest-bearing borrowings by total equity as of the end of the year.

FINANCIAL REVIEW

The following table sets forth our total revenue and gross profit by business segment (excluding the inter-segment revenue):

	For the year ended December 31, 2024					
	Coke and coking chemicals manufacturing	**Refined chemicals manufacturing**	**Operation management services**	**Trading**	**Property development**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Total revenue	**17,642,275**	**20,729,404**	**4,225,134**	**4,740,319**	**205,607**	**47,542,739**
Gross profit	**1,513,691**	**1,515,668**	**160,977**	**286,730**	**12,497**	**3,489,563**

	For the year ended December 31, 2023					
	Coke and coking chemicals manufacturing	Refined chemicals manufacturing	Operation management services	Trading	Property development	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total revenue	18,077,005	18,680,876	2,016,851	7,168,375	122,789	46,065,896
Gross profit	1,640,778	1,360,101	17,940	282,753	23,378	3,324,950

FINANCIAL REVIEW *(Continued)*

The following discussion addresses the principal trends that have affected our results of operations during the Reporting Period.

(a) Revenue

Compared with RMB46,065.9 million for the Last Year, the revenue for the Year increased to RMB47,542.7 million.

The revenue of the coke and coking chemicals manufacturing business decreased by RMB434.7 million, or 2.4%, from RMB18,077.0 million for the Last Year to RMB17,642.3 million for the Year, mainly because Risun China Gas was not included in the scope of consolidation from January to May 2023, resulting in an increase of 1.2 million tons of coke business volume in 2024, but the average selling price of coke decreased by RMB353.7/ton, which resulted in a decline in the revenue of the coke segment.

Revenue from refined chemicals manufacturing business increased by RMB2,048.5 million, or 11.0%, from RMB18,680.9 million for the Last Year to RMB20,729.4 million for the Year, mainly due to an increase in sales of caprolactam of 27,000 tons and the resumption of production in Dongming Production Base, which resulted in an increase of RMB858.9 million in revenue from caprolactam. Also, an increase in sales of styrene of 46,000 tons together with an increase of average selling price of RMB721.9 resulted in an increase of revenue of RMB601.1 million. Moreover, an increase in sales of synthetic ammonia of 240,000 tons resulted in an increase of revenue of RMB467.8 million.

Revenue from the operation and management business increased by RMB2,208.2 million, or 109.5%, from RMB2,016.9 million for the Last Year to RMB4,225.1 million for the Year, mainly due to the Jilin Aniline Project, which was newly established in October 2023 and contributed to revenue of RMB2,029.9 million from January to September 2024, and the newly established Wuzhong City Coking Project in 2024 increased revenue by RMB22.6 million.

Revenue from the trading business decreased by RMB2,428.1 million, or 33.9%, from RMB7,168.4 million for the Last Year to RMB4,740.3 million for the Year, mainly due to the decrease in the unit prices of the main trading products, coke and coal, which ultimately led to a decrease in revenue from the trading business for the Year.

(b) Cost of sales

Cost of sales for the Year increased to RMB44,053.2 million, compared to RMB42,740.9 million for the Last Year.

Cost of sales for the coke and coking chemicals manufacturing business decreased by RMB307.6 million, or 1.9%, from RMB16,436.2 million for the Last Year to RMB16,128.6 million for the Year, primarily due to a decrease in the average selling price of coal products, being the raw materials.

The cost of sales of the refined chemicals manufacturing business increased by RMB1,893.0 million, or 10.9%, from RMB17,320.8 million for the Last Year to RMB19,213.7 million for the Year. The sales volume of caprolactam increased by 27,000 tons since the Dongming Production Base resumed production. The combined impact included an increase in the cost of caprolactam by RMB646.7 million, a rise in the sales volume of styrene by 46,000 tons with a cost increase of RMB463.2 million, and an increase in the sales volume of synthetic ammonia by 240,000 tons, leading to a cost increase of RMB410.7 million.

The cost of sales of the operating and management business increased by RMB2,065.2 million, or 103.3%, from RMB1,998.9 million for the Last Year to RMB4,064.2 million for the Year, mainly because the Jilin Aniline Project was newly established in October 2023, and the cost from January to September 2024 was RMB1,918.4 million.

The cost of sales of the trading business decreased by RMB2,432.0 million, or 35.3%, from RMB6,885.6 million for the Last Year to RMB4,453.6 million for the Year, mainly because the unit prices of the main trading products, coke and coal, were reduced, which ultimately led to a decrease in the cost of the trading business for the Year.

FINANCIAL REVIEW *(Continued)*

(c) Gross profit and gross profit margin

The Group's total gross profit increased by approximately RMB164.7 million, or 5.0%, from approximately RMB3,324.9 million for the Last Year to approximately RMB3,489.5 million for the Year. The gross profit margin increased from 7.2% for the Last Year to 7.3% for the Year.

The gross profit of the coke and coking chemicals manufacturing business decreased by RMB127.1 million, or 7.7%, from RMB1,640.8 million for the Last Year to RMB1,513.7 million for the Year. The gross profit margin of the coke and coking chemicals manufacturing business decreased from 9.1% for the Last Year to 8.6% for the Year, mainly due to the decrease in the spread between coke sales and coal purchases.

The gross profit of the refined chemicals manufacturing business increased by RMB155.6 million, or 11.4%, from RMB1,360.1 million for the Last Year to RMB1,515.7 million for the Year. The gross profit margin of the refined chemicals manufacturing business remained basically the same at 7.3%, mainly due to the increase of 27,000 tons of caprolactam sales and the resumption of production at the Dongming Production Base, which collectively contributed to an increase in the gross profit of caprolactam by RMB212.2 million, a rise in styrene sales by 46,000 tons, an increase of gross profit by RMB137.9 million, and an increase in synthetic ammonia sales by 240,000 tons, enhancing gross profit by RMB57.1 million.

The gross profit of the operation management business increased by RMB142.9 million, or 793.9%, from RMB18.0 million for the Last Year to RMB160.9 million for the Year. The gross profit margin of the operation management business increased from 0.9% for the Last Year to 3.8% for the Year, mainly because the Jilin aniline project was newly established in October 2023, with a gross profit of RMB111.5 million from January to September 2024.

(d) Other income

The Group's other income mainly includes interest income, sales income of production waste, value-added tax ("**VAT**") concessions and government grants received from various government agencies as subsidies for the Group's contribution to environmental protection, energy conservation and recycling of resources, relocation, purchase of land use rights and infrastructure construction.

Other income increased by RMB78.5 million, or 15.5%, from RMB507.6 million for the Last Year to RMB586.1 million for the Year. This was mainly due to the additional interest income generated from the increase in borrowings provided to Risun Wei Shan during the Year.

(e) Other gains and losses

For the Year, the Group's other gains and losses amounted to RMB91.7 million, mainly due to three reasons: 1) Losses of RMB38.1 million on listed equity bonds and RMB67.1 million on private equity funds; 2) RMB continued to depreciate, resulting in exchange losses of RMB27.1 million on foreign currency transactions and foreign currency borrowings; and 3) Investment income hedging losses on disposal of foreign investments, assets, futures investment income, etc.

(f) Impairment (recognized) reversed under ECL model, net

The amount for the Year mainly includes the reversal of impairment losses on accounts receivable recognized in previous periods. The amount decreased by 155.4% from RMB111.2 million provided as of December 31, 2023 to RMB61.6 million of impairment losses reversed as of December 31, 2024.

FINANCIAL REVIEW *(Continued)*

(g) Selling and distribution expenses

Selling and distribution expenses increased by RMB303.9 million, or 25.6%, from RMB1,185.1 million for the Last Year to RMB1,488.9 million for the Year. This was primarily due to an increase in transportation costs as a result of an increase in business volume.

(h) Administrative expenses

The Group's administrative expenses increased by approximately RMB82.0 million, or 7.7%, from approximately RMB1,060.8 million for the Last Year to approximately RMB1,142.8 million for the Year, primarily due to the increase in staff costs resulting from the merger of Risun China Gas.

(i) Finance costs

Financing costs mainly include interest expenses on bank loans, interest expenses on other loans and financial expenses for discounted bills receivable. The Group's finance costs increased by RMB60.7 million or 4.5% from RMB1,349.7 million for the Last Year to RMB1,410.4 million for the Year. The increase was mainly due to the increase in financing costs caused by the increase in the scale of bank borrowings during the Reporting Period.

(j) Share of results of associates

The share of results of associates decreased from a profit of RMB89.6 million for the Last Year to a profit of RMB30.9 million for the Year, mainly due to the fact that during the Reporting Period, the interest held by the Group in Yangmei Group Shouyang Jingfu Coal Co., Ltd. ("**Jingfu Coal**") changed from an investment income of RMB41.9 million for the Last Year to a loss of RMB27.0 million for the Year.

(k) Share of results of joint ventures

The share of results of joint ventures decreased from RMB134.0 million in profit for the Last Year to RMB75.0 million in profit for the Year, mainly due to a decrease of RMB83.7 million in the share of profit of Hebei China Coal Risun Coking Co., Ltd. and an increase of RMB60.3 million in the share of profit of Risun Wei Shan and PT. De Tian Coking Indonesia in Indonesia.

(l) Profit before taxation

As a result of the above factors, profit before tax decreased by approximately RMB572.4 million, or 84.0%, from approximately RMB681.7 million for the Last Year to approximately RMB109.4 million for the Year.

(m) Income tax expense

For the year ended December 31, 2023 and December 31, 2024, the Group incurred income tax credits of RMB307.8 million and income tax expenses of RMB11.6 million, with effective tax rates of -45.2% and 10.6%, respectively. The increase in income tax expenses was mainly due to the completion of the tax settlement of the acquisition of Wuhu Shunri Xinze in 2023. The Group recognized a reversal of income tax payable amounting to RMB365.8 million in profit and loss based on the outcome of the corporate tax closing procedures.

(n) Profit for the year

For the Year, the Group recorded a net profit of RMB97.8 million, which represented a decrease of RMB891.7 million or 90.1% as compared to the net profit of RMB989.5 million for the Last Year.

(o) Earnings per share – Basic

The basic earnings per share for the December 31, 2024 and 2023 was RMB0.5 cents and RMB19.46 cents respectively. The decrease in basic earnings per share was due to the decrease in net profit.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary uses of cash are operating costs, capital expenditures and repayment of debts in the PRC. To date, the Group has funded the investments and operations principally with cash from operations and debt financing from banks and other financial institutions. The Group believes that the liquidity requirements will be satisfied through a combination of cash flows generated from the operating activities, bank loans and other borrowings and the net proceeds from its fund-raising activities. Any significant decrease in the demand for, or pricing of, the products and services, or a significant decrease in the availability of bank loans, may adversely impact the liquidity. As at December 31, 2024, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

The following table sets forth the cash flows for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,436,267**	2,204,369
Net cash used in investing activities	**(3,643,745)**	(1,712,609)
Net cash from (used in) financing activities	**3,050,875**	(455,155)
Net increase in cash and cash equivalents	**843,397**	36,605
Cash and cash equivalents at the beginning of the year	**1,239,270**	1,200,669
Effect of foreign exchange rate changes	**5,325**	1,996
Cash and cash equivalents at the end of the year	**2,087,992**	1,239,270

(a) Net cash generated from operating activities

For the Year, our net cash generated from operating activities was approximately RMB1,436.3 million and was lower than our net cash generated from operating activities for the Last Year by approximately RMB768.1 million, primarily due to the decline in products' selling prices.

(b) Net cash used in investing activities

For the Year, our net cash used in investing activities increased from approximately RMB1,712.6 million for the Last Year to approximately RMB3,643.7 million for the Year, primarily due to the following reasons:

1. net cash outflow of RMB160.4 million from the acquisition of Risun Chemicals Technology Research Co. Ltd* (旭陽化學技術研究院有限公司) during the Reporting Period;

2. an increase of RMB747.9 million in expenditure on construction of fixed assets during the Reporting Period as compared to the Last Year.

LIQUIDITY AND FINANCIAL RESOURCES *(continued)*

(c) Net cash used in/generated from financing activities

For the Year, our net cash inflow from financing activities was RMB3,050.9 million as compared to a net cash used in financing activities of RMB455.2 million for the Last Year. The increase in net cash flow from financing activities was mainly because of the net increase in the bank and other loans and the net proceeds from the Top-up Placing (as defined below).

INDEBTEDNESS

(a) Borrowings

Most of our borrowings are denominated in RMB. The following table shows our bank borrowings as of the dates indicated:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Bank loan, secured	**10,290,136**	8,193,983
Bank loan, unsecured	**9,846,666**	8,163,912
	20,136,802	16,357,895
Other loans, secured	**4,828,736**	4,990,986
Other loans, unsecured	**704,250**	417,728
	5,532,986	5,408,714
Discounted bills financing	**4,702,122**	3,939,034
Total	**30,371,910**	25,705,643

	2024		2023	
	RMB in million	***%***	*RMB in million*	*%*
Fixed rate bank and otherborrowings	**18,681.6**	**1.70 ~ 8.50**	18,363.5	1.70 ~ 9.00
Floating rate bank and other borrowings	**11,690.3**	**2.66 ~ 8.50**	7,342.1	1.58 ~ 8.40
Total	**30,371.9**		25,705.6	

The total borrowings increased by approximately RMB4.7 billion, or 18.3%, to approximately RMB30.4 billion as of December 31, 2024 from RMB25.7 billion as of December 31, 2023, primarily due to an increase in bank loans and other loans.

INDEBTEDNESS *(continued)*

(a) Borrowings *(continued)*

The borrowings denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2024	2023
	RMB in millions	*RMB in millions*
USD	**620.3**	1,105.3
JPY	**–**	0.7
Total	**620.3**	1,106.0

(b) Lease liabilities

Our Group had the following total future minimum lease payments as of the dates indicated:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Lease liabilities	**3,574**	599,895

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2024, the Group did not have any significant outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. The Group does not engage in trading activities involving non-exchange traded contracts. In the course of the business operations, the Group does not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposed.

PLEDGES OF ASSETS

During the Year, the Group's certain assets were pledged to secure bank and other loans, bills payable and other facilities granted to the Group and details of pledge of the Group's assets are disclosed in note 44 to the consolidated financial statements in this report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group maintained some of the capital denominated in foreign currency, mainly U.S. dollar, Japanese Yen and Hong Kong dollar. Fluctuations in exchange rate would influence the reserve in foreign currencies to a certain extent and the Company is exploring and taking measures to address to foreign exchange risk. In view of the exchange differences arising on translating foreign operations credited to the foreign currency transaction reserve during the Year, the exposure to fluctuations in exchange rates of the Company is limited.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS

On July 31, 2024, ABC Financial Assets Investment Co., Ltd.* (農銀金融資產投資有限公司) ("**ABC Investment**") made a capital injection of RMB450 million (the "**Capital Increase**") to the Company's subsidiary, Dingzhou Tianlu New Energy Co., Ltd.* (定州天鷺新能源有限公司) ("**Dingzhou Tianlu**"). After the completion of the Capital Increase, Hebei Risun Energy Co., Ltd.* (河北旭陽能源有限公司), BOCOM Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司) and ABC Investment hold 50.0002%, 26.8050% and 23.1948% of the equity interest in Dingzhou Tianlu, respectively. Dingzhou Tianlu will continue to be a subsidiary of the Company and the Company still remains beneficiary control over Dingzhou Tianlu.

On December 17, 2024, Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership)* (深創投製造業轉型升級新材料基金(有限合夥)) ("**Shenzhen Venture Capital**"), Risun Group, Xingtai Risun Coal Chemicals Limited* (邢台旭陽煤化工有限公司) ("**Risun Coal Chemicals**"), Cangzhou Risun Chemicals Limited* (滄州旭陽化工有限公司) ("**Cangzhou Risun Chemicals**") and Mr. Yang Xuegang (as the ultimate controller of Cangzhou Risun Chemicals) entered into a capital injection agreement, pursuant to which Shenzhen Venture Capital agreed to make additional capital injection of RMB800 million to Cangzhou Risun Chemicals by way of cash injection (the "**Capital Injection**"). Upon completion of the Capital Injection, Cangzhou Risun Chemicals will be owned as to 85.00% by Risun Group, 14.99% by Shenzhen Venture Capital and 0.01% by Risun Coal Chemicals. Cangzhou Risun Chemicals will continue to be a subsidiary of the Company after the Capital Injection.

Save as disclosed in this report, there were no other significant investments held, no material acquisition or disposal of subsidiaries, associated companies and joint ventures during the Year and up to the date of this report. As at December 31, 2024, the Board has not authorized any plan for other material investments or additions of capital assets.

CONTINGENT LIABILITIES

As at December 31, 2024, the maximum liabilities of the Group under guarantees in favor of banks in respect of banking facilities granted to joint ventures and an associate were RMB5,727.6 million (as at December 31, 2023: RMB1,722.8 million).

The Board hereby presents their report together with the Consolidated Financial Statements for the year ended December 31, 2024 to the Shareholders.

BUSINESS REVIEW

OPERATING ENVIRONMENT AND PROSPECTS

Please refer to "Management Discussion and Analysis – Overview" and "Management Discussion and Analysis – Business Review" in this annual report for details.

LAWS, REGULATORY AND COMPLIANCE MATTERS

Directors have confirmed that during the Reporting Period, the Group had complied with the applicable laws and regulations in all material respects, and did not have any incidents of material non-compliance, and had obtained all relevant permits, approval documents, qualifications, authorizations and approvals upon examination material to the business operations of the Group.

SIGNIFICANT SUBSEQUENT EVENTS

Details of significant subsequent events are provided in Note 47 to the Consolidated Financial Statements.

RELATIONSHIP WITH EMPLOYEES

The Group recruits new employees based on specific job requirements, our resources and needs from time to time. The Group provides technical as well as operational training for our employees and the Group has tailored specific courses for our management personnel in order to build a competent team.

As of December 31, 2024, the Group had 7,389 full-time employees (2023: 7,601). Most of the Group's senior management members and employees are based in Beijing, Hebei province and Inner Mongolia Autonomous Region.

The Group enters into a standard employment contract with each of the full-time employees. Compensation for the employees includes basic wages, variable wages, bonuses and other benefits. For the years ended December 31, 2023 and 2024, staff costs of the Group amounted to RMB1,150.6 million and RMB1,269.7 million respectively.

The Company's remuneration policy is set out by the Remuneration Committee on the basis of the employees' merit, qualifications and competence. The emoluments of the Directors are set by the Remuneration Committee, having regard to among others, salaries paid by comparable companies as well as time commitment and responsibilities and employment conditions of the Group.

None of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

The Group has adopted the Share Option Scheme to motivate and reward its Directors and eligible employees. For further details, please refer to the section headed "Report of the Board of Directors – Share Option Scheme" of this annual report.

During the Reporting Period, the Group had not experienced any interruptions to the operations caused by major labor disputes and there were no complaints or claims from our employees which had a material adverse effect on our business. The Directors believe that the Group have a good relationship with its employees. During the Reporting Period, the Group had no major labor disputes which might produce significant impact of the normal business and operation of the Group.

BUSINESS REVIEW *(continued)*

RELATIONSHIP WITH CUSTOMERS

The Group sells the coke primarily to customers in the iron and steel industry in the PRC, exports a portion to overseas customers and sells the coke to overseas customers manufactured at Sulawesi production base in Indonesia. The Group sells the refined chemicals primarily to manufacturers and traders in the chemical industry in the PRC and exports a portion to overseas customers. The end customers may purchase directly from the Group or purchase through their affiliated trading arms. The customers for trading business are primarily companies in the iron and steel, non-ferrous, coking and chemical industries. During the Reporting Period, the Group did not adopt any distributorship business models in selling the products.

The Group maintains long-term cooperative relationships with the major customers. Some of them have maintained business relationships with the Group for more than five years, of which the customer with the longest relationship has maintained a business relationship with us for 19 years. Furthermore, we have entered into long-term framework agreements with certain of our customers. The products supplied under such long-term framework agreements mainly include coke, benzene, caprolactam and methanol.

During the Reporting Period, the revenue attributable to the Group's top five largest customers was approximately RMB6,531.3 million, accounting for 13.7% of the total revenue of the Group (2023: RMB9,191.5 million or 20.0%). The revenue attributable to the single largest customer was approximately RMB1,627.5 million, accounting for approximately 3.4% of the total revenue of the Group (2023: RMB3,811.5 million or 8.3%). The top five customers of the Group during the Reporting Period were independent third parties, and none of our Directors, their associates or any Shareholder (who, to the knowledge of our Directors, owned more than 5% of the Company's share capital as of December 31, 2024) had any interest in any of the top five largest customers of the Group during the Reporting Period.

RELATIONSHIP WITH SUPPLIERS

The principal raw material used for the coke and coking chemical production is coking coal. The Group mainly sources the coking coal from external suppliers. The major types of coking coal the Group purchased included hard coking coal, fat coal, gas coal, 1/3 coking coal and lean coal. The Group purchased a large proportion of the coking coal from suppliers in Shanxi Province and Hebei Province, China. If overseas coking coal is more competitively priced than domestic coking coal, the Group will source coking coal from countries such as Mongolia and Australia.

For the production of the refined chemicals, the principal raw materials are coking chemicals, which include crude benzene, coal tar and coke oven gas. Coking chemicals are by-products in the coking process. The Group mainly sources such raw materials externally from the suppliers of the Group, but also sources a portion of such raw materials by utilizing by-products from the coke production facilities at Dingzhou Production Base, Yuncheng Production Base, Huhhot Production Base and from CNC Risun Coking at Xingtai Production Base.

The Group generally enters into annual procurement arrangements with key suppliers. These supply arrangements specify the indicative quantities of raw materials that the Group plans to purchase in the relevant period and are subject to separate purchase orders to confirm delivery. The suppliers typically granted the Group credit terms of 30 to 90 days. Pursuant to these arrangements, the procurement department purchases the required raw materials from suppliers in accordance with production plans prepared by the production department. Generally, purchase prices are based on prevailing market prices at the time of delivery of the raw materials. The Group makes and implements our raw material procurement plans in line with the production plans which are primarily based on periodical review of customers' orders in order to reduce the Group's exposure to market price fluctuations of raw materials. The internal market analysis reports generated by the marketing department also provide us with a basis for determining procurement prices.

BUSINESS REVIEW *(continued)*

RELATIONSHIP WITH SUPPLIERS *(continued)*

The Group has a broad base of suppliers and do not depend on any single supplier. For instance, the Group procured coking coals from over 100 suppliers in the PRC and overseas during the Reporting Period. A broad base of suppliers enables the Group to procure a wide range of quality raw materials at competitive prices. Though the Group did not enter into any long-term agreements with our suppliers of raw materials, the Group maintained long-term cooperative relationships with the key suppliers. Some of them have maintained business relationships with the Group for more than five years.

The subsidiaries of the Group engaged in the production business have passed the ISO 9001:2015 Quality Management System standard which imposes detailed supplier selection and assessment procedures. The selection and assessment of the suppliers include:

- the quality and specifications of the raw materials they offer;
- the size and locality of their operations; and
- their past transaction records and terms of trade with the Group.

During the Reporting Period, the purchases from the Group's top five suppliers were approximately RMB9,129.0 million, accounting for approximately 20.7% of the cost of sales of the Group (2023: RMB16,940.5 million or 39.6%). The purchases from the single largest supplier were approximately RMB3,475.3 million, accounting for approximately 7.9% of the cost of sales of the Group (2023: RMB5,038.5 million or 11.8%). The top five largest suppliers of the Group are independent third parties, and none of Directors, their associates or any Shareholder (to the knowledge of Directors, owned more than 5% of the Company's share capital as of December 31, 2024) had any interest in any of the top five largest raw material and equipment suppliers during the Reporting Period.

During the Reporting Period, the Group did not experience any material shortages or delays in the supply of the raw materials, and the Group does not foresee any material shortages or delays in the procurement of raw materials in the future. The Group closely monitors the inventory levels of the raw materials, and the Group adjusts the procurement volumes accordingly in anticipation of periods in which the Group may encounter raw material supply shortages or product demand increases.

BUSINESS PERFORMANCE

The audited results of the Company and its subsidiaries for the year ended December 31, 2024 are stated on pages 78 to 79 of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The financial positions of the Company and its subsidiaries as at December 31, 2024 are stated on pages 80 to 81 of the Consolidated Statement of Financial Position. The consolidated cash flows of the Company and its subsidiaries for the year ended December 31, 2024 are stated on pages 84 to 86 of the Consolidated Statement of Cash Flow.

The discussion and analysis on the Group's business performance and financial position for the Year are stated under "Management Discussion and Analysis" on pages 20 to 37 of this annual report.

SHARE CAPITAL

As of December 31, 2024, the total issued share capital of the Company was HK$445,418,600 divided into 4,454,186,000 Shares of HK$0.1 each. During the Reporting Period, the Company repurchased 119,085,000 Shares on the Stock Exchange at the total consideration of approximately HK$355,234,000, among which 109,736,000 repurchased Shares had been held as Treasury Shares. The Company cancelled 21,940,000 repurchased Shares during the Reporting Period. As of December 31, 2024, the Company had 109,736,000 Treasury Shares and intended to resell these Treasury Shares for cash on the Stock Exchange or use them in employees' share scheme in the future. The Share repurchases reflect the Company's confidence in its business prospects and long-term development strategies. The Board considers that the Share repurchases are in the best interests of the Company and the Shareholders as a whole.

Details of movements in the Company's share capital (including a monthly breakdown of Share repurchases) during the Reporting Period are set out in note 35 to the Consolidated Financial Statements.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Other than the repurchase of Shares disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's securities (including sale of Treasury Shares) during the Reporting Period.

ISSUE OF SHARES AND USE OF PROCEEDS

The Company placed 52,000,000 new Shares at the placing price of HK$3.00 per Share to not less than six placees, all of whom/which are professional, institutional and/or individual investors, through a top-up share placement (the "**Top-up Placing**") in December 2024. The closing price per Share was HK$3.41 as quoted on the Stock Exchange on December 17, 2024, being the last full trading day immediately prior to the date of the placing and subscription agreement.

The net proceeds from the Top-up Placing were approximately HK$153.6 million. During the Reporting Period, the net proceeds had been applied according to the intentions previously disclosed by the Company as follows:

	Proposed use of net proceeds (HK$ million)	Actual use of net proceeds during the Reporting Period (HK$ million)	Unused net proceeds as at December 31, 2024 (HK$ million)	Estimated timetable
Optimization of financial structure	76.8	76.8	–	–
General working capital	76.8	64.0	12.8	June 30, 2025
	153.6	140.8	12.8	

The Top-up Placing can help the Company continue to seize the market opportunity to achieve a constant and stable improvement in the Group's results. In addition, the Top-up Placing will further enlarge the Shareholders' equity base, optimize the capital structure of the Company, strengthen the financial position and liquidity of the Group and provide support and flexibility for the development of the Group.

DEBENTURE ISSUED

The Group has not issued any debentures during the Reporting Period.

PRE-EMPTIVE RIGHT TO ACQUIRE

There are no provisions for pre-emptive rights under the Articles of Association or applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

RESERVE

The details in relation to the changes in the reserve of the Company for the Year are stated under Note 46 of the Consolidated Financial Statements. The details in relation to the reserve available for distributing to the Shareholders are stated under Note 46 of the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment consist mainly of machinery and equipment. The Group purchased machinery and equipment mainly with cash from operations and debt financing from banks and other financial institutions. Machinery and equipment are primarily the various types of machineries and equipment at the Group's production site at the seven production bases in China, including Xingtai Production Base, Dingzhou Production Base, Tangshan Production Base, Cangzhou Production Base, Huhhot Production base, Yuncheng Production Base and Dongming Production Base together with the overseas production base in Indonesia.

As of December 31, 2024, our property, plant and equipment amounted to approximately RMB27,831.7 million, with a year-to-year growth of 3.5%. This was mainly because of the addition of RMB2,204.5 million in property, plant and equipment, the addition of RMB835.0 million by acquisition of Risun Chemicals Technology Research Co., Ltd. in December 2024 and partially offset by the depreciation of RMB2,085.7 million.

DIVIDENDS AND DIVIDEND POLICY

After obtaining the Shareholders' approval at the 2023 annual general meeting on May 30, 2024, the Company paid a final dividend of RMB1.2 cents per Share (tax inclusive) for the year ended December 31, 2023 in cash to Shareholders whose names appeared on the register of members of the Company on June 14, 2024, and the final dividend was fully paid on June 28, 2024.

On August 27, 2024, the Board declared an interim dividend for 2024 of RMB0.78 cents per Share (tax inclusive) in cash to its Shareholders whose names appeared on the register of member of the Company on September 13, 2024. The interim dividend was fully paid on September 30, 2024.

DIVIDENDS AND DIVIDEND POLICY

(continued)

The Board does not propose a final dividend for the Year. However, in view of celebration of the 30th anniversary since the Group's establishment in 1995, the Board proposes a special dividend of RMB2.22 cents per share (the "**Special Dividend**"), with a total amount of Special Dividend of approximately RMB96,447,000, subject to the Shareholders' approval in the forthcoming AGM. The total dividend per share (including 2024 interim dividend of RMB0.78 cents and the Special Dividend) for the Year will be RMB3 cents per share. If approved by the Shareholder at the AGM, the Special Dividend is expected to be paid on or before June 30, 2025.

The recommendation of payment and the amount of any future dividends will be at the absolute discretion of the Board and the amount of any dividends actually distributed to the Shareholders of the Company will depend on the Group's results of operations, cash flows, financial condition, payments by the Group's subsidiaries of cash dividends to the Company, the future prospects and other factors that the Directors consider important. The Group expects to distribute no less than 30% of the Group's annual distributable earnings in every subsequent year as dividends.

BANK AND OTHER LOANS

The details in relation to the bank and other loans of the Company and its subsidiaries as of December 31, 2024 are stated under Note 32 of the Consolidated Financial Statements.

CHARITABLE DONATIONS

There was no donation to charitable organizations by the Group during the Reporting Period (2023: Nil).

DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors currently consists of nine Directors, among whom, six are Executive Directors and three are Independent Non-executive Directors. The Directors have been appointed with a term of three years, after which they may be re-elected.

DIRECTORS AND SENIOR MANAGEMENT *(continued)*

The information regarding the Company's Directors are set out as follows:

Name	Age	Position	Roles and Responsibilities	Appointment Date	Date of Joining the Group	Relationship with other Directors and Senior Management
Mr. Yang Xuegang	60	Executive Director, chairman of the Board and chief executive officer	Overall management and Business development of the Group	November 8, 2007	May 12, 1995	Husband of Ms. Lu Xiaomei and father of Mr. Yang Lu
Ms. Lu Xiaomei	61	Executive Director	Human Resources Management of the Group	April 1, 2024	November 8, 2007	Wife of Mr. Yang Xuegang and mother of Mr. Yang Lu
Mr. Li Qinghua	61	Executive Director and executive president of the Group	Overall management of all production base and management of procurement and sales of the Group	April 1, 2024	November 1, 2004	N/A
Mr. Han Qinliang	51	Executive Director and vice president of the Group	Management of the financial, accounting and information systems of the Group	May 18, 2011	March 1, 2004	N/A
Mr. Wang Nianping	62	Executive Director and vice president of the Group	Legal and risk management of the Group	September 29, 2018	February 22, 2011	N/A
Mr. Yang Lu	34	Executive Director	Management of the import, export and domestic trading business of our Group	September 29, 2018	November 1, 2013	Son of Mr. Yang Xuegang and Ms. Lu Xiaomei
Dr. Yu Kwok Kuen Harry	55	Independent Non-executive Director	Oversight of the compliance and corporate governance matters of the Group and provision of independent advice to the Board	September 29, 2018	September 29, 2018	N/A

DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Name	Age	Position	Roles and Responsibilities	Appointment Date	Date of Joining the Group	Relationship with other Directors and Senior Management
Mr. Wang Yinping	64	Independent Non-executive Director	Same as above	September 29, 2018	September 29, 2018	N/A
Dr. Liu Xiaofeng	62	Independent Non-executive Director	Same as above	October 10, 2024	October 10, 2024	N/A

The information regarding the Company's senior management are set out as follows:

Name	Age	Position	Roles and Responsibilities	Appointment Date	Date of Joining the Group	Relationship with other Directors and Senior Management
Mr. Zhang Yingwei	53	Vice president of the Group	Management of the Group's strategic investments, production and engineering	July 24, 2009	February 5, 1996	N/A
Mr. Ho Pui Lam Joseph	44	Chief financial officer and company secretary	Management of corporate governance and company secretarial matters, participation in the making of material business decisions and development of the business strategy	September 29, 2018	September 20, 2017	N/A

The Company has received the confirmation of the independence issued by the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules and is of the opinion that all Independent Non-executive Directors are independent of the Company.

CHANGES TO THE INFORMATION OF DIRECTORS

During the Reporting Period and up to the latest practicable date, changes in Directors and/or their biographical details are as follows:

1. Mr. Wang Fengshan ceased to act as an executive Director of the Company and vice president of the Group due to retirement, effective from April 1, 2024;

2. Mr. Zhang Yingwei ceased to act as an executive Director of the Company due to re-designation of duties, effective from April 1, 2024;

3. Ms. Lu Xiaomei has been acting as an executive Director, effective from April 1, 2024;

4. Mr. Li Qinghua has been acting as an executive Director and the Executive President of the Group, effective from April 1, 2024.

5. Mr. Kang Woon ceased to act as an independent non-executive Director of the Company due to resignation, effective from July 15, 2024; and

6. Dr. Liu Xiaofeng has been acting as an independent non-executive Director of the Company, effective from October 10, 2024.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors of the Company has entered into a service contract with the Company or any of its subsidiaries that may not be terminated by the employer within one year without the payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The details of the remuneration of the Company's Directors and five highest paid individuals are stated under Note 12 in the Consolidated Financial Statements. The range of remuneration of the senior management are as follows:

Range of Remuneration (HK$)	Number of Senior Management
0-1,000,000	1
1,000,001-1,500,000	2
1,500,001-2,000,000	–
2,000,001-2,500,000	1
6,000,001-6,500,000	1

INTERESTS OF DIRECTORS (AND THEIR CONNECTED ENTITIES) IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the connected transactions between the Group and Xuyang Holding (as defined below), and between the Group and Xuyang Engineering, as disclosed in the sub-section headed "Connected Transactions" below, and the related parties transactions between the Group and the entities controlled by Mr. Yang Xuegang as disclosed in note 39 of the Consolidated Financial Statements, none of the Directors (and their connected entities) is or was materially interested, directly or indirectly, in any transaction, arrangement or contract of significance entered into by the Company or the Controlling Shareholders or any of their respective subsidiaries at any time during the Reporting Period or subsisted at the end of the Reporting Period.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors nor their associates had any competing interests in such business that is in direct or indirect competition with any of the Group's business.

THE INTEREST AND SHORT POSITIONS OF THE DIRECTORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as of December 31, 2024, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the total issued share capital in the Company
Mr. Yang[(1)]	Interest in controlled corporation	3,291,291,928(L)	73.89%
Ms. Lu Xiaomei	Interest of spouse	3,291,291,928(L)	73.89%
Mr. Yang Lu	Beneficial interest	6,230,000(L)	0.14%
Mr. Han Qinliang	Beneficial interest	300,000(L)	0.01%

(L) denotes long positions

Note:

(1) Texson is wholly-owned by Mr. Yang. It directly held 3,181,555,928 Shares, and was deemed to be interested in 109,736,000 treasury Share held by the Company as at December 31, 2024. Accordingly, Mr. Yang is deemed to be interested in the Shares held by Texson.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES

So far as is known to the Directors of the Company, as of December 31, 2024, the following persons (other than the Directors or chief executives of the Company) had interest and short positions in the Shares, or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the total issued share capital in the Company
Texson	Beneficial interest	3,181,555,928(L)	71.43%
	Interest of a controlled corporation	109,736,000(L)	2.46%

(L) denotes long positions

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES *(continued)*

Notes: Save as disclosed above, as of December 31, 2024, the Directors of the Company were not aware of any person (other than the Directors or chief executives of the Company) who had interest or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

SHARE OPTION SCHEME

On February 21, 2019 (the "**Adoption Date**"), the shareholders adopted the Share Option Scheme (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

PURPOSE

The purpose of the Share Option Scheme is to provide incentives to Participants (as defined in the following paragraph) to contribute to the Company and motivate them to higher levels of performance, and to enable the Company to recruit high caliber employees and attract or retain human resources that are valuable to the Group.

WHO MAY JOIN

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme ("**Options**") to any employee, executive director or non-executive director (including independent non-executive director) of any member of the Group (the "**Participants**").

MAXIMUM NUMBER OF SHARES

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 400,000,000 Shares, representing approximately 9.2% of the total number of issued Shares (excluding Treasury Shares) as at the date of this report.

MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of Options in excess of the 1% limit will be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company will send a circular to the Shareholders disclosing the identity of the Participant, the number and terms of Options to be granted to the Participant, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of Options to be granted to the Participant must be fixed before the approval of the Shareholders and the date of the Board meeting proposing the grant will be taken as the offer date for the purpose of calculating the subscription price of those Options.

SHARE OPTION SCHEME *(continued)*

GRANTING OPTIONS TO CONNECTED PERSONS

Where any offer of the grant of an Option is proposed to be made to a director (other than an independent non-executive director), chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates, the offer must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of an Option).

Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of Options will be subject to the issue of a circular by the Company and approval by the Shareholders in general meeting at which all connected persons of the Company must abstain from voting in favor at such general meeting and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options will be taken as a poll.

PERFORMANCE TARGET AND CONDITIONS FOR VESTING

No performance targets are to be achieved before an Option can be exercised.

AMOUNT PAYABLE FOR OPTIONS AND OFFER PERIOD

An offer of the grant of an Option shall remain open for acceptance by a Participant for a period of no more than 28 days after the date on which an Option is offered to the Participant (the "**Acceptance Date**"). An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter constituting acceptance of the offer of the grant of the Option duly signed by the Participant together with a remittance in favor of the Company of HK$1.00 (or such equivalent in other currency as the Board may specify) by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date. Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted or deemed to have been accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot or an integral multiple thereof and such number is clearly stated in the duplicate letter constituting acceptance of the Option. To the extent that the offer of the grant of an Option is not accepted by the relevant Acceptance Date, it will be deemed to have been irrevocably declined.

SHARE OPTION SCHEME *(continued)*

SUBSCRIPTION PRICE

The price per Share at which a grantee may subscribe for Shares on the exercise of an Option shall be a price determined by the Board in its absolute discretion and notified to a Participant, which shall be at least the higher of:

(i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the relevant offer date in respect of such Option;

(ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the relevant offer date in respect of such Options or where the Company has been listed for less than five trading days, the new issue price shall be used as the closing price; or

(iii) the nominal value of the Shares.

EXERCISE OF OPTIONS

An Option may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) in the manner as set out in the Share Option Scheme by the grantee (or his legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares to be subscribed. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the auditors pursuant to the Share Option Scheme, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s) or his nominee) credited as fully paid and issue to the grantee (or his legal personal representative(s) or his nominee) a share certificate in respect of the Shares so allotted.

LIFE OF THE SHARE OPTION SCHEME

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, i.e. February 21, 2019, after which period no further Options will be offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted before that. Options granted before that but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme. As at the date of this report, the remaining life of the Share Option Scheme is approximately four years.

OPTION GRANTED

No Option has been granted and no Option is outstanding under the Share Option Scheme. At the beginning and the end of the Reporting Period, the number of Options available for grant under the Share Option Scheme is 400,000,000.

MANAGEMENT CONTRACTS

During the Reporting Period, the Group did not enter into any contracts in respect of the management and administration of all or any significant portion of the business (except for such service contracts entered into with the Group's Directors and all employees) and there existed no such contracts in respect of the management and administration of all or any significant portion of the business (except for such service contracts entered into with the Group's Directors and all employees).

During the Reporting Period, the Group entered into new service contracts with Ms. Lu Xiaomei, Mr. Li Qinghua and Dr. Liu Xiaofeng, the Directors of the Company.

CONNECTED TRANSACTIONS

The Group has entered into some transactions with connected persons of the Company. In accordance with Chapter 14A of the Listing Rules, such transactions have constituted connected transactions or continuing connected transactions of the Company.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions of the Group during the Reporting Period are set forth below:

On December 31, 2021, the Company and Xuyang Holding renewed the project services ("**Project Services**") framework agreement, the integrated procurement ("**Integrated Procurement**") framework agreement, the informatization services ("**Informatization Services**") framework agreement for continuing connected transactions for 2022 to 2024. On December 29, 2023, the Company entered into another two new framework agreements for continuing connected transactions with Xuyang Holding in relation to the property management services ("**Property Management Services**") and sales of refined chemicals products ("**Sale of Refined Chemicals Products**") to be rendered from January 1, 2024 to December 31, 2024.

On December 31, 2024, the Company and Xuyang Holding renewed the Project Services framework agreement, the Integrated Procurement framework agreement, the Informatization Services framework agreement and the Property Management Services framework agreement for continuing connected transactions to be rendered from January 1, 2025 to December 31, 2027.

PROJECT SERVICES FRAMEWORK AGREEMENT

The Company renewed Project Services framework agreement on December 31, 2021 with Xuyang Holding, pursuant to which Xuyang Holding Group will provide project design, construction management and general contracting services to the Group in relation to various initiatives to upgrade the Group's energy saving and environmental protection capabilities and improve the efficiency and quality of the Group's existing large-scale production facilities in light of the adoption by the relevant PRC government authorities of more stringent energy saving and environmental protection requirements. Relevant members of Xuyang Holding Group may enter into separate contracts with the Group to set out specific terms and conditions of the relevant services in accordance with the principles provided in the Project Services framework agreement.

The term of the Project Services framework agreement and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

CONNECTED TRANSACTIONS *(continued)*

PROJECT SERVICES FRAMEWORK AGREEMENT *(continued)*

The Group conducts a public tender process for each project for which we require project design, construction management and general contracting services. Interested bidders would be selected on the bases of the prices proposed, the technical specifications achievable, the business model and background of the bidders, payment terms proposed and the estimated delivery dates, and the bidder offering the best overall terms would be awarded the project. As such, the fees for the services provided by Xuyang Holding Group under the Project Services framework agreement would be in line with the prices proposed by Xuyang Holding Group in its submitted bids, and the Group would compare such bids with the bids submitted by other independent third parties.

The amounts of fees charged by Xuyang Holding Group with respect to the Project Services for the Reporting Period was approximately RMB633,199,000 (tax-exclusive).

INTEGRATED PROCUREMENT FRAMEWORK AGREEMENT

The Company renewed Integrated Procurement framework agreement on December 31, 2021 with Xuyang Holding, pursuant to which Xuyang Holding Group shall provide the Group with water purification chemicals and thermal coal for power and heat generation together with steel products, building materials and catalysts according to the Group's operational requirements and development strategies as well as the market conditions in accordance with the principles set out in the Integrated Procurement framework agreement.

The term of the Integrated Procurement framework agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

The amount of fees charged by Xuyang Holding Group with respect to the Integrated Procurement for the Reporting Period was approximately RMB103,878,000 (tax-exclusive).

INFORMATIZATION SERVICES FRAMEWORK AGREEMENT

The Company entered into Informatization Services framework agreement on December 31, 2021 with Xuyang Holding, pursuant to which Xuyang Holding Group shall provide the Group with related information system building services such as the construction of, among other things, smart logistics systems, safety and environmental protection management platforms and big screens of command centers in the course of its daily production and operation in accordance with the principles set out in the Informatization Services framework agreement.

CONNECTED TRANSACTIONS *(continued)*

INFORMATIZATION SERVICES FRAMEWORK AGREEMENT *(continued)*

The term of the Informatization Services framework agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

The amount of fees charged by Xuyang Holding Group with respect to the Informatization Services for the Reporting Period was approximately RMB38,172,000 (tax-exclusive).

PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The Company entered into Property Management Services framework agreement on December 29, 2023 with Xuyang Holding, pursuant to which Xuyang Holding Group shall provide the Group with Property Management Services in order to meet the needs of the fast-increasing number of the Group's production bases and provide high-quality and tailor-made Property Management Services guarantees for the Group's production bases, including safety and security of large scaled production bases, indoor and outdoor cleaning, greening maintenance and planting, as well as materials support such as heatstroke and cooling prevention and holiday welfare products, etc. in accordance with the principles set out in the Property Management Services framework agreement.

The term of the Property Management Services framework agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

The amount of fees charged by Xuyang Holding Group with respect to the Property Management Services for the Reporting Period was approximately RMB14,897,000 (tax-exclusive).

SALE OF REFINED CHEMICALS PRODUCTS FRAMEWORK AGREEMENT

The Company entered into Sale of Refined Chemicals Products framework agreement on December 29, 2023 with Xuyang Holding, pursuant to which the Company will sell refined chemicals products to Xuyang Holding Group, including 2-Amino-2-Methyl-1-Propanol (referred to as "**AMP**"), acetone oxime, diphenylmethane products, etc. in accordance with the principles set out in the Sale of Refined Chemicals Products framework agreement.

The term of the Sale of Refined Chemicals Products framework agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant sale if Xuyang Holding Group is unable to acquire or the terms that Xuyang Holding Group accepts become less favorable to the Group than those accepted by other independent third parties.

CONNECTED TRANSACTIONS *(continued)*

SALE OF REFINED CHEMICALS PRODUCTS FRAMEWORK AGREEMENT *(continued)*

The amount of sales charged to Xuyang Holding Group with respect to the sale of refined chemicals for the Reporting Period was approximately RMB16,401,000 (tax-exclusive).

PARTIALLY EXEMPT CONNECTED TRANSACTIONS

The connected transactions of the Group during the Reporting Period are set forth below:

DISPOSAL OF EQUITY INVESTMENT IN SHANDONG YUNCHENG RURAL COMMERCIAL BANK CO., LTD.

On June 21, 2024, Shandong Hongda Chemical Co., Ltd. (山東洪達化工有限公司) ("**Hongda Chemical**"), a wholly-owned subsidiary of the Company, and Xuyang Engineering Technology Co., Ltd. (旭陽工程科技有限公司) ("**Xuyang Engineering**") entered into an equity transfer agreement, pursuant to which Hongda Chemical shall transfer 36 million shares of Shandong Yuncheng Rural Commercial Bank Co., Ltd. (山東鄆城農村商業銀行股份有限公司) held by it to Xuyang Engineering at a consideration of RMB54.20 million (the "**Disposal**"). Further details of the transaction can be found in the announcement issued by the Company on June 23, 2024.

Xuyang Engineering is beneficially owned by Mr. Yang Xuegang, the controlling shareholder, an executive Director, the chief executive officer and the chairman of the Board of the Company, and Ms. Lu Xiaomei, an executive Director. As such, Xuyang Engineering is an associate of Mr. Yang Xuegang and Ms. Lu Xiaomei, and is thus a connected person of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ACQUISITION OF 100% EQUITY INTEREST IN RISUN CHEMICALS TECHNOLOGY RESEARCH CO. LTD.

On December 6, 2024, Risun Group Limited (旭陽集團有限公司) ("**Risun Group**") (a wholly-owned subsidiary of the Company, as the purchaser) and Xuyang Holding (as the vendor) entered into an equity transfer agreement, pursuant to which Risun Group acquired 100% equity interest in Risun Chemicals Technology Research Co., Ltd. (旭陽化學技術研究院有限公司) from Xuyang Holding for a consideration of RMB181 million (the "**Acquisition**"). Further details of the transaction can be found in the announcement issued by the Company on December 6, 2024.

Xuyang Holding is beneficially owned by Mr. Yang Xuegang, the controlling shareholder, an executive Director, the chief executive officer and the chairman of the Board of the Company, and Ms. Lu Xiaomei, an executive Director. As such, Xuyang Holding is an associate of Mr. Yang Xuegang and Ms. Lu Xiaomei, and is thus a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5.0%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY EXEMPT CONNECTED TRANSACTIONS *(continued)*

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions and confirmed that the transactions have been conducted:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with relevant agreement governing the relevant transactions, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONFIRMATION BY THE AUDITOR

The auditors of the Company, Deloitte Touche Tohmatsu, have issued a letter to the Board, confirming that for the year ended December 31, 2024, in respect of the aforementioned continuing connected transactions, nothing has come to their attention that causes them to believe that:

1. the transactions have not been approved by the Board of Directors;

2. the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

3. the transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

4. the amount of each of the transactions has exceeded its annual cap.

RELATED PARTY TRANSACTIONS

Note 39 to the Consolidated Financial Statements discloses the related party transactions of the Company in accordance with IFRS. The transactions disclosed therein between the Company and the following parties constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules: Mr. Yang, Ms. Lu Xiaomei, Texson and the entities controlled by Mr. Yang. During the Reporting Period, the Company has complied with the requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH DEED OF NON-COMPETITION

On February 20, 2019, the Controlling Shareholders have entered into a Deed of Non-competition, pursuant to which each of the Controlling Shareholders agreed that, except for the supply of coal as described above, (i) he or she or it will not engage in, participate in or assist others to engage or participate in any business that competes or is likely to compete, directly or indirectly, with our business within the PRC, Hong Kong or any part of the world in which any member of the Group operates, and will procure its subsidiaries (where applicable) not to engage in any business that competes or is likely to compete, directly or indirectly, with our business (the "**Competing Businesses**") in the PRC, Hong Kong or any part of the world in which any member of the Group operates; and (ii) he or she or it will inform us of any new business opportunities of the Competing Businesses, and use his or her or its best efforts to procure such opportunities be made available to us.

COMPLIANCE WITH DEED OF NON-COMPETITION *(continued)*

Each of the Controlling Shareholders have also undertaken in the Deed of Non-competition that during the term of such agreement, he or she or it will not, and will procure its subsidiaries (where applicable) not to:

- directly or indirectly engage in or participate in, or assist others to engage in or participate in, any Competing Businesses in any form (including but not limited to investments, mergers and acquisitions, joint ventures, cooperation agreements, partnerships, contractual arrangements or purchases of shares of listed or private companies) within the PRC, Hong Kong or any part of the world in which any member of the Group operates;

- assist any entity other than the Group to engage in any Competing Businesses within the PRC, Hong Kong or any part of the world in which any member of the Group operates; or

- engage in any Competing Businesses (directly or indirectly) in any manner.

The independent non-executive Directors of the Company are responsible for examining, reviewing, considering and determining whether to adopt and accept the new business opportunities referred to the Company by the Controlling Shareholders.

The Controlling Shareholders have confirmed that they complied with the Deed of Non-competition during the Reporting Period. The independent non-executive Directors of the Company have examined and reviewed the implementation of the Deed of Non-competition and have confirmed that, during the Reporting Period, the Controlling Shareholders fully complied with the deed and there had no violation of the deed.

DISCLOSURE UNDER RULES 13.22 OF THE LISTING RULES

In accordance with the requirements of Rule 13.22 of the Listing Rules, the followings were the details of financial assistance given to affiliated companies of the Group and guarantees given for facilities granted to affiliated companies exceeded 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules as at December 31, 2024.

Name of affiliated company	The Group's equity interest in affiliated company	Loans and Advances to affiliated company	Interest rate per annum	Guarantees for facilities granted to the affiliated company	*Notes*
PT. De Tian Coking Co., Ltd. ("De Tian Coking")	24%	USD41.0 million (equivalent to RMB286.8 million)	6%	USD188.9 million (equivalent to RMB1,322.4 million)	1, 5
Risun Wei Shan New Energy (Indonesia) Company Limited ("Risun Wei Shan")	51%	USD151.4 million (equivalent to RMB1,060.0 million)	6%	USD683.7 million (equivalent to RMB4,785.6 million)	2, 5
PT. KinXiang New Energy Technologies Indonesia ("KinXiang New Energy")	20%	–	6% or SOFR (12 months) + 300BP%	USD63.8 million (equivalent to RMB446.6 million)	3, 5
Pingxiang Risun Energy Co., Ltd.* ("Pingxiang Risun Energy")	43%	–	3.6%	RMB1,025.1 million	4
	Total	RMB1,346.8 million		RMB7,579.7 million	

Notes:

(1) The Group invested in De Tian Coking in 2021, and pursuant to the Cooperation and Investment Agreement dated June 30, 2021 in relation to the establishment of De Tian Coking, the Group has injected USD59.52 million to the share capital of De Tian Coking, and shall provide guarantees and/or shareholder loans of no more than USD285 million to De Tian Coking for project financing purposes. Please refer to the Company's announcements dated June 30, 2021 and November 12, 2021 and circular dated December 24, 2021 for details.

(2) The Group invested in Risun Wei Shan in 2021, and pursuant to the Joint Venture Agreement dated July 15, 2021 in relation to the establishment of Risun Wei Shan, the Group has injected USD128.52 million to the share capital of Risun Wei Shan, and shall provide guarantees and/or shareholder loans of no more than USD538 million to Risun Wei Shan for project financing purposes. Please refer to the Company's announcements dated July 15, 2021 and November 12, 2021 and circular dated December 24, 2021 for details.

(3) The Group invested in KinXiang New Energy in 2021, and pursuant to the Joint Venture Agreement dated July 16, 2021 in relation to the establishment of KinXiang New Energy, the Group has injected USD43.6 million to the share capital of KinXiang New Energy, and shall provide guarantees and/or shareholder loans of no more than USD84 million to KinXiang New Energy for project financing purposes. Please refer to the Company's announcement dated November 12, 2021 and circular dated December 24, 2021 for details.

(4) Pingxiang Risun Energy is an associate of the Company, and is held by Risun Group as to 43%. On December 4, 2024, Pingxiang Risun Energy as borrower, entered into a loan agreement with Pingxiang Branch of China CITIC Bank Corporation Limited, to which Risun Group would provide guarantee for the principal creditor's rights of RMB1,025.1 million. Please refer to the Company's announcement dated December 4, 2024 for details.

(5) The exchange rate between USD and Renminbi for the calculation in this table is at USD1:RMB7.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance and guarantees given by the Group and the Group's attributable interests in those affiliated companies as at December 31, 2024 are set out as follows:

	Combined statement of financial position *RMB million*	Group's attributable interests *RMB million*
Non-current assets	17,300.3	5,728.8
Current assets	6,238.5	2,305.9
Current liabilities	7,523.8	2,636.2
Total assets less current liabilities	16,015.0	5,398.5
Non-current liabilities	10,735.3	3,593.4
Net assets	5,279.7	1,805.1

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at December 31, 2024.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the retirement and employee benefits plans of the Group are set out under Note 38 of the Consolidated Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Please refer to "Corporate Governance Report – Compliance of the Corporate Governance Code" in this annual report for details.

PUBLIC FLOAT

When it applied for the listing of its Shares, the Company applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted the Company a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules be reduced and the minimum percentage of the Shares from time to time held by the public to be the higher of (i) 22.1%, the percentage of Shares to be held by the public immediately after the completion of the global offering in March 2019 (assuming the over-allotment option is not exercised); and (ii) such percentage of Shares to be held by the public after the exercise of the over-allotment option, namely 23.8%.

Based on the Company's publicly available information and to the best of the Directors' knowledge, as of the latest practicable date, the Company complies with the minimum public float requirement.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and as of the latest practicable date, the Company (including but not limited to) had purchased and maintained a group liability insurance for the Directors of the Company and its associated companies (as defined for such term under the Companies Ordinance).

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Consolidated Financial Statements as for the year ended December 31, 2024 prepared in accordance with IFRS.

AUDITOR

Deloitte Touche Tohmatsu, Certified Public Accountants is appointed as the auditor for the Consolidated Financial Statements as for the year ended December 31, 2024 prepared in accordance with IFRS. Such Consolidated Financial Statements prepared in accordance with IFRS as stated herein this annual report have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and a standard unqualified audit report has been issued.

For the past three years ended December 31, 2024, there was no change in the auditor of the Company.

Deloitte Touche Tohmatsu will retire at the forthcoming AGM and being eligible offer themselves for reappointment.

By Order of the Board
Yang Xuegang
Chairman

Hong Kong, March 28, 2025

The Board of Directors has hereby submitted its Corporate Governance Report during the Reporting Period to the Shareholders.

COMPLIANCE OF THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining a high standard of corporate governance for purposes of enhancing the value for the Shareholders and protecting their interests. The Company has adopted such code provisions as stated in the Corporate Governance Code provided in Appendix C1 to the Listing Rules. The Company has established and perfected the corporate governance structure in accordance with the Listing Rules and the Corporate Governance Code and has set up a series of corporate governance system. During the Reporting Period, the Company has been observing all mandatory provisions as stipulated in the Corporate Governance Code except the provisions of C.2.1 of Part 2 (please refer to below for detailed explanation).

The Board of Directors will continue to examine and review, from time to time, the Company's corporate governance practices and operation in order to meet the relevant provisions under the Listing Rules and the Corporate Governance Code, and to protect the Shareholders' interests.

SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS AND THE RELEVANT EMPLOYEES

The Company has adopted the Model Code against which the Directors of Listed Issuers conduct securities transactions as provided in Appendix C3 to the Listing Rules (the "Model Code"), taking such Code against which the Directors of the Company may conduct securities transactions.

Upon specific enquiry conducted by the Company, all the Directors have confirmed that during the Reporting Period, they have been fully observing the Model Code.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. The Company has not been aware of any incident of any employee's non-compliance with the Model Code during the Reporting Period and up to the Latest Practicable Date.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

(a) Composition of Board of Directors

The Board comprises nine Directors, including six Executive Directors and three Independent Non-executive Directors. The Directors have been appointed with a term of three years, subject to retirement by rotation requirements under the Articles of Association of the Company.

The Company has at least three Independent Non-executive Directors (representing at least one-third of the Board), and among whom, at least one Independent Non-executive Director must possess professional qualifications or accounting knowledge or professional knowledge related to finance management in compliance with the provisions of the Listing Rules. Moreover, after taking into consideration of the factors regarding the evaluation of the independence of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and the written confirmation of all Independent Non-executive Directors, the Board of Directors believes that all Independent Non-executive Directors are independent individuals.

During the Reporting Period, the number of Independent Non-executive Directors was below the minimum requirements under Rule 3.10(1) and Rule 3.10A of the Listing Rules following the resignation of Mr. Kang Woon in July 2024 under Rule 3.10(1) and Rule 3.10A of the Listing Rules. The Company has re-complied with the minimum requirements following the appointment of Dr. Liu Xiaofeng in October 2024.

The Board of Directors of the Company comprises the following:

Name	Age	Sex	Position	Appointment Date
Mr. Yang Xuegang	60	M	Executive Director, chairman of the Board and chief executive officer	November 8, 2007
Ms. Lu Xiaomei	61	F	Executive Director	April 1, 2024
Mr. Li Qinghua	61	M	Executive Director and executive president of the Group	April 1, 2024
Mr. Han Qinliang	51	M	Executive Director and senior vice president of the Group	May 18, 2011
Mr. Wang Nianping	62	M	Executive Director and senior vice president of the Group	September 29, 2018
Mr. Yang Lu	34	M	Executive Director and vice president of the Group	September 29, 2018
Dr. Yu Kwok Kuen Harry	55	M	Independent Non-executive Director	September 29, 2018
Mr. Wang Yinping	64	M	Independent Non-executive Director	September 29, 2018
Dr. Liu Xiaofeng	62	M	Independent Non-executive Director	October 10, 2024

The Directors may, at the Company's expense, seek independent professional advice in appropriate circumstances. The Company will provide separate independent professional advice to Directors upon request to assist the Directors to discharge their duties to the Company.

Before each Board meeting, the senior management will provide relevant information pertaining to matters to be brought before the Board for decision as well as reports relating to the operational and financial performance of the Group. Where any Director requires more information than is supplied by the senior management, each Director has the right to separately and independently communicate with the Company's senior management to make further enquiries.

(b) Job Duties and Authority of the Board of Directors

The Board of Directors shall be accountable to the Shareholders and have the duty to report to the General Meeting. The Board of Directors is responsible for convening the General Meeting, implementing the resolutions of the General Meeting, determining the operational plan and investment proposals of the Company, setting up the annual financial budget proposal, final accounts, profit distribution proposal, proposal for increase or decrease of capital and others, deciding on the establishment of the Company's management authority, determining the appointment or dismissal of chief executive officer, chief financial officer and other senior management officers, formulating the basic management system of the Company and determining the establishment of the special committees of the Board of Directors.

(c) Job Duties and Authority of the Senior Management

The senior management is responsible for the specific implementation of the resolutions of the Board of Directors and of the daily business management of the Company, which includes formulating (i) the Company's operating plan and investment proposal, (ii) the plan of establishing the internal management authority, (iii) the basic management system of the Company and (iv) the Company's specific regulations.

MEETINGS OF BOARD OF DIRECTORS AND MEMBERS

During the Reporting Period, the Company convened a total of nine Board meetings and one general meeting. The attendance of the meetings by the Directors is as follows:

Board meetings

Name	Position	Number of meetings should attend	Number of meetings attended	Attendance rate	Times of attendance by alternate
Mr. Yang Xuegang	Executive Director	9	9	100%	–
Ms. Lu Xiaomei	Executive Director	9	9	100%	–
Mr. Li Qinghua	Executive Director	9	9	100%	–
Mr. Han Qinliang	Executive Director	9	9	100%	–
Mr. Wang Nianping	Executive Director	9	9	100%	–
Mr. Yang Lu	Executive Director	9	9	100%	–
Dr. Yu Kwok Kuen Harry	Independent Non-executive Director	9	9	100%	–
Mr. Wang Yinping	Independent Non-executive Director	9	9	100%	–
Dr. Liu Xiaofeng (appointed on October 10, 2024)	Independent Non-executive Director	2	2	100%	–
Mr. Zhang Yingwei (resigned on April 1, 2024)	Executive Director	3	3	100%	–
Mr. Wang Fengshan (resigned on April 1, 2024)	Executive Director	3	3	100%	–
Mr. Kang Woon (resigned on July 15, 2024)	Independent Non-executive Director	4	4	100%	–

General meeting

Name	Position	Number of meeting should attend	Number of meetings attended	Attendance rate	Times of attendance by alternate
Mr. Yang Xuegang	Executive Director	1	1	100%	–
Ms. Lu Xiaomei	Executive Director	1	1	100%	–
Mr. Li Qinghua	Executive Director	1	1	100%	–
Mr. Han Qinliang	Executive Director	1	1	100%	–
Mr. Wang Nianping	Executive Director	1	1	100%	–
Mr. Yang Lu	Executive Director	1	1	100%	–
Dr. Yu Kwok Kuen Harry	Independent Non-executive Director	1	1	100%	–
Mr. Wang Yinping	Independent Non-executive Director	1	1	100%	–
Dr. Liu Xiaofeng (appointed on October 10, 2024)	Independent Non-executive Director	0	0	N/A	–
Mr. Zhang Yingwei (resigned on April 1, 2024)	Executive Director	0	0	N/A	–
Mr. Wang Fengshan (resigned on April 1, 2024)	Executive Director	0	0	N/A	–
Mr. Kang Woon (resigned on July 15, 2024)	Independent Non-executive Director	0	1	-%	–

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Yang is the chairman and chief executive officer of the Company. In accordance with code provision C.2.1 of Part 2 of the Corporate Governance Code as provided in Appendix C1 to the Listing Rules, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. The Board of Directors has noticed that there was deviation from such code provision. However, with extensive experience in the coke, coking chemicals and refined chemicals industries, Mr. Yang is responsible for the overall management and business development, the operations of our subsidiaries and their corresponding production facilities and human resources of the Group and has been instrumental to the growth and business expansion since the establishment of the Group in 1995. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises six Executive Directors (including Mr. Yang) and three Independent Non-executive Directors and therefore has a strong independence element in its composition.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with the provisions of the Articles of Association of the Company, the Directors have been appointed for a term of three years, after which they may be re-elected. At each general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. The procedures and process of appointment and re-election of directors are laid down in the Articles of Association. The Nomination Committee shall be responsible for nominating new Directors and then submitting such nomination to the Board of Directors for review and consideration.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and member of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

TRAINING AND CONTINUING DEVELOPMENT OF DIRECTORS

During the Reporting Period, the Directors of the Company actively participated in seminars on the obligations and responsibilities required to be fulfilled for being the directors of a listed company in Hong Kong, as well as the obligations for the listing compliance of a listed company in relation to the continuous professional developments in the following manner:

Name	Position	Type of continuous professional development programmes *(Note)*
Mr. Yang Xuegang	Executive Director	2
Ms. Lu Xiaomei	Executive Director	2
Mr. Li Qinghua	Executive Director	2
Mr. Han Qinliang	Executive Director	2
Mr. Wang Nianping	Executive Director	2
Mr. Yang Lu	Executive Director	2
Dr. Yu Kwok Kuen Harry	Independent Non-executive Director	1&2
Mr. Wang Yinping	Independent Non-executive Director	1&2
Dr. Liu Xiaofeng	Independent Non-executive Director	1&2

Notes:

1. Attending seminars/courses for development of professional skills and knowledge.

2. Reading materials in relation to regular update to statutory requirements, listing rules and other relevant topics related to listed company.

In addition, Ms. Lu Xiaomei, Mr. Li Qinghua and Dr. Liu Xiaofeng have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on March 29, 2024, March 28, 2024 and October 9, 2024 and each of them has confirmed that she/he understood her/his obligations as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

COMPANY SECRETARY AND HIS TRAINING

Mr. Ho Pui Lam Joseph acts as the company secretary and is responsible for overseeing the Group's financial and accounting operations and internal controls, and provides financial and business advice to the Board and senior management of the Group. Mr. Ho shall report significant events to the chairman. The profile of Mr. Ho is stated in the section of "Biographies of the Directors and Senior Management" of this Report. During the Reporting Period, Mr. Ho undertook more than 15 hours of professional training to update his skills and knowledge.

MEETINGS OF THE BOARD OF DIRECTORS

Pursuant to the code provision C.5.1 of the Corporate Governance Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Agenda of board meetings are presented to the Directors for comments and approval. The Board of Directors is provided with adequate, timely and reliable information about the Group's business and developments before each board meeting at which the Directors actively participate and hold informed discussions. A notice of regular board meeting shall be given to all directors at least 14 days before the meeting is convened pursuant to the requirements of the Corporate Governance Code, and such notice shall state the date, time and venue of the meeting to be convened and the format to be adopted of such meeting. Other interim board meetings have reasonable notices be delivered to all Directors.

In accordance with the provisions of the Listing Rules, the Company shall publish an announcement at least 7 clear business days in advance of the date fixed for any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year, quarter-year or other period is to be approved for publication.

The quorum for a board meeting shall be the presence of two Directors. Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person. The company secretary is responsible for preparing and safekeeping the minutes of the board meetings and ensuring that the Directors can enquire about such minutes.

During the Reporting Period, the Company has strictly complied, and will continue to comply, with the provisions in relation to the meetings of the Board of Directors.

BOARD OF DIRECTORS COMMITTEES

The Board of Directors delegates certain responsibilities to various committees. In accordance with relevant laws, regulations and the Articles of Association of the Company, we have formed four board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainable Development Committee.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and has expressly stated the scope of job duties of such committee in writing. The Audit Committee consists of three members, namely Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng. All members of the Audit Committee are Independent Non-executive Directors. Dr. Yu Kwok Kuen Harry is the chairman of the Audit Committee. During the Reporting Period, the number of members of the audit committee was below the minimum requirements under Rule 3.21 of the Listing Rules following the resignation of Mr. Kang Woon in July 2024. The Company has re-complied with the minimum requirements under Rule 3.21 of the Listing Rules following the appointment of Dr. Liu Xiaofeng in October 2024.

The purpose of the establishment of Audit Committee is to assist the Board in ensuring that the Company has an effective financial reporting, risk management and internal control system in compliance with the Listing Rules, overseeing the integrity of the financial statements of the Company, selecting, and assessing the independence and qualifications of, the Company's external auditor, as well as ensuring effective communication between the Directors and the internal and external auditors of the Company.

As for the selection, appointment and dismissal of external auditors or resignation of auditors, the Board and the Audit Committee have reached a consensus.

During the Reporting Period, four meetings were held by the Audit Committee. The attendance record of each member of the Audit Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Dr. Yu Kwok Kuen Harry	4/4	100%
Mr. Wang Yinping	4/4	100%
Dr. Liu Xiaofeng (appointed on October 10, 2024)	2/2	100%
Mr. Kang Woon (resigned on July 15, 2024)	2/2	100%

During the Reporting Period, the Audit Committee:

1. assessed the independence and objectivity of external auditors;

2. advised the Board on re-appointment of external auditors;

3. reviewed the internal control and risk management systems of the Company;

4. reviewed the audited annual results for the year ended December 31, 2023;

5. reviewed the unaudited interim results for the period ended June 30, 2024; and

6. reviewed the audit plan 2024.

In addition to attending meetings, committee members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in accordance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, and has expressly stated the scope of job duties of such committee in writing. The Remuneration Committee consists of three members, namely Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Mr. Li Qinghua. Except for Mr. Li Qinghua who is an executive Director, all other members are Independent Non-executive Directors. Mr. Wang Yinping is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include establishing and reviewing the Company's policy and structure for the remuneration of the Directors and senior management and making recommendations to the Board on employee benefit arrangements. The Remuneration Committee is also responsible for determining the vesting of the options granted under the Share Option Scheme.

During the Reporting Period, one meeting was held by the Remuneration Committee. The attendance record of each member of the Remuneration Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Mr. Wang Yinping	1/1	100%
Dr. Yu Kwok Kuen Harry	1/1	100%
Mr. Li Qinghua (appointed on April 1, 2024)	0/0	N/A
Mr. Kang Woon (resigned on July 15, 2024)	1/1	100%

During the Reporting Period, the Remuneration Committee:

1. reviewed the Company's policy and structure for all Directors' and Senior Management's remuneration; and

2. review and approve the remuneration proposals of individual executive Directors and Senior Management, as well as non-executive Directors for the Reporting Period, with reference to the corporate goals and objectives formulated by the Board of Directors.

NOMINATION COMMITTEE

The Company has established the Nomination Committee in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, and has expressly stated the scope of job duties of such committee in writing. The Nomination Committee consists of three members, namely Mr. Yang Xuegang, Dr. Yu Kwok Kuen Harry and Mr. Wang Yinping. Except for Mr. Yang who is an executive Director, all other members are Independent Non-executive Directors. Mr. Yang is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include reviewing the structure, size, composition and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, assessing the independence of the Independent Non-executive Directors to determine their eligibility, and making recommendations to the Board on the appointment, re-election and removal of Directors and succession planning for Directors.

During the Reporting Period, one meeting was held by the Nomination Committee. The attendance record of each member of the Nomination Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Mr. Yang Xuegang	1/1	100%
Dr. Yu Kwok Kuen Harry	1/1	100%
Mr. Wang Yinping	0/0	N/A
Mr. Kang Woon (resigned on July 15, 2024)	1/1	100%

During the Reporting Period, the Nomination Committee:

1. reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;

2. made recommendations to the Board as to nomination of Directors for re-election at the AGM;

3. assessed the independence of Independent Non-executive Directors;

4. considered and assess the performance of the Board and consider such performance against the boards of comparable companies; and

5. monitor the implementation of, and review, the board diversity policy of the Company.

SUSTAINABLE DEVELOPMENT COMMITTEE

The Company established the Sustainable Development Committee on August 27, 2024 and has expressly stated the scope of job duties of such committee in writing. The Sustainable Development Committee consists of three members, namely Mr. Yang Xuegang, Mr. Han Qinliang and Mr. Wang Yinping. Except for Mr. Wang Yinping who is an Independent Non-executive Director, all other members are executive Directors. Mr. Yang Xuegang is the chairman of the Sustainable Development Committee.

The primary duties of the Sustainable Development Committee include establishing and reviewing the Company's policy and structure for the remuneration of the Directors and senior management and making recommendations to the Board on employee benefit arrangements. The Sustainable Development Committee is also responsible for determining the vesting of the options granted under the Share Option Scheme.

During the Reporting Period and up to the date of this report, one meeting was held by the Sustainable Development Committee. The attendance record of each member of the Sustainable Development Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Mr Yang Xuegang	1/1	100%
Mr. Han Qinliang	1/1	100%
Mr. Wang Yinping	1/1	100%

During the Reporting Period and up to the date of this report, the Sustainable Development Committee:

1. review the vision, goals, strategies, frameworks and significant policies of the Group in relation to the sustainable development and the ESG matters;

2. review and assess the implementation of the sustainability, ESG and other long-term corporate strategies and to ensure consistency of the Group's performance, operation and management with such strategies;

3. review the corporate governance report and the ESG report in accordance with Listing Rules; and

4. review and assess the Group's performance in relation to the indices and ratings of the sustainability and the ESG.

In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

NOMINATION OF DIRECTORS AND BOARD DIVERSITY POLICY

In order to enhance the quality of the performance of the Board and to support the attainment of the Company's strategic objectives and sustainable development, we have adopted a board diversity policy (the "Board Diversity Policy"). Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. Appointments will ultimately be based on merit and the contributions the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to service our Shareholders and other stakeholders.

The Nomination Committee of the Board is responsible for reviewing the structure, number of members, and composition of the Board of Directors. In addition, the Committee makes recommendations to the Board relating to the size and structure of the Board of Directors based on the Company's strategic plans, business operations, asset size and shareholding structure. The Committee also discusses and reviews the selection standard, the nomination and appointment process of relevant Directors, and makes recommendations to the Board of Directors. In identifying candidates, the Company solicits candidates through recruitment agencies, referrals by existing directors, and recommendation by shareholders of the Company in accordance with the Articles of Association. The candidates will be approved by the Board of Directors.

The Board Diversity Policy needs to be followed when the Nomination Committee of the Board makes recommendations on the candidates or when the Board of Directors makes nomination. The Nomination Committee of the Board is responsible for monitoring the implementation of the Board Diversity Policy and reviewing it at the appropriate time to ensure its effectiveness. The Nomination Committee will discuss any amendments when necessary and make recommendations to the Board of Directors for final approval.

The Directors have a balanced mix of knowledge and skills, including in overall management and strategic development, sales and marketing, finance and accounting, law, consulting, corporate finance and corporate governance, as well as experience in the coke industry. The Directors also obtained bachelor, master and doctorate degrees in various majors including business administration, coal chemistry, metallurgical engineering, industrial economy administration, accounting, statistics, international trade, chemical engineering and development economics. The Company has three Independent Non-executive Directors with different industry backgrounds, representing one-third of the members of the Board. Furthermore, the Board has a wide range of age, ranging from 34 years old to 63 years old. Out of the nine Directors, Mr. Yang Xuegang, Ms. Lu Xiaomei and Mr. Yang Lu are related. Taking into account the existing business model and specific needs as well as the different backgrounds and abilities of the Directors, and Ms. Lu Xiaomei being appointed as an Executive Director, the Board has achieved its gender diversity target by appointing at least one female director before end of 2024 and the composition of the Board satisfies the Board Diversity Policy. To promote gender diversity on the Board in the coming years, the Company plans to consider female senior management personnel with the appropriate skills and experience for directorship positions. Moreover, the Company will focus on enhancing gender diversity in its recruitment processes.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee monitored the implementation of the Board Diversity Policy, and reviewed the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee also included in our annual corporate governance report a summary of the Board Diversity Policy together with measurable objectives set for implementing the Board Diversity Policy, the progress made towards achieving those objectives, as well as the Board's composition from a diversity perspective.

During the Reporting Period, the Nomination Committee reviewed the composition of the Board of Directors and concluded that the Company had met the diversification requirements with regard to skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. The Nomination Committee discussed on the nomination work for a female director on or before the year end of 2024. As at December 31, 2024, the female ratio of the Board and the workforce were approximately 11.1% and 16.4% respectively. The Board will continue to review the objective and plan of gender diversity in future. When making the appointment and re-appointment of Directors in the future, the Nomination Committee will nominate new Directors pursuant to the requirements of the Board Diversity Policy to achieve the objective of diversity in Board members.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure that the Company maintains sound and effective internal controls to safeguard our Shareholders' investment and the Group's assets at all times. In order to ensure the internal control operate effectively, the Company has adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The Board reviews the risk management and internal controls annually. Highlights of the Company's internal control system include the following:

(a) Code of conduct. Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behavior.

(b) Internal audit. Our internal audit team regularly monitors key controls and procedures in order to assure our management and the Board of Directors that the internal control system is functioning as intended. The Audit Committee of the Board of Directors is responsible for supervising our internal audit function.

(c) Compliance with Listing Rules. Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by the Directors.

(d) Enhanced internal control procedures to prevent the recurrence of non-compliance incidents. The Company also adopted a number of enhanced internal control procedures to prevent the recurrence of noncompliance incidents.

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. Our risk management process starts with identifying the major risks associated with our corporate strategy, goals and objectives. Each of our operating departments is responsible for identifying and analyzing risks associated with its function, maintaining a comprehensive risk register, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting the status of risk management. Our audit personnel, the Audit Committee of the Board of Directors, and ultimately the Board of Directors supervise the implementation of our risk management policy at the corporate level by bringing together each operating department, such as quality control, research and development and sales, to collaborate on risk issues among different functions.

The Board of Directors and the senior management are accountable for the overall responsibility in respect of monitoring the implementation of internal control and risk management procedures and other measures in the Group. The Company's risk management and internal control system aims at managing but not eliminating the risk for not being able to achieve the business objective. Moreover, only reasonable but not absolute guarantee is made for materially untrue statement or loss. The Board of Directors will conduct an examination on the Company's risk management and internal control system once per year. The Board of Directors has confirmed that it has examined the effectiveness of the Company's risk management and internal control system as of December 31, 2024. The Board believed that the Company's risk management and internal control system is effective and sufficient. The Company's risk management and internal control system can effectively guide against such risks existing in the operation.

We have appointed and renewed the appointment of external professional advisors (including the auditor, legal or other advisors) for provision of professional suggestions in respect of how we observe all applicable related laws and regulations.

THE DIRECTORS' LIABILITY TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company has not encountered with any significant and uncertain events and circumstances that might produce significant doubts on the Company's capability of its continuous operation of business. The Board of Directors has confirmed that it is responsible for the preparation of the Group's Consolidated Financial Statements as of December 31, 2024.

REMUNERATION OF AUDITOR

During the Reporting Period, the Company has appointed Deloitte Touche Tohmatsu, Certified Public Accountants, an international accounting firm, to provide the Company with auditing service in accordance with IFRS and the amounts of remuneration in connection to annual audit service are RMB4.5 million. The responsibilities of Deloitte Touche Tohmatsu as to the Consolidated Financial Statements are set out on pages 73 to 77 of this annual report.

Non-audit services provided to the Group during the year ended December 31, 2024 of approximately RMB3.3 million represented the fee for the assurance of the environmental, social and governance report of the Company, the review of continuous connected transactions, the relevant services of circular of major transaction and interim fee for review of the unaudited interim financial statements.

SHAREHOLDERS' RIGHTS

SHAREHOLDERS HAVE THE RIGHT TO INITIATE AND CONVENE THE GENERAL MEETING

In accordance with the provisions of the Articles of Association of the Company, Shareholders shall be entitled to the following right: Any one or more Shareholder of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group at a general meeting. Proposals shall be sent to the Board or the company secretary in writing to the company secretary at the Company's principal place of business in Hong Kong at Room 2001, 20/F., Sino Plaza, No. 255 Gloucester Road, Causeway Bay, Hong Kong.

SHAREHOLDERS ARE ENTITLED TO THE INQUIRY RIGHT

Shareholders are entitled to make enquiries to the Board should by sending written enquiries to the Company at its principal place of business in Hong Kong at Room 2001, 20/F., Sino Plaza, No. 255 Gloucester Road, Causeway Bay, Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner.

COMMUNICATIONS WITH SHAREHOLDERS

The Company believes that effective communications 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 Company highly values Shareholders' opinions and suggestions, and actively organizes and conducts various activities related to the relationship with investors in order to keep the communications with the Shareholders, and to timely satisfy the reasonable demands of all Shareholders.

To enhance effective communication, the Company maintains its website at http://www.risun.com where latest information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The 2024 annual general meeting (the "AGM") of the Company will be held on May 30, 2025. The notice of the AGM will be sent to Shareholders at least 21 clear days before the AGM.

RELATIONSHIP WITH INVESTORS

The Company believes that good relationship with investors may help build more stable and consolidated shareholder base. As a result, since the Listing, the Company has been and will be dedicated to maintaining a higher degree of transparency, observing the Listing Rules and timely providing investors with comprehensive and accurate information, and sustainably performing the obligation of disclosing the information as a listed company. The Company will strengthen its communications with investors and let investors understand corporate strategies and business operation by organizing roadshows, participating in investor summits, voluntary information disclosure and others.

The Company will continue to maintain open-up and effective investors communication policies for purposes of timely providing investors with the latest information on the Company's business.

ARTICLES OF ASSOCIATION

During the Reporting Period, there is no amendment to the Articles of Association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Company has complied with the provisions of "Comply or Explain" stated in the Environmental, Social and Governance ("ESG") Reporting Guide. Please refer to "Environmental, Social and Governance Report" for details.

Deloitte. 德勤

TO THE SHAREHOLDERS OF CHINA RISUN GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Risun Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 78 to 193, which comprise the consolidated statement of financial position as at December 31, 2024, 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 material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as 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"). 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 "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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 judgment, 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
Revenue recognition from contracts with customers	
We identified revenue recognition from contracts with customers attributable to the coke and coking chemicals manufacturing segment as a key audit matter because the amount and the increase in revenue are significant. Furthermore, revenue from contracts with customers is a key performance indicator of the Group and therefore there is a high inherent risk of overstatement. As disclosed in note 6 to the consolidated financial statements, the Group recognized revenue from contracts with external customers attributable to the coke and coking chemicals manufacturing segment amounting to RMB17,642,275,000 for the year ended December 31, 2024.	Our audit procedures in relation to revenue recognition from contracts with customers attributable to the coke and coking chemicals manufacturing segment included: • Understanding the key controls relevant to our audit on revenue recognition from contracts with customers; • Performing analytical procedures to assess the reasonableness of the unit selling price, and compare the quantity sales against the quantity production and the quantity of freight charges; • Obtaining confirmations for the sales to the major customers; and • Checking, on a sample basis, the recorded transactions by examining the underlying supporting evidences such as receipt notes, final settlements, delivery notes, and sales contracts.

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 IFRS Accounting Standards as 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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 this independent auditor's report is Lam Kam Chiu.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
March 28, 2025

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**47,542,739**	46,065,896
Cost of sales and services		**(44,053,177)**	(42,740,946)
Gross profit		**3,489,562**	3,324,950
Other income	7	**586,120**	507,618
Other gains and losses	8	**(91,656)**	332,412
Impairment losses under expected credit loss model, net of reversal	9	**61,616**	(111,245)
Selling and distribution expenses		**(1,488,932)**	(1,185,064)
Administrative expenses		**(1,142,772)**	(1,060,768)
Profit from operations		**1,413,938**	1,807,903
Finance costs	10	**(1,410,397)**	(1,349,745)
Share of results of associates		**30,899**	89,552
Share of results of joint ventures		**74,957**	134,038
Profit before taxation	11	**109,397**	681,748
Income tax (expense) credit	13	**(11,594)**	307,801
Profit for the year		**97,803**	989,549
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**39,206**	17,908
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties	16	**54,822**	152,958
Income tax relating to revaluation of properties	25	**(13,706)**	(38,240)
Other comprehensive income for the year		**80,322**	132,626
Total comprehensive income for the year		**178,125**	1,122,175

	Notes	2024 RMB'000	2023 RMB'000
Profit for the year attributable to:			
Owners of the Company		**20,133**	860,814
Non-controlling interests		**77,670**	128,735
		97,803	989,549
Total comprehensive income for the year attributable to:			
Owners of the Company		**100,455**	993,440
Non-controlling interests		**77,670**	128,735
		178,125	1,122,175
Earnings per share (RMB)	*15*		
Basic		**0.005**	0.195

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	16	27,831,672	26,897,389
Right-of-use assets	17	1,681,495	2,217,125
Investment properties	18	1,896,640	176,380
Goodwill	19	212,347	232,435
Intangible assets	20	1,209,276	1,280,705
Interests in associates	21	872,815	707,622
Interests in joint ventures	22	2,989,657	2,952,096
Other long-term receivables and prepayments	23	910,093	1,214,254
Financial assets at fair value through profit or loss ("FVTPL")	24	392,629	577,466
Deferred tax assets	25	187,050	144,336
Restricted bank balances	28	238,000	–
Bank deposits	29	–	16,000
Amounts due from related parties	39(c)	316,373	286,622
		38,738,047	36,702,430
Current assets			
Inventories	26	3,078,143	3,406,055
Income tax prepayments		22,727	34,160
Other receivables	27	9,291,403	6,585,017
Trade and bills receivables measured at fair value through other comprehensive income ("FVTOCI")	27	1,510,050	976,187
Amounts due from related parties	39(c)	2,722,544	2,489,698
Financial assets at FVTPL	24	25,206	11,581
Restricted bank balances	28	2,213,671	2,374,651
Bank deposits	29	151,159	–
Cash and cash equivalents	29	2,087,992	1,239,270
		21,102,895	17,116,619
Assets classified as held for sale		–	17,200
		21,102,895	17,133,819
Current liabilities			
Financial liabilities at FVTPL	24	95	3,838
Trade and other payables	30	9,204,744	8,773,615
Contract liabilities	31	2,093,425	2,401,064
Income tax payable		350,334	379,834
Bank and other loans	32	20,883,819	17,509,040
Lease liabilities	33	1,440	60,485
Amounts due to related parties	39(c)	1,262,161	827,552
		33,796,018	29,955,428

	Notes	2024 RMB'000	2023 RMB'000
Net current liabilities		**(12,693,123)**	(12,821,609)
Total assets less current liabilities		**26,044,924**	23,880,821
Non-current liabilities			
Bank and other loans	*32*	**9,488,091**	8,196,603
Lease liabilities	*33*	**2,134**	539,410
Deferred income	*34*	**153,136**	125,595
Deferred tax liabilities	*25*	**464,522**	419,879
Trade and other payables	*30*	**49,376**	104,714
Amounts due to related parties	*39(c)*	**10,983**	22,175
		10,168,242	9,408,376
NET ASSETS		**15,876,682**	14,472,445
Capital and reserves			
Share capital	*35*	**385,172**	382,246
Reserves	*36*	**12,374,602**	12,516,170
Total equity attributable to owners of the company		**12,759,774**	12,898,416
Non-controlling interests		**3,116,908**	1,574,029
TOTAL EQUITY		**15,876,682**	14,472,445

The consolidated financial statements on pages 78 to 193 were approved and authorised for issue by the board of directors on March 28, 2025 and are signed on its behalf by:

Yang Xuegang
DIRECTOR

Han Qinliang
DIRECTOR

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury Stocks RMB'000	Share premium RMB'000	Merger reserve RMB'000	Reserve fund RMB'000	Safety fund RMB'000	Foreign currency transaction reserve RMB'000	Revaluation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at December 31, 2022	382,246	–	3,007,156	19,869	1,470,960	39,337	11,741	–	128,968	7,050,153	12,110,430	484,599	12,595,029
Profit for the year	–	–	–	–	–	–	–	–	–	860,814	860,814	128,735	989,549
Other comprehensive income	–	–	–	–	–	–	17,908	114,718	–	–	132,626	–	132,626
Net transfer to safety fund	–	–	–	–	–	4,725	–	–	–	(4,725)	–	–	–
Transfer to reserve fund	–	–	–	–	199,502	–	–	–	–	(199,502)	–	–	–
Repurchase of shares and pending for cancellation *(note 35)*	–	(37,173)	–	–	–	–	–	–	–	–	(37,173)	–	(37,173)
Partial disposal of subsidiaries	–	–	–	–	–	–	–	–	88,318	–	88,318	411,682	500,000
Acquisition of a subsidiary *(note 37)*												630,113	630,113
Dividend declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(81,100)	(81,100)
Dividends appropriation *(note 14)*	–	–	–	–	–	–	–	–	–	(256,599)	(256,599)	–	(256,599)
Balance at December 31, 2023	382,246	(37,173)	3,007,156	19,869	1,670,462	44,062	29,649	114,718	217,286	7,450,141	12,898,416	1,574,029	14,472,445

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury Stocks RMB'000	Share premium RMB'000	Merger reserve RMB'000	Reserve fund RMB'000	Safety fund RMB'000	Foreign currency transaction reserve RMB'000	Revaluation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at December 31, 2023	382,246	(37,173)	3,007,156	19,869	1,670,462	44,062	29,649	114,718	217,286	7,450,141	12,898,416	1,574,029	14,472,445
Profit for the year	–	–	–	–	–	–	–	–	–	20,133	20,133	77,670	97,803
Other comprehensive income	–	–	–	–	–	–	39,206	41,116	–	–	80,322	–	80,322
Issue of shares *(note 35)*	4,802	–	139,253	–	–	–	–	–	–	–	144,055	–	144,055
Repurchase of shares as treasury stocks *(note 35)*	–	(323,045)	–	–	–	–	–	–	–	–	(323,045)	–	(323,045)
Cancellation of shares *(note 35)*	(1,876)	62,802	(60,926)	–	–	–	–	–	–	–	–	–	–
Net transfer to safety fund	–	–	–	–	–	(10,052)	–	–	–	10,052	–	–	–
Transfer to reserve fund	–	–	–	–	152,413	–	–	–	–	(152,413)	–	–	–
Partial disposal of subsidiaries	–	–	–	–	–	–	–	–	26,582	–	26,582	1,523,749	1,550,331
Withdrawal of capital investment from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	(13,540)	(13,540)
Dividend declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(45,000)	(45,000)
Dividends appropriation *(note 14)*	–	–	–	–	–	–	–	–	–	(86,689)	(86,689)	–	(86,689)
Balance at December 31, 2024	385,172	(297,416)	3,085,483	19,869	1,822,875	34,010	68,855	155,834	243,868	7,241,224	12,759,774	3,116,908	15,876,682

	2024 RMB'000	2023 RMB'000
Operating activities		
Profit before taxation	**109,397**	681,748
Adjustments for:		
Finance costs	**1,410,397**	1,349,745
Interest income	**(225,651)**	(161,863)
Share of results of associates	**(30,899)**	(89,552)
Share of results of joint ventures	**(74,957)**	(134,038)
Gain on remeasurement of the equity interest previously held upon a step acquisition	**–**	(251,158)
Impairment losses under expected credit loss model, net of reversal	**(61,616)**	111,245
Depreciation of property, plant and equipment	**2,085,650**	2,074,754
Depreciation of right-of-use assets	**107,102**	128,776
Amortization of intangible assets	**139,019**	130,615
Impairment of property, plant and equipment	**–**	67,715
Impairment of Goodwill	**20,088**	–
Loss on disposal of property, plant and equipment	**6,980**	5,988
Gain on disposal of right-of-use assets	**(17,787)**	–
Gain on disposal of a subsidiary	**(10,413)**	–
Deferred income released to profit or loss	**(15,835)**	(13,273)
Change in fair value of investment property	**19,609**	(177)
Change in fair value of financial assets/ liabilities at FVTPL	**76,389**	118,401
Foreign exchange gain	**(10,980)**	(9,424)
Gain on provision for a legal arbitration	**–**	(154,606)
Gain on settlement of a loan payable to a non-controlling shareholder	**–**	(49,925)
Operating cash flows before movements in working capital	**3,526,493**	3,804,971
Decrease in inventories	**328,132**	125,437
Increase in amounts due from related parties	**(706,714)**	(1,125,085)
Increase in amounts due to related parties	**121,792**	550,023
Increase in other receivables	**(1,867,583)**	(312,337)
Increase in trade and bills receivables measured at FVTOCI	**(712,041)**	(137,738)
Increase/(decrease) in trade and other payables	**1,154,099**	(934,004)
(Decrease)/increase in contract liabilities	**(307,646)**	341,226
Decrease in other long-term receivables and prepayments	**16,000**	34,108
Cash generated from operations	**1,552,532**	2,346,601
Income tax paid, net of tax refunded	**(116,265)**	(142,232)
Net cash generated from operating activities	**1,436,267**	2,204,369

	Note	2024 RMB'000	2023 RMB'000
Investing activities			
Purchase of property, plant and equipment		**(2,677,954)**	(1,930,098)
Proceeds from disposal of property, plant and equipment		**535**	930
Purchase of right-of-use assets		**(86,755)**	(85,911)
Proceeds from disposal of right-of-use assets		**–**	20,000
Purchase of intangible assets		**(67,590)**	(53,490)
Purchase of financial assets at FVTPL		**(114,317)**	(110,419)
Loan to third parties		**(250,000)**	(500,000)
Repayment of loan to third parties		**200,000**	–
Proceeds from disposal of financial assets at FVTPL		**205,397**	1,145,817
Net cash (outflow) inflow on acquisition of subsidiaries	*37*	**(160,365)**	1,358,889
Net cash inflow on disposal of a subsidiary		**16,004**	11,494
Net cash inflow on disposal of an associate		**17,200**	–
Interest received		**114,026**	49,457
Government grants received		**46,914**	29,501
Dividends received from a joint venture		**–**	142,198
Dividends received from associates		**9,346**	47,391
Placement of restricted bank balances		**(7,546,982)**	(6,102,726)
Withdrawal of restricted bank balances		**7,469,962**	5,108,605
Placement of fixed deposits		**(135,159)**	(16,000)
Withdrawal of fixed deposits		**–**	850,010
Deposits for other loans		**(137,265)**	(297,191)
Placement of loans to related parties		**(659,939)**	(1,541,656)
Withdrawal of loans to related parties		**263,904**	249,855
Investments in joint ventures		**(8,500)**	(51,000)
Investments in associates		**(142,207)**	(38,265)
Net cash used in investing activities		**(3,643,745)**	(1,712,609)

	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Issue of shares	*35*	**144,055**	–
Repurchase of shares as treasury stocks	*35*	**(323,045)**	(37,173)
Capital contribution from non-controlling shareholders		**1,550,331**	699,680
Acquisition of non-controlling interests		**–**	(106,698)
Withdrawal of capital investment from a non-controlling shareholder		**(13,540)**	–
Dividend paid to shareholders		**(86,689)**	(256,599)
Interest paid		**(1,301,929)**	(1,283,466)
Dividend paid to non-controlling interests		**(78,100)**	(48,000)
Proceeds from new bank and other loans		**21,881,147**	16,126,035
Repayment of bank and other loans		**(18,659,955)**	(15,401,609)
Repayment of lease liabilities		**(37,870)**	(69,325)
Decrease in amount due to a related party		**(23,530)**	(78,000)
Net cash generated from (used in) financing activities		**3,050,875**	(455,155)
Net increase in cash and cash equivalents		**843,397**	36,605
Cash and cash equivalents at the beginning of the year		**1,239,270**	1,200,669
Effect of foreign exchange rate changes		**5,325**	1,996
Total cash and cash equivalents at the end of the year		**2,087,992**	1,239,270

1. GENERAL INFORMATION

China Risun Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed "Corporate Information" section to the annual report.

The ultimate holding company and immediate holding company of the Company is Texson Limited ("Texson", the "Ultimate Holding Company"), a company incorporated in the British Virgin Islands (the "BVI"), and ultimately controlled by Mr. Yang Xuegang (the "Ultimate Controlling Shareholder").

The principal activities of the subsidiaries are set out in note 45. The consolidated financial statements of the Company and its subsidiaries (collectively referred to the "Group") are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2024, the Group had net current liabilities of RMB12,693 million. The directors of the Company (the "Directors") are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB8,201 million at the report date, of which RMB7,801 million is unconditional and RMB400 million is the outstanding portion of a syndicated loan for special purpose of construction of certain production line, and the assumption that approximately 55% of bank loans and other banking facilities at December 31, 2024 will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year *(continued)*

3.1 Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The followings are the impact of the application of the amendments:

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year *(continued)*

3.1 ***Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")*** *(continued)*

Borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date

The Group's right to defer settlement for borrowings of RMB1,770,042,000 and RMB16,622,000 as at January 1, and December 31, 2024, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the current and prior years presented.

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after January 1, 2025
3 Effective for annual periods beginning on or after January 1, 2026
4 Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to IFRS Accounting Standards in issue but not yet effective *(continued)*

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Basis of Preparation of Financial Statements* and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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 and by the Hong Kong Companies Ordinance.

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 where the Company:

- has 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of consolidation *(continued)*

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 statements 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 Group 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.

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

All intra-group 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

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Business combinations or asset acquisitions

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; (b) the underlying asset is of low value. Right-of-use assets are recognized 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations *(continued)*

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 assessment, the net amount 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 recognized 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 recognized 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.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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 (or group of cash-generating units) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Goodwill *(continued)*

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit (or a group of cash-generating units) may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) 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 cash-generating units).

Interests 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 or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. 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 recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize 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 a 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 recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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 recognized 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 recognized immediately in profit or loss in the period in which the investment is acquired.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Interests in associates and joint ventures *(continued)*

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 *Impairment of Assets* ("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 recognized 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 recognized 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 be recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value on the date it lost significant influence or joint control over the investee and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits or losses resulting from the transactions with the associate or joint venture are recognized 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

Information about the Group's accounting policies relating to contracts with customers is provided in note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized 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 in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Lease liabilities

At the commencement date of a lease, the Group recognizes 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 less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- amounts expected to be paid under residual value guarantees.

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 or there is a change in the assessment of exercise of a purchase option, 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 market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as a lessor *(continued)*

Classification and measurement of leases (continued)

Rental income from operating lease is recognized 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 recognized as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognized as income when they arise.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Borrowing costs

Borrowing costs directly attributable to the acquisition of qualifying 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 capitalization 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 capitalization.

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

Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes 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 recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational 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 recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation 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 each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary difference associated with investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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.

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 is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each 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 each reporting period, to recover or settle the carrying amounts of its assets and liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation *(continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes 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 *Income Taxes* requirements to the lease liabilities and right-of-use assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable 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 recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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 properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment *(continued)*

Properties in the course of construction for production, supply of goods or services, or for administrative purposes are carried at cost, less any recognized 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 capitalized 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 recognized 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.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognized in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognized so as to write off the costs (other than properties under construction) less their residual values over their 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 derecognized 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 net disposal proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include leased properties which are being recognized as right-of-use assets and subleased by the Group under operating leases.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Investment properties *(continued)*

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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 acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized 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 amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

At the end of each 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 cash-generating unit (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 basis of allocation 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

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 the CGU) for which the estimates of future cash flows have not been adjusted.

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 the 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 cash-generating unit, 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 a group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if applicable), 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 a group of CGUs. An impairment loss is recognized immediately in profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; 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 and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. 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 cash and cash equivalents as defined above.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using weighted average cost formula. Net realizable value represents the estimated selling price for inventories less all estimated costs to completion and the 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.

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/ properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. 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.

Properties for/under development for sale are transferred to properties for sale upon completion.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Provisions *(continued)*

Contingent liabilities *(continued)*

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade day 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 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized 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 amortized cost:

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

All other financial assets are subsequently measured at FVTPL, except that at the date of 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 ("OCI") if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and 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 recognized by applying the effective interest rate to the amortized 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 recognized 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, are recognized in profit or loss. All other changes in the carrying amount of these receivables are recognized in OCI and accumulated under the other reserve. Impairment allowance are recognized in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these receivables had been measured at amortized cost. When these receivables are derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized 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.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including other long-term receivables, other receivables, trade and bills receivables measured at FVTOCI, amounts due from related parties, restricted bank balances, bank deposits and cash and cash equivalents) and financial guarantee contracts which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at the end of each reporting period 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 represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of each reporting period. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of each reporting period as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and amounts due from related parties arising from contracts with customers. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings except that significant balances or credit-impaired receivables are assessed individually.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

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

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 end of each reporting period with the risk if 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.

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;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

Significant increase in credit risk *(continued)*

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A financial instrument 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 debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

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 all amounts due in accordance with the contractual terms.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

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, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost and effort.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

Measurement and recognition of ECL *(continued)*

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtors or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables and other receivables are considered on a collective 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;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

For financial guarantee contracts, the loss allowances are recognized at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognized less, where appropriate, cumulative amount of income recognized over the guarantee period.

Except for trade and bill receivables measured at FVTOCI and financial guarantee contract, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables where the corresponding adjustment is recognized through a loss allowance account. For trade and bill receivables measured at FVTOCI, the loss allowance is recognized in OCI and accumulated in the other reserve without reducing the carrying amounts of these debt receivables. Such amount represents the changes in the other reserve in relation to accumulated loss allowance.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 8) as part of the net foreign exchange gains/(losses);

- For debt instruments/receivables measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument/receivables are recognised in profit or loss in the 'Other gains and losses' line item (note 8) as part of the net foreign exchange gains/(losses). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the FVTOCI/revaluation reserve;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 8);

Derecognition of financial assets

The Group derecognizes a financial asset only when the rights to receive cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the other reserve is reclassified to profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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 Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

Financial liabilities at amortized cost

Financial liabilities at amortized cost, including trade and other payables, amounts due to related parties and bank and other loans, are initially measured at fair value, net of transaction costs. Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognized less, where appropriate, cumulative amortization recognized over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency, not part of a designated hedging relationship and measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss (note 8) as part of net foreign exchange gains/(losses).

The fair value of financial liabilities, denominated in a foreign currency and not part of a designated hedging relationship, is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 recognized in the period in which the estimates is 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 is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue recognition

Application of various accounting principles related to the measurement and recognition of revenue requires the Group to make judgements and estimates. Specifically, significant judgments include determining whether the Group is acting as the principal in a transaction. The Group is a principal in a transaction if the Group obtains control of the products sold or services provided before they are transferred to customers. When the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the Directors have determined the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. The Group has recognised deferred tax on changes in fair value of investment properties.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are as follows:

Impairment of goodwill, property, plant and equipment

In determining whether an asset is impaired, the management makes an estimation of recoverable amount of an individual asset or the cash-generating unit to which the asset belongs, and has to exercise judgement and make significant degree of estimation in determining the recoverable amount of the assets, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment of goodwill, property, plant and equipment *(continued)*

In determining whether goodwill is impaired, the management makes an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value.

Changing the assumptions selected by management to determine the level of impairment, including product price, volume of sales and growth rate, gross profit ratio or discount rate assumptions used in estimating future cash flows, could materially affect the net present value used in the impairment test. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2024, the carrying amount of property, plant and equipment less accumulated depreciation and accumulated impairment losses was RMB27,831,672,000 (2023: RMB26,897,389,000), the carrying amount of goodwill is RMB212,347,000 (2023: RMB232,435,000), after recognition of impairment loss on goodwill of RMB20,088,000 (2023: Nil). Details of the impairment assessment of goodwill are disclosed in note 19.

Impairment of interests in associates

The Group assesses whether there is any objective evidence of impairment of interests in associates at the end of each reporting period. Test for impairment is required when there is an objective evidence that the carrying amount may not be recoverable. For the interests in associates, an impairment exists when its carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation for the interests in associates requires the Group to estimate the future cash flows expected to arise from the associates and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. The carrying amount of interests in associates as at December 31, 2024 were RMB872,815,000 (2023: RMB707,622,000).

Estimated impairment of doubtful receivables

The Group recognizes lifetime ECL for trade receivables, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast conditions at end of the reporting period. In addition, the Group recognizes lifetime ECL for other receivables when there has been a significant increase in credit risk since initial recognition. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. Further details are included in note 41.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Taxation

Determining tax provisions involves judgement on the future tax treatments of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account of all changes in tax legislations.

The recognition of deferred tax assets require formal assessment by the Group of the future profitability of related operations. In making this judgement, the Group evaluates, amongst other factors, the forecast financial performance, changes in technology and future assessable profits or taxable temporary differences. Where the expectations are different from the original estimates, a reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such estimates are changed. Further details are included in note 25.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 18.

In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, changes in policy direction and/or mortgage requirements would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, the carrying amount of the Group's investment properties is RMB1,896,640,000 (2023: RMB176,380,000).

6. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue represents the amount received and receivable from the sales of goods to external customers arising from the coke and coking chemicals, refined chemicals, operation management services, trading and sales of properties arising from property development.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue from the sales of goods directly to customers is recognized when control of the goods has been transferred, being when the products are accepted by the customers at the customer's specific destination or the Group's plants. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. A receivable is recognized by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Customers have no right to return the products purchased once accepted.

Revenue from the management service provided to customers is recognized over time when services are provided.

Revenue from sales of properties is recognized at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

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 recognizes 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.

Operating segment

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

- Coke and coking chemicals manufacturing segment: the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group's coking facilities;

- Refined chemicals manufacturing segment: the purchase of coking chemicals from the Group's coke and coking chemicals manufacturing segment and third parties, and processing such coking chemicals into refined chemical products at the Group's refined chemicals facilities, as well as marketing and selling such refined chemicals;

- Operation management segment: the operation management service provided to the third-party plants, providing of raw materials and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts;

- Trading segment: the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of such coal chemicals; and

- Others segment: developing and selling commercial and residential properties.

The CODM reviews operating results and financial information for each operating company separately. Accordingly, each operating company, including associates and joint ventures held by the relevant operating company, is identified as an operating segment. Those operating companies are aggregated into coke and coking chemicals manufacturing segment, refined chemicals manufacturing segment, operation management segment, trading segment and others segment respectively for segment reporting purpose after taking into account that those operating companies are operating in similar business model with similar target group of customers, similar products and similar methods used to distribute their products. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4.

Segment results, assets and liabilities

The CODM monitors the results, assets and liabilities attributable to each reporting segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

All assets are allocated to segment assets other than unallocated head office and corporate assets. All liabilities are allocated to segment liabilities other than unallocated head office and corporate liabilities.

To arrive at segment results, the Group's earnings are adjusted for unallocated head office and corporate expenses which are not specifically attributable to individual segments.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Segment results, assets and liabilities *(continued)*

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter segment sales and share of profits or losses of associates and joint ventures), depreciation, amortization and additions to non-current segment assets used by the segments in their operations.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

The following is an analysis of the Group's results, assets and liabilities by reportable segments:

	Year ended/as at December 31, 2024					
	Coke and Coking Chemicals Manufacturing RMB'000	Refined Chemicals Manufacturing RMB'000	Operation Management RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with external customers						
Sale of coke and coking chemicals	17,642,275	–	–	–	–	17,642,275
Sale of refined chemicals	–	20,729,404	4,171,256	–	–	24,900,660
Trading	–	–	–	4,740,319	–	4,740,319
Management services	–	–	53,878	–	–	53,878
Sales of properties	–	–	–	–	205,607	205,607
	17,642,275	20,729,404	4,225,134	4,740,319	205,607	47,542,739
Inter-segment revenue	1,874,687	675,230	–	–	–	2,549,917
Reportable segment revenue	19,516,962	21,404,634	4,225,134	4,740,319	205,607	50,092,656
Reportable segment results	86,687	555,514	54,665	(271,582)	8,152	433,436
Unallocated head office and corporate expenses						(324,039)
Profit before taxation						109,397
Reportable segment assets (including interests in associates and joint ventures)	20,691,175	22,583,766	503,557	11,937,500	513,725	56,229,723
Reportable segment liabilities	15,054,904	15,863,939	314,370	10,628,364	187,521	42,049,098
Other information:						
Additions to non-current segment assets during the year	1,296,181	1,012,810	–	147,332	–	2,456,323
Share of results of associates	(36,454)	67,353	–	–	–	30,899
Share of results of joint ventures	74,957	–	–	–	–	74,957
Depreciation and amortization for the year	1,118,422	1,137,615	13,182	31,072	–	2,300,291

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Segment results, assets and liabilities *(continued)*

	Year ended/as at December 31, 2023					
	Coke and Coking Chemicals Manufacturing RMB'000	Refined Chemicals Manufacturing RMB'000	Operation Management RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with external customers						
Sale of coke and coking chemicals	18,077,005	–	–	–	–	18,077,005
Sale of refined chemicals	–	18,680,876	2,013,254	–	–	20,694,130
Trading	–	–	–	7,168,375	–	7,168,375
Management services	–	–	3,597	–	–	3,597
Sales of properties	–	–	–	–	122,789	122,789
	18,077,005	18,680,876	2,016,851	7,168,375	122,789	46,065,896
Inter-segment revenue	1,792,586	188,079	–	–	–	1,980,665
Reportable segment revenue	19,869,591	18,868,955	2,016,851	7,168,375	122,789	48,046,561
Reportable segment results	395,487	459,005	(33,166)	(172,518)	18,405	667,213
Unallocated head office and corporate expenses						(236,623)
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(note 8)*						251,158
Profit before taxation						681,748
Reportable segment assets (including interests in associates and joint ventures)	21,337,867	21,601,809	858,751	8,466,736	624,281	52,889,444
Reportable segment liabilities	13,518,610	15,082,920	683,253	9,579,997	295,778	39,160,558
Other information:						
Additions to non-current segment assets during the year	1,140,530	813,982	182,112	100,574	14	2,237,212
Share of results of associates	40,930	48,622	–	–	–	89,552
Share of results of joint ventures	134,038	–	–	–	–	134,038
Depreciation and amortization for the year	1,073,599	1,192,737	20,853	15,541	46	2,302,776
Impairment losses on property, plant and equipment recognized in profit or loss	–	67,715	–	–	–	67,715

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Segment results, assets and liabilities *(continued)*

Reconciliations of reportable segment revenue, results, assets and liabilities.

	Year ended/as at December 31	
	2024	2023
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	**50,092,656**	48,046,561
Elimination of inter-segment revenue	**(2,549,917)**	(1,980,665)
Consolidated revenue	**47,542,739**	46,065,896
Results		
Reportable segment results	**433,436**	667,213
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(note 8)*	**–**	251,158
Unallocated head office and corporate expenses	**(324,039)**	(236,623)
Profit before taxation	**109,397**	681,748
Assets		
Reportable segment assets	**56,229,723**	52,889,444
Unallocated head office and corporate assets *(Note)*	**3,611,219**	946,805
Consolidated total assets	**59,840,942**	53,836,249
Liabilities		
Reportable segment liabilities	**42,049,098**	39,160,558
Unallocated head office and corporate liabilities *(Note)*	**1,915,162**	203,246
Consolidated total liabilities	**43,964,260**	39,363,804

Note: Included in unallocated head office and corporate assets and unallocated head office and corporate liabilities as at December 31, 2024 were mainly assets and liabilities acquired through acquisition of Risun Chemicals Technology Research Co., Ltd. as set out in note 37.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Segment results, assets and liabilities *(continued)*

Geographic information

Except for the cost of interests in joint ventures and an associate amounting to RMB1,262,486,000 (2023: RMB1,331,798,000) and RMB219,467,000 (2023: RMB219,467,000) respectively, and share of post-acquisition results of the abovesaid investees amounting to RMB139,749,000 (2023: RMB17,250,000) which were operated in Indonesia, and 3% (2023: 3%) of the Group's revenue which were derived from external customers incorporated outside the PRC, the Group's revenue and profit were derived from the PRC and all principal assets employed by the Group are located in the PRC during the reporting period.

Major customers

No individual customer had transactions exceeding 10% of the Group's revenue for both periods presented. Details of concentrations of credit risk are set out in note 41.

7. OTHER INCOME

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Interest income	**225,651**	161,863
Value-added Tax ("VAT") concession *(Note a)*	**212,742**	196,909
Production waste sales	**46,516**	24,443
Government grants *(Note b)*	**49,120**	78,953
Others	**52,091**	45,450
	586,120	507,618

Notes:

a. During the year ended December 31, 2024 and 2023, certain subsidiaries of the Company are qualified as "Advanced Manufacturing Enterprises", which are eligible for an extra 5% VAT deduction based on their deductible input VAT during the period from January 1, 2023 to December 31, 2027.

b. Government grants were received from several local government authorities as subsidies for the Group's contribution to the environmental protection, energy conservation recycling resources, foreign investment and infrastructure construction.

8. OTHER GAINS AND LOSSES

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Fair value (loss) gain of financial assets/liabilities at FVTPL:		
– Listed equity securities	**(38,133)**	(38,578)
– Unlisted equity securities	**30,890**	1,673
– Private equity investment funds	**(67,058)**	(43,927)
– Futures contracts	**5,905**	37,170
– Derivative financial instruments	**(1,332)**	(39,488)
– Other non-derivative financial assets	**(756)**	1,919
Gain on settlement of a loan payable to a non-controlling shareholder *(Note a)*	**–**	49,925
Impairment losses of property, plant and equipment *(note 16)*	**–**	(67,715)
Impairment losses of Goodwill *(note 19)*	**(20,088)**	–
Loss on foreign exchange, net	**(27,103)**	(65,945)
Gain/(loss) on disposal of:		
– right-of-use assets	**17,787**	–
– property, plant and equipment	**(6,980)**	(5,988)
Fair value change of investment properties	**(19,609)**	177
Gain on disposal of a subsidiary	**10,413**	–
Gain on remeasurement of the equity interest in a joint venture upon acquisition of additional interests *(Note b)*	**–**	251,158
Decrease in provision for a legal arbitration *(Note c)*	**–**	154,606
Compensation for operation shutdown *(Note d)*	**–**	68,369
Others	**24,408**	29,056
	(91,656)	332,412

8. OTHER GAINS AND LOSSES *(continued)*

Notes:

a. In May 2023, the Group acquired a subsidiary, Hohhot Risun China Gas Energy Limited ("Risun China Gas"), as detailed in note 37. Risun China Gas and one of its shareholders Hohhot China Urban Gas Development Co., Ltd ("China Gas") entered into a supplementary agreement in December 2023, pursuant to which the balance of shareholder's loan provided by China Gas was settled and a gain of RMB49,925,000 was recognized to other gains and losses accordingly.

b. During the year ended December 31, 2023, the Group further acquired 12% equity interests in Risun China Gas as set out in note 37, the difference between the fair value of the equity interest previously held of RMB613,000,000 (note 37) and its carrying value of RMB361,842,000 (note 22) on the acquisition date was recognized as other gains.

c. During the year ended December 31, 2023, the Group finalized the negotiation and entered into a settlement agreement with the contractor. According to the agreement, the Group need to pay RMB200 million in instalment till the end of 2026, for the purchase of certain property, plant and equipment valued at RMB67 million and the settlement of the amount due to the Contractor. Thus, a decrease in provision amounting to RMB155 million, including the imputed interest of the amount payable to the Contractor amounting to RMB12 million, was recognized.

d. The amount mainly represented a compensation receivable from the local authority in relation to the termination of a project under development due to a change of regulation in 2021. A compensation agreement dated August 2023 was entered into by both parties and the compensation will be paid in instalments till April 30, 2025.

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

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Impairment losses (reversed) recognized on:		
Trade and other receivables	**(50,463)**	75,127
Other long-term receivables	**(16,374)**	(1,439)
Amounts due from related parties	**5,221**	37,557
	(61,616)	111,245

Details of impairment assessment are set out in note 41.

10. FINANCE COSTS

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Interest on bank loans	**952,104**	911,791
Interest on other loans	**349,825**	371,675
Finance expenses on bills receivable discounted	**105,364**	120,583
Finance charges on lease liabilities	**19,452**	34,305
	1,426,745	1,438,354
Less: Amount capitalized in construction in progress *(Note)*	**(16,348)**	(88,609)
	1,410,397	1,349,745

Note: The finance costs were capitalized at annual rates of 4.01%-5.90% per annum during the year ended December 31, 2024 (2023: 4.75%-9.20%).

11. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**1,170,548**	1,053,642
Contributions to retirement benefits scheme	**99,197**	96,973
Total staff costs	**1,269,745**	1,150,615
Capitalized in construction in progress	**(25,066)**	(98,030)
Capitalized in inventories	**(609,071)**	(594,189)
	635,608	458,396
Depreciation of property, plant and equipment	**2,085,737**	2,074,952
Depreciation of right-of-use assets	**107,102**	128,776
Amortization of intangible assets	**139,019**	130,615
Total depreciation and amortization	**2,331,858**	2,334,343
Capitalized in construction in progress	**(87)**	(198)
	2,331,771	2,334,145
Auditors' remuneration (including subsidiaries' auditors)	**9,085**	12,069
Gross rental income from investment properties	**4,500**	1,527
Cost of inventories recognized as an expense	**43,880,655**	42,354,655

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

	Year ended December 31, 2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Executive directors					
Yang Xuegang	–	5,797	–	66	5,863
Zhang Yingwei (Resigned on April 1, 2024)	–	200	–	16	216
Han Qinliang	–	800	300	66	1,166
Wang Fengshan (Retired on April 1, 2024)	–	200	–	–	200
Wang Nianping	–	800	300	–	1,100
Yang Lu	–	957	300	66	1,323
Li Qinghua (Appointed on April 1, 2024)	–	600	300	–	900
Lu Xiaomei (Appointed on April 1, 2024)	–	1,722	216	–	1,938
Subtotal	–	11,076	1,416	214	12,706
Independent non-executive directors					
Wang Yinping	389	–	–	–	389
Yu Kwok Kuen Harry	389	–	–	–	389
Kang Woon (Resigned on July 15, 2024)	227	–	–	–	227
Liu Xiaofeng (Appointed on October 10, 2024)	88	–	–	–	88
Subtotal	1,093	–	–	–	1,093
Total	1,093	11,076	1,416	214	13,799

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

	Year ended December 31, 2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Executive directors					
Yang Xuegang	–	5,694	–	63	5,757
Zhang Yingwei	–	800	400	63	1,263
Han Qinliang	–	800	400	63	1,263
Wang Fengshan	–	800	400	–	1,200
Wang Nianping	–	800	400	–	1,200
Yang Lu	–	940	400	46	1,386
Subtotal	–	9,834	2,000	235	12,069
Independent non-executive directors					
Wang Yinping	381	–	–	–	381
Yu Kwok Kuen Harry	381	–	–	–	381
Kang Woon	381	–	–	–	381
Subtotal	1,143	–	–	–	1,143
Total	1,143	9,834	2,000	235	13,212

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The emoluments of independent non-executive directors shown above were for their services as Directors.

Directors are entitled to bonus payments which are determined based on the duties and responsibilities of the Directors as well as the operating results of the Group.

Neither the chief executive nor any of the Directors waived any emoluments during the reporting period.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

Five highest paid individuals

The five highest paid individuals of the Group during the year ended December 31, 2024 included four Directors (2023: six), whose emoluments are disclosed above. The emoluments in respect of the remaining highest paid individuals during the reporting period are as follows:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Salaries and other emoluments	**1,100**	1,200
Retirement benefits scheme contributions	**66**	–
	1,166	1,200

Note: During the year ended December 31, 2023, two directors and one employee were all with the same remuneration and ranked as the fifth highest paid individuals.

The remunerations of the five (2023: seven) highest paid employees (including Directors) are within the following bands:

	Year ended December 31	
	2024	2023
	Number of employees	Number of employees
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**2**	5
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$6,000,000 to HK$6,500,000	**1**	1

During the reporting period, no amount was paid or payable by the Group to the Directors or any of the five (2023: seven) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. INCOME TAX EXPENSE (CREDIT)

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Current tax expense (credit)		
PRC income tax for the year	**98,198**	126,144
Reversal of income tax payable *(Note)*	**–**	(365,824)
Deferred tax credit *(note 25)*	**(86,604)**	(68,121)
	11,594	(307,801)

Note: In June 2023, three of the Group's wholly-owned subsidiaries which were acquired through acquisition of Wuhu Shunri Xinze Equity Investment Partnership (LP) ("Shunri Xinze") in 2021, a wholly-owned subsidiary of the Company, transferred all their businesses to another wholly-owned subsidiary of the Company and completed the necessary corporate tax closing procedures in compliance with the relevant rules and regulations and deregistered in July 2023. The Group recognized a reversal of income tax payable amounting to RMB365,824,000 in profit and loss based on the outcome of the corporate tax closing procedures.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group did not earn any income subject to any income tax in these jurisdictions during the reporting period.

The Group's subsidiaries in Hong Kong had no assessable profits for the years ended December 31, 2024 and 2023, and no provision for taxation is made.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% for the reporting period, except for certain subsidiaries which enjoyed tax rate of 15% due to relevant incentive policies.

During the years ended December 31, 2024 and 2023, certain subsidiaries of the Company are qualified as "High and New Tech Enterprises", which are subject to PRC enterprise income tax at the preferential rate of 15% of the estimated assessable profit as determined in accordance with relevant tax rules and regulations in the PRC. This preferential rate could be applied for three years, and the subsidiaries are eligible to apply the tax concession again upon expiry of the three-year period.

Certain subsidiaries of the Company operating in the PRC are eligible for tax holiday and concession. Pursuant to the relevant tax rules and regulation in the PRC, revenue from comprehensive utilization of resources ("資源綜合利用") is eligible for additional tax deduction.

13. INCOME TAX EXPENSE (CREDIT) *(continued)*

Income tax expense (credit) for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Profit before taxation	**109,397**	681,748
Tax at the PRC tax rate of 25%	**27,349**	170,437
Tax effect on:		
Share of results of associates and joint ventures	**(26,462)**	(55,897)
Non-deductible expenses	**4,842**	11,091
Unused tax losses and temporary differences not recognized	**117,329**	138,517
Utilization of tax losses previously not recognized	**–**	(13,928)
PRC tax concessions	**(111,464)**	(192,197)
Reversal of income tax payable	**–**	(365,824)
Income tax expense (credit) for the year	**11,594**	(307,801)

14. DIVIDENDS

	2024	2023
	RMB'000	RMB'000
Dividends recognized as distribution during the year:		
2024 Interim, paid – RMB¢0.78 per share	**33,821**	–
2023 Final, paid – RMB¢1.2 per share	**52,868**	–
2023 Interim, paid – RMB¢4.9 per share	**–**	216,782
2022 Final, paid – RMB¢0.9 per share	**–**	39,817
	86,689	256,599

Subsequent to the end of the reporting period, the final dividend in respect of the year ended December 31, 2024 of RMB2.22 cents per ordinary share, with total amount of RMB96,447,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

15. EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2024 and 2023 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares issued.

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended December 31	
	2024	2023
Earnings		
Profit attributable to the owners of the Company (RMB'000)	**20,133**	860,814
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,364,323,440**	4,422,693,814
Basic earnings per share (RMB)	**0.005**	0.195

No diluted earnings per share was presented for both years as there were no dilutive potential ordinary shares in issue for both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At January 1, 2023	7,151,757	12,930,945	56,702	123,477	8,337,774	28,600,655
Additions	–	7,831	14,185	48,894	1,863,373	1,934,283
Transfer from construction in progress	7,050,530	6,489,764	–	–	(13,540,294)	–
Acquisition of a subsidiary *(note 37)*	503,676	254,416	5,288	1,136	4,204,849	4,969,365
Transfer to investment properties *(note 18)*	(60,610)	–	–	–	–	(60,610)
Disposals	(2,748)	(19,577)	(9,078)	(1,568)	–	(32,971)
At December 31, 2023	14,642,605	19,663,379	67,097	171,939	865,702	35,410,722
Additions	–	126,228	15,953	11,573	2,050,757	2,204,511
Transfer from construction in progress	463,497	713,751	–	–	(1,177,248)	–
Acquisition of a subsidiary *(note 37)*	834,897	41	–	41	–	834,979
Transfer to investment properties *(note 18)*	(17,307)	–	–	–	–	(17,307)
Disposals and write-off	(27,704)	(118,504)	(8,725)	(566)	–	(155,499)
At December 31, 2024	15,895,988	20,384,895	74,325	182,987	1,739,211	38,277,406
Depreciation and impairment						
At January 1, 2023	1,882,311	4,435,368	42,663	71,956	–	6,432,298
Depreciation	632,132	1,413,980	10,055	18,785	–	2,074,952
Impairment	14,639	53,038	–	38	–	67,715
Transfer to investment properties *(note 18)*	(37,365)	–	–	–	–	(37,365)
Disposals	(982)	(15,658)	(6,185)	(1,442)	–	(24,267)
At December 31, 2023	2,490,735	5,886,728	46,533	89,337	–	8,513,333
Depreciation	613,399	1,433,431	11,433	27,474	–	2,085,737
Transfer to investment properties *(note 18)*	(12,531)	–	–	–	–	(12,531)
Disposals and write-off	(23,988)	(109,517)	(6,976)	(324)	–	(140,805)
At December 31, 2024	3,067,615	7,210,642	50,990	116,487	–	10,445,734
Carrying amounts						
At December 31, 2024	12,828,373	13,174,253	23,335	66,500	1,739,211	27,831,672
At December 31, 2023	12,151,870	13,776,651	20,564	82,602	865,702	26,897,389

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residuals, are depreciated on a straight-line basis as follows:

Buildings	20-30 years
Machinery and equipment	5-30 years
Motor vehicles	3-12 years
Office equipment	2-15 years

Details of the pledged property, plant and equipment are set out in note 44.

During the year ended December 31, 2024, buildings with fair value of RMB59,598,000 (2023: RMB176,203,000) was transferred to investment properties upon end of owner-occupation and a corresponding increase in fair value of RMB54,822,000 was recognized to other comprehensive income (2023: RMB152,958,000).

During the year ended December 31, 2023, the Group recognized impairment losses of RMB67,715,000 based on the fair value less costs of disposal related to property, plant and equipment of the hydrogen peroxide production line which was damaged due to a fire accident in September 2023.

17. RIGHT-OF-USE ASSETS

Carrying amount	**Leasehold lands** RMB'000	**Office and Equipment** RMB'000 *(Note a)*	**Total** RMB'000
As at January 1, 2023	1,464,702	524,660	1,989,362
Additions	70,679	178,760	249,439
Acquisition of a subsidiary *(note 37)*	107,100	–	107,100
Depreciation charge	(34,248)	(94,528)	(128,776)
As at December 31, 2023	**1,608,233**	**608,892**	**2,217,125**
Additions	**120,234**	**4,390**	**124,624**
Disposal	**–**	**(513,363)**	**(513,363)**
Disposal of a subsidiary	**(5,591)**	**–**	**(5,591)**
Derecognition due to acquisition of a subsidiary *(Note b)*	**–**	**(34,198)**	**(34,198)**
Depreciation charge	**(44,918)**	**(62,184)**	**(107,102)**
As at December 31, 2024	**1,677,958**	**3,537**	**1,681,495**

17. RIGHT-OF-USE ASSETS *(continued)*

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases and leases of low-value assets	**4,691**	3,975
Total cash outflow for leases	**42,561**	73,300

Notes:

a. For both years, the Group leases various offices, warehouse properties, equipment for its operations. Lease contracts are entered into for fixed terms of 12 months to 6 years. Lease terms are negotiated on an individual basis and contain 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.

b. During the year ended December 31, 2024, the Group derecognized right-of-use assets and lease liabilities amounting to RMB34,198,000 and RMB45,835,000, respectively, arising from office lease from Risun Chemicals Technology Research Co., Ltd. ("Risun Research") which is consolidated by the Group as set out in note 37.

18. INVESTMENT PROPERTIES

The Group leased out various offices under operating leases with fixed rentals receivable monthly. The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2024 RMB'000	2023 RMB'000
FAIR VALUE		
As at January 1	**176,380**	–
Transfer from property, plant and equipment	**59,598**	176,203
Acquisition of a subsidiary *(note 37)*	**1,680,271**	–
Fair value change	**(19,609)**	177
As at December 31	**1,896,640**	176,380

The fair value of the Group's investment properties as at 31 December 2024 has been arrived at on the basis of a valuation carried out by independent qualified professional valuers not connected to the Group using direct comparison valuation technique.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting. The fair value measurement is categorized into Level 3 fair value hierarchy.

18. INVESTMENT PROPERTIES *(continued)*

	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
A group of properties located at Fengtai District, Beijing ("Risun Plaza")	Income capitalization	Capitalization rate, taking into account the capitalization of rental income potential, nature of the property, and prevailing market condition	An increase in the capitalization rate used would result in a decrease in fair value, and vice versa.
Office units located in Beijing and Hebei Provinces	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property	An increase in the market unit rate used would result in an increase in fair value, and vice versa.

19. GOODWILL

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Cost		
Acquisition of Cangzhou Risun Chemicals Limited ("Cangzhou Risun")	**31,808**	31,808
Acquisition of Shunri Xinze	**200,627**	200,627
Impairment		
Acquisition of Shunri Xinze	**20,088**	–
	212,347	232,435

For the purpose of impairment testing, goodwill generated from the acquisition of Cangzhou Risun is attributable to its caprolactam production line, and goodwill generated from the acquisition of Shunri Xinze is allocated to a group of coke and refined chemical production lines, each of which constitutes a CGU.

As of December 31, 2024, the Group prepared cash flow projection for Cangzhou Risun and Shunri Xinze based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 13.95% (2023: 11.30%) and 14.04% (2023: 13.40%), respectively. The cash flow beyond the 5-year period was a steady 1.2% (2023: 2.0%) growth rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on Cangzhou Risun and Shunri Xinze's past performance and management's expectations for the market development.

Based on the result of the assessment, the Directors determined that the recoverable amount of the CGU to which goodwill generated from the acquisition of Shunri Xinze was allocated is lower than its carrying amount, and an impairment loss amounting to RMB20,088,000 was recognised and included in other gains and losses (note 8).

The Directors believe that any reasonably possible change in any of these assumptions in relation to value in use calculation of CGU to which goodwill generated from the acquisition of Cangzhou Risun was allocated would not cause the aggregate carrying amount to exceed its aggregate recoverable amount.

20. INTANGIBLE ASSETS

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Cost:		
As at January 1	**1,711,263**	1,064,067
Additions	**67,590**	53,490
Acquisition of a subsidiary (*note 37*)	**–**	593,706
As at December 31	**1,778,853**	1,711,263
Accumulated amortization and impairment:		
As at January 1	**430,558**	299,943
Charge for the year	**139,019**	130,615
As at December 31	**569,577**	430,558
Carrying amounts:		
As at December 31	**1,209,276**	1,280,705

The intangible assets are mainly coking capacity indicators which was acquired as part of the business acquisition and patented use rights of techniques. The coking capacity indicators are amortized on a straight-line basis based on the useful life of coke production line, other intangible assets are amortized on a straight-line basis over the patented periods ranging from 5 to 10 years, based on the shorter of the period of their contractual rights or expected useful life.

21. INTERESTS IN ASSOCIATES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of investments	**941,546**	799,339
Share of post-acquisition profits and other comprehensive income, net of dividend received and receivable	**152,177**	129,191
Less: impairment (*Note*)	**(220,908)**	(220,908)
	872,815	707,622

Note: As at December 31, 2024 and 2023, impairment of RMB220,908,000 was recognized against 30% equity interest in Yangmei Group Shouyang Jingfu Coal Co., Ltd. ("Jingfu Coal") held by the Group mainly due to the utilization rate below the expectation at the initial investment.

21. INTERESTS IN ASSOCIATES *(continued)*

Details of principal associates at December 31, 2024 and 2023 were as follows:

Name of entities	Date of establishment	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2024	2023	**2024**	2023	
Hebei Jinniu Risun Chemicals Limited ("Jinniu Risun Chemicals") (河北金牛旭陽化工有限公司) *(Note a)*	March 28, 2008	The PRC	**50%**	50%	**50%**	50%	Production of refined chemicals
Cabot Risun Chemicals (Xingtai) Co.Ltd. ("Cabot Risun Chemicals") (卡博特旭陽化工(邢台)有限公司) *(Note a)*	June 23, 2011	The PRC	**40%**	40%	**40%**	40%	Production of carbon black
Jingfu Coal (陽煤集團壽陽景福煤業有限公司) *(Note a)*	June 27, 1992	The PRC	**30%**	30%	**30%**	30%	Mining of coal
PT KinXiang New Energy Technologies Indonesia ("KinXiang New Energy")	August 27, 2021	Indonesia	**20%**	20%	**20%**	20%	Production of coke and coking chemical

Note:

a. The English translation of the names of the above associates are for reference only. The official name of the entities are in Chinese.

In the opinion of the Directors, none of the individual associates materially affected the results or net assets of the Group. To give further details of the associates of the Group would, in the opinion of the Directors, results in particulars of excessive length.

Aggregate information of associates that are not individually material:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Profit and total comprehensive income for the year	**5,033**	239,906
The Group's share of profit of associates for the year	**30,899**	89,552
Dividends declared by associates for the year	**(9,346)**	(47,391)

22. INTERESTS IN JOINT VENTURES

	As at December 31, 2024 RMB'000	2023 RMB'000
Cost of investments	**1,366,986**	1,496,548
Share of post-acquisition profits and other comprehensive income, net of dividend received and receivable	**1,622,671**	1,817,390
Deemed disposal of a joint venture *(Note a)*	**–**	(361,842)
	2,989,657	2,952,096

Details of the material joint ventures as at December 31, 2024 and 2023 were as follows:

Name of entities	Date of establishment	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2024	2023	**2024**	2023	
Hebei China Coal Risun Energy Limited ("CNC Risun Energy") (河北中煤旭陽能源有限公司) *(Notes b and e)*	November 21, 2003	The PRC	**45%**	45%	**45%**	45%	Production of coke and coking chemicals
PT. RISUN WEI SHAN INDONESIA ("Risun Wei Shan") *(Note c)*	November 9, 2021	Indonesia	**51%**	51%	**51%**	51%	Under construction
PT. DE TIAN COKING ("De Tian Coking") *(Note d)*	September 29, 2021	Indonesia	**24%**	24%	**24%**	24%	Under construction

22. INTERESTS IN JOINT VENTURES *(continued)*

Notes:

a. During the year ended December 31, 2023, the Group further acquired 12% equity interests in Risun China Gas as set out in note 37, upon which the Group took control over Risun China Gas.

b. The Group, China Coal and Coke Holding Limited ("CNC Coke"), an independent third party, and another independent third party, hold 45%, 45% and 10% equity interest in CNC Risun Energy, respectively. Pursuant to the agreement dated January 1, 2007, the Group has the right to appoint two out of five directors which is responsible for making decisions on the financing and operating activities of CNC Risun Energy, where these decisions require a minimum resolution of two-third of the voting right of the board of directors. Accordingly, the Group and CNC Coke who is also entitled to appoint two directors share joint control over CNC Risun Energy. In this regard, CNC Risun Energy is accounted for as a joint venture of the Group.

c. According to investment agreement of Risun Wei Shan, the Group has the right to appoint three out of five directors which is responsible for making decisions on the financing and operating activities. Several reserved matters, including but not limited to purchase, sale and lease of land, appointment and removal of senior management, procurement of fixed assets or raw materials with transaction amount over US$5 million and disposal of assets, require unanimous consent by the board of Risun Wei Shan. In this regard, Risun Wei Shan is accounted for as a joint venture of the Group.

d. Pursuant to the investment agreement of De Tian Coking, several reserved matters, including but not limited to annual operating and financial budget, procurement of fixed assets with transaction amount over US$5 million, procurement of raw materials with amount over US$20 million and financing decision, require unanimous consent of all the shareholders. Therefore, De Tian Coking is accounted for as a joint venture of the Group.

e. The English translation of the name of the above joint ventures are for reference only. The official name of the entities are in Chinese.

22. INTERESTS IN JOINT VENTURES *(continued)*

Summarized financial information of CNC Risun Energy

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Non-current assets	**2,546,861**	2,661,155
Current assets	**3,721,201**	4,199,379
Current liabilities	**2,621,963**	2,917,991
Non-current liabilities	**254,110**	584,589
Net assets	**3,391,989**	3,357,954

The above amounts of assets and liabilities include the following:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cash and cash equivalents	**448,686**	346,126
Current financial liabilities (excluding trade and other payables and provisions)	**537,350**	270,000
Non-current financial liabilities (excluding trade and other payables and provisions)	**247,800**	569,000

22. INTERESTS IN JOINT VENTURES *(continued)*

Summarized financial information of CNC Risun Energy *(continued)*

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Revenue	**5,600,347**	6,677,577
Profit and total comprehensive income for the year	**44,086**	230,128
Dividends received from the joint venture	**–**	91,198

The above profit for the year includes the following:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Depreciation and amortization	**258,373**	225,080
Interest income	**(27,282)**	(15,570)
Interest expense	**57,222**	36,072
Income tax (credit) expense	**(16,017)**	32,491

Reconciliation of the above summarized financial information to the carrying amount of the interest in CNC Risun Energy recognized in the consolidated financial statements:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Net assets of CNC Risun Energy	**3,391,989**	3,357,954
Proportion of the Group's ownership interest in CNC Risun Energy	**45%**	45%
Carrying amount of the Group's interest in CNC Risun Energy	**1,526,395**	1,511,079

23. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Prepayments for property, plant and equipment	**61,474**	162,032
Loan receivables *(Note)*	**400,000**	600,000
Prepayments for land use right	**27,671**	65,540
Deposits for other loans	**334,382**	316,270
Others	**109,661**	109,881
Less: Allowance for credit losses	**(23,095)**	(39,469)
	910,093	1,214,254

Note: As at December 31, 2024, included in loan receivables were 3-years entrusted loans to third parties through a licensed financial institution amounted to RMB800 million, which carries interest at 5.75% and 5.20% per annum respectively and payable semi-annually. The principal will be repayable by instalments from June 2024 to December 2026, of which RMB200 million was paid during the year and RMB200 million will be repayable in 2025 and therefore presented as current assets.

24. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
Listed equity securities	**89,714**	121,718
Unlisted equity investment	**88,060**	111,670
Private equity investment funds *(Note a)*	**92,618**	224,457
Wealth management product	**122,237**	119,621
	392,629	577,466
Current assets		
Futures contracts	**2,059**	833
Held-for-trading non-derivative financial assets	**23,147**	9,416
Derivative financial instruments *(Note b)*	**–**	1,332
	25,206	11,581
Current liability		
Futures contracts	**(95)**	(3,838)
	417,740	585,209

24. FINANCIAL ASSETS/LIABILITIES AT FVTPL *(continued)*

Notes:

a. During the year ended December 31, 2024, the Group redeemed the entire investment amounting to RMB102 million from Hebei Structural Adjustment Fund (Limited Partnership).

b. The Group is exposed to exchange rate risk mainly arising from various bank loans denominated in United States Dollars ("USD"). To manage and mitigate the foreign exchange exposure, the Group entered into various forward contracts with certain financial institutions. As at December 31, 2023, the forward contracts have total notional amounts of USD148 million, of which the maturity dates match to the maturity dates of these banks loans. The forward contracts are not designated as hedging instruments. The fair value was RMB1 million as at December 31, 2023 and an unrealized gains of RMB1 million was recognized as change in fair value during the year ended December 31, 2024.

25. DEFERRED TAX

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**187,050**	144,336
Deferred tax liabilities	**(464,522)**	(419,879)
	(277,472)	(275,543)

25. DEFERRED TAX *(continued)*

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements thereon during the current and prior years are as follows:

	Impairment losses on receivables	Temporary differences on property, plant and equipment, intangible assets and investment properties	Impairment loss on interest in an associate	Right-of-use assets	Lease liabilities	Fair value adjustment on acquisition of subsidiaries *(Note)*	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	19,342	(8,594)	55,227	(129,923)	118,308	(264,578)	43,233	(166,985)
(Charged)/credited to profit or loss	11,932	20,412	–	(21,023)	31,675	32,653	(7,528)	68,121
Acquisition of a subsidiary *(note 37)*	–	–	–	–	–	(138,439)	–	(138,439)
Charged to other comprehensive income	–	(38,240)	–	–	–	–	–	(38,240)
At December 31, 2023	31,274	(26,422)	55,227	(150,946)	149,983	(370,364)	35,705	(275,543)
(Charged)/credited to profit or loss	(14,247)	20,945	–	150,946	(149,983)	35,701	43,242	86,604
Acquisition of a subsidiary *(note 37)*	–	(74,827)	–	–	–	–	–	(74,827)
Charged to other comprehensive income	–	(13,706)	–	–	–	–	–	(13,706)
At December 31, 2024	**17,027**	**(94,010)**	**55,227**	**–**	**–**	**(334,663)**	**78,947**	**(277,472)**

Note: Deferred tax liabilities of fair value adjustment recognized by the Group represented the fair value adjustment on property, plant and equipment, right-of-use assets and intangible assets arising from the business acquisitions.

25. DEFERRED TAX *(continued)*

The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the PRC. The unrecognized tax losses will expire in five years after they are incurred. No deferred tax assets has been recognized due to the unpredictability of future tax profit streams. The unrecognized tax losses declared will expire in the following years:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
2024	**–**	77,727
2025	**382,920**	382,920
2026	**720,435**	720,435
2027	**519,496**	519,496
2028	**554,068**	554,068
2029	**372,556**	–
	2,549,475	2,254,646

As at December 31, 2024, the Group has other deductible temporary differences of approximately RMB321.6 million (2023: RMB224.9 million), which are mainly arising from unrealized profits and impairment of trade and other receivables of certain subsidiaries. No deferred tax asset has been recognized in relation to such other deductible temporary differences as it is not probable that taxable profit will be available for offset against which the deductible temporary differences can be utilized.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB11,192,429,000 as at December 31, 2024 (2023: RMB10,864,768,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

26. INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Raw materials	**1,735,476**	2,106,173
Finished goods	**622,370**	544,840
Trading stocks	**345,354**	294,408
Properties under development	**374,943**	460,634
	3,078,143	3,406,055

Details of the pledged inventories are set out in note 44.

27. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade receivables measured at FVTOCI	**982,432**	503,982
Bills receivables measured at FVTOCI	**527,618**	472,205
Trade and bills receivables measured at FVTOCI	**1,510,050**	976,187
Prepayments for raw materials	**5,447,122**	3,217,465
Other deposits, prepayments and other receivables	**735,944**	599,800
Loan receivables	**450,000**	200,000
Receivables for relocation compensation	**109,091**	109,091
Prepayments on behalf of third parties as a trading agency	**2,206,630**	2,061,346
Deductible input Value Added Tax and prepaid other taxes and charges	**394,188**	477,528
Less: impairment	**(51,572)**	(80,213)
Other receivables	**9,291,403**	6,585,017

As at January 1, 2023, trade and bill receivables from contracts with customers amounted to RMB861,432,000.

27. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI *(continued)*

The customers usually settle the sales by cash or bills. The credit period granted to the customers who settle in cash is usually no more than 30 days, interest free with no collateral. Aging of trade receivables based on invoice dates, which approximated the respective revenue recognition dates, net of allowance for credit losses, are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within one month	**794,258**	481,279
1 to 3 months	**167,484**	10,133
3 to 6 months	**6,447**	3,641
7 to 12 months	**14,243**	8,929
	982,432	503,982

No credit period is offered for sales to be settled by bills, carrying interest at market rates. Bills receivable are bank acceptance notes and the average aging based on the maturity date is from 90 days to 360 days.

Details of impairment assessment of trade and bills receivables are set out in note 41.

The following bills receivable as at December 31, 2024 and 2023 were transferred to banks or suppliers by discounting, pledging to banks or endorsing those receivables on a full recourse basis. As the Group has not transferred substantially all the risks and rewards relating to these receivables, it continues to recognize the full carrying amounts of the receivables and the corresponding liabilities are included in secured borrowings or trade payables, whichever is appropriate. These financial assets are carried at FVTOCI.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Carrying amount of transferred assets	**135,471**	56,559
Carrying amount of associated payables to suppliers *(note 30)*	**(87,846)**	(56,559)
Carrying amount of associated loans	**(47,625)**	–
	–	–

27. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI *(continued)*

At December 31, 2024, bills receivable issued among subsidiaries of the Group for intra-group transactions have been discounted with full recourse to secure bank loans amounting to RMB4,702,122,000 (2023: RMB3,939,034,000) (note 32), and these bills receivable have been eliminated in these consolidated financial statements.

During the reporting period, the Group has transferred substantially all the risks and rewards relating to certain bills receivable discounted to banks or endorsed to suppliers even if the banks and suppliers have the right of recourse. 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 remote because all endorsed and discounted bills receivable are issued and guaranteed by reputable banks in the PRC. As a result, the relevant assets and liabilities were derecognized and no longer included in the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivable at the end of each reporting period are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Discounted bills for raising cash	**2,893,075**	3,201,502
Endorsed bills for settlement of payables to suppliers	**2,526,565**	1,445,191
Outstanding endorsed and discounted bills receivable with recourse	**5,419,640**	4,646,693

The outstanding endorsed and discounted bills receivable will be matured within 12 months from the end of the reporting period.

28. RESTRICTED BANK BALANCES

The carrying amounts of the Group's restricted bank balances placed to secure various liabilities of the Group are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Restricted bank balances to secure:		
Bills payable and letters of credit *(Note)*	**2,013,174**	1,398,127
Bank loans	**303,436**	940,986
Futures contracts	**135,061**	35,538
	2,451,671	2,374,651
Analyzed for reporting purpose as:		
Non-current assets	**238,000**	–
Current assets	**2,213,671**	2,374,651

Note: Certain restricted bank balances were placed to secure bills issued among subsidiaries of the Group for intra-group transactions which have been discounted with full recourse to secure bank loans of RMB4,702,122,000 as at December 31, 2024 (2023: RMB3,939,034,000). Further details of which are set out in notes 27 and 32 respectively.

Restricted bank balances are bank deposits mainly in the PRC and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. These bank deposits carry interest at market rates ranging from 0.01% to 2.30% per annum as at December 31, 2024 (2023: 0.01% to 5.78% per annum).

29. BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Bank balances, included bank deposits that have an original maturity of longer than three months, carried interest at market interest rate ranging from 0.001% to 2.3% (2023: from 0.002% to 2.5%) per annum as at December 31, 2024. Bank balances and cash as at December 31, 2024 and 2023 were mainly denominated in RMB which is not a freely convertible currency in the international market and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Denominated in currencies other than the functional currency of relevant group entities:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
USD	**114,905**	94,416
Hong Kong Dollars ("HKD")	**52,197**	13,315
Others *(Note)*	**5,500**	2,125
	172,602	109,856

Note: Others mainly contain Japanese Yen ("JPY") and Singapore dollar.

30. TRADE AND OTHER PAYABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade payables	**3,126,633**	2,601,768
Payables to be settled by the endorsed bills receivable *(note 27)*	**87,846**	56,559
Bills payable	**2,400,392**	1,046,755
Payables for construction in progress	**2,075,882**	2,870,371
Payables on behalf of third parties as a trading agency	**380,293**	824,536
Advances from customers on behalf of third parties as a trading agency	**357,233**	570,064
Other tax payables	**75,514**	103,433
Payroll payables	**143,673**	132,987
Other payables and accruals *(Note a)*	**606,654**	671,856
	9,254,120	8,878,329
Analyzed for reporting purposes as:		
Current liabilities	**9,204,744**	8,773,615
Non-current liabilities	**49,376**	104,714

30. TRADE AND OTHER PAYABLES *(continued)*

Note:

a. Included in other payables and accruals were payables in relation to an arbitration with a contractor as detailed in note 8. Pursuant to the settlement agreement, the balance will be repaid by instalments till December 31, 2026, of which RMB49.9 million will be repaid after 2025 and therefore presented as long-term payables, the remaining balance was presented as current liabilities.

All trade and other payables are due within one year. The average credit period on purchases of goods is 30 to 90 days.

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 3 months	**2,750,565**	2,238,794
3 to 6 months	**133,224**	157,961
6 to 12 months	**149,369**	94,599
1 to 2 years	**60,089**	68,012
2 to 3 years	**13,141**	15,030
More than 3 years	**20,245**	27,372
	3,126,633	2,601,768

31. CONTRACT LIABILITIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Sales of products	**1,939,707**	2,119,656
Sales of properties	**153,718**	281,408
	2,093,425	2,401,064

Contract liabilities primarily represent advance from customers and are expected to be settled within one year. For the contract liabilities from sales of products as at January 1, 2024, the entire balances were recognized as revenue to profit or loss in the current year. While for the contract liabilities from sales of properties as at January 1, 2024, revenue recognized in the current year amounted to RMB227,183,000.

All contract liabilities are expected to be settled within the Group's normal operating cycle and are classified as current.

As at January 1, 2023, contract liabilities amounted to RMB2,011,202,000.

32. BANK AND OTHER LOANS

The analysis of the carrying amount of bank and other loans is as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Bank loans		
Secured	**10,290,136**	8,193,983
Unsecured	**9,846,666**	8,163,912
Other loans		
Secured	**4,828,736**	4,990,986
Unsecured	**704,250**	417,728
Discounted bills financing *(note 27)*		
– Discounted bills receivable from subsidiaries of the Company	**4,702,122**	3,939,034
	30,371,910	25,705,643

32. BANK AND OTHER LOANS *(continued)*

At the end of each reporting period, the bank and other loans were repayable as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**20,883,819**	16,789,043
After 1 year but within 2 years	**6,250,439**	6,355,445
After 2 years but within 5 years	**2,408,138**	1,377,644
After 5 years	**829,514**	463,514
	30,371,910	24,985,646
Repayable on demand due to breach of loan covenants (shown under current liabilities)	**–**	719,997
	30,371,910	25,705,643

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Analyzed for reporting purpose as:		
Current liabilities	**20,883,819**	17,509,040
Non-current liabilities	**9,488,091**	8,196,603
	30,371,910	25,705,643

Bank and other loans denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
USD	**620,346**	1,105,344
JPY	**–**	673

32. BANK AND OTHER LOANS *(continued)*

The carrying amount of the bank and other loans and the range of interest rates are as below:

	As at December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Fixed rate bank and other loans	**18,681,567**	**1.70~8.50**	18,363,513	1.70~9.00
Floating rate bank and other loans *(Note)*	**11,690,343**	**2.66~8.50**	7,342,130	1.58~8.40
	30,371,910		25,705,643	

Note: included in floating rate bank and other loans was USD dominated bank borrowings of RMB113,360,000 (2023: RMB204,416,000) carried at secured overnight financing rate (SOFR). The remaining floating rate bank and other loans are carried at loan prime rate (LPR) issued by the People's Bank of China.

The secured other loans represent loans from the licensed finance companies secured by property, plant and equipment and leasehold lands, as well as loans from licensed financial institutions secured by the Group's bank deposits.

Details of the assets pledged for securing the banking facilities of the Group are set out in note 44.

As at December 31, 2024, , except for bank loan of RMB1,132,000,000 is guaranteed by related parties, no bank and other loans guaranteed by the related parties or independent companies (2023: bank loan of RMB673,000 is fully guaranteed by an independent company).

33. LEASE LIABILITIES

Lease liabilities payables:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**1,440**	60,485
After 1 year but within 2 years	**1,495**	49,544
After 2 years but within 5 years	**639**	37,762
After 5 years	**–**	452,104
	3,574	599,895
Less: Amount due for settlement within 1 year shown under current liabilities	**(1,440)**	(60,485)
Amount due for settlement after 1 year shown under non-current liabilities	**2,134**	539,410

The weighted average incremental borrowing rates applied to lease liabilities was 3.70% (2023: 2.69% to 6.32%).

34. DEFERRED INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Government grant related to assets at the beginning of the year	**138,823**	149,472
Additions	**46,914**	2,624
Released to profit or loss	**(15,835)**	(13,273)
At the end of the year	**169,902**	138,823
Analyzed for reporting purposes as:		
Current liabilities (included in other payables)	**16,766**	13,228
Non-current liabilities	**153,136**	125,595
	169,902	138,823

34. DEFERRED INCOME *(continued)*

Deferred income arising from government grants relating to assets represents the government subsidies obtained in relation to the purchase of the land use rights and the infrastructure construction, which was included in the consolidated statement of financial position as deferred income and credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected useful life of the relevant depreciable assets.

35. SHARE CAPITAL

	As at December 31,		As at December 31,	
	2024	2023	**2024**	2023
	Number of shares	Number of shares	**HKD'000**	HKD'000
Authorized				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At beginning and end of the year	**10,000,000,000**	10,000,000,000	**1,000,000**	1,000,000
Issued and fully paid of ordinary shares:				
At the beginning of the year	**4,424,126,000**	4,424,126,000	**442,413**	442,413
Share repurchased and cancelled	**(21,940,000)**	–	**(2,194)**	–
Issue of shares	**52,000,000**	–	**5,200**	–
At the end of the year	**4,454,186,000**	4,424,126,000	**445,419**	442,413

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Presented in the consolidated statement of financial position as:		
At the beginning of the year	**382,246**	382,246
Share repurchased and cancelled *(Note a)*	**(1,876)**	–
Issue of shares *(Note b)*	**4,802**	–
At the end of the year	**385,172**	382,246

35. SHARE CAPITAL *(continued)*

Notes:

a. During the year ended December 31, 2024, the Company repurchased its ordinary shares as follows:

Month of repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid
		Highest	Lowest	
	'000	HK$	HK$	HK$'000
January	1,934	3.09	3.02	5,911
February	1,551	3.03	3.01	4,694
March	2,364	3.00	2.99	7,089
May	3,500	3.03	3.00	10,608
June	4,519	2.99	2.97	13,479
July	45,319	3.01	2.97	135,994
August	4,926	2.89	2.86	14,205
September	54,972	3.04	2.88	163,254
	119,085			355,234

During the year ended December 31, 2024, the Company cancelled 21,940,000 ordinary shares, of which 12,591,000 ordinary shares were repurchased in 2023 and 9,349,000 were repurchased during the current year. The aggregate consideration paid for the repurchase during the current year was HK$355,234,000, equivalent to RMB323,045,000.

b. On December 18, 2024, the Company placed new shares of 52,000,000 at the placing price of HK$3.00 per share (the "Placing"). The gross proceeds received by the Company from the Placing was approximately HK$156 million (equivalent to RMB144 million).

36. RESERVES

Share premium

Under the Companies Law (Revised) of the Cayman Islands, amount included in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Merger reserve

The merger reserve represents the difference between the nominal value of the share capital issued/ consideration paid by the Company and the aggregate capital of the subsidiaries acquired pursuant to the group reorganization, accounted for as capital contribution from/distribution to ultimate holding company under merger basis of accounting.

36. RESERVES *(continued)*

Reserve fund

The Articles of Association of certain PRC subsidiaries require the appropriation of 10% of their profit after tax each year, based on their statutory audited financial statements, to the reserve fund until the balance reaches 50% of the registered capital of the respective PRC subsidiaries. The reserve fund may be capitalized as the paid-in capital of these subsidiaries.

Safety fund

Pursuant to relevant PRC regulation, the Group is required to transfer 1.5% on revenue generated from the core business into a designated fund. The fund will be used for installation and repair and maintenance of safety facilities. The movements in the reporting periods represent the difference between the amounts provided based on the relevant PRC regulation and the amount utilized during the year.

Foreign Currency Transaction Reserve

The foreign currency transaction reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB.

Revaluation Reserve

Revaluation reserve represents the difference between the carrying amount of the investment property and its fair value at the date of transfer from property, plant and equipment.

Other reserve

Other reserve represents the difference between consideration and change of ownership interests in subsidiaries in equity transactions with non-controlling shareholders.

During the year ended December 31, 2023, the Group entered into an agreement with a third party, pursuant to which the third party injected RMB500 million by cash to the Group's subsidiary, Dingzhou Tianlu New Energy Limited ("Dingzhou Tianlu"). During the year ended December 31, 2024, the Group entered into an agreement with another third party, pursuant to which the third party injected RMB450 million by cash to Dingzhou Tianlu. Upon the completion of the capital injection, the proportion of ownership interests and voting rights held by non-controlling shareholders in Dingzhou Tianlu was increased to 49.9998%.

During the year ended December 31, 2024, the Group entered into agreements with two third parties, pursuant to which the third parties agreed to inject RMB1,100 million in total by cash to the Group's subsidiary, Cangzhou Risun. Upon the completion of the capital injection, the proportion of ownership interests and voting rights held by non-controlling shareholders in Cangzhou Risun was 19.52%.

37. ACQUISITION OF SUBSIDIARIES

a. Acquisition of Risun Research

On December 6, 2024, the Group entered into an equity transfer agreement with a related party under common control of the Group, Xuyang Holding Limited ("Xuyang Holding"), pursuant to which the Group acquired 100% equity interest in Risun Research from Xuyang Holding for a consideration of RMB181 million (the "Acquisition"). The Acquisition was completed on December 31, 2024, upon which Risun Research became an indirect wholly-owned subsidiary of the Company. Risun Research holds Risun Plaza located in Fengtai District, Beijing. The acquisition was accounted for as acquisition of assets as the acquired set of activities and assets do not constitute a business.

Assets and liabilities recognized at the date of acquisition

	RMB'000
Non-current assets	
Property, plant and equipment	834,979
Investment properties	1,680,271
Current assets	
Other receivables	11,900
Amounts due from related parties	14,177
Cash and cash equivalents	20,635
Current liabilities	
Trade and other payables	(40,442)
Amounts due to related parties	(1,145,330)
Non-current liabilities	
Bank and other loans	(1,132,000)
Deferred tax liabilities	(74,827)
	169,363

37. ACQUISITION OF SUBSIDIARIES *(continued)*

a. Acquisition of Risun Research *(continued)*

Net consideration for the Acquisition

	RMB'000
Consideration paid in cash	181,000
Less: Net liability eliminated upon acquisition	
– Right-of-use assets *(note 17)*	34,198
– Lease liabilities	(45,835)
	169,363

Net cash outflows arising on Acquisition

	RMB'000
Consideration paid in cash	181,000
Less: Cash and cash equivalents acquired	20,635
	160,365

b. Acquisition of Risun China Gas

On May 26, 2023, the Group entered into a capital contribution agreement with another two joint venture partners. According to the agreement, the Group agreed to contribute further in cash amounting to RMB600.32 million for an additional 12% equity interest in Risun China Gas, and the other two joint venture partners agreed to contribute further in cash amounting to RMB199.68 million collectively. This additional capital was intended to accelerate the launch of coking project of Risun China Gas.

Prior to this additional acquisition, the Group held a 55% equity interest in Risun China Gas, which was accounted for as a joint venture of the Group. On May 31, 2023, the transaction was completed, and the Group holds a 67% equity interest in Risun China Gas. Pursuant to the revised articles of association, the Group is able to direct the relevant activities of Risun China Gas which will be decided by simple majority voting rights in shareholders' meeting, and the Group has obtained control over Risun China Gas. Accordingly this transaction was accounted for as a business combination.

37. ACQUISITION OF SUBSIDIARIES *(continued)*

b. Acquisition of Risun China Gas *(continued)*

Assets and liabilities recognized at the date of acquisition

	RMB'000
Non-current assets	
Property, plant and equipment	4,969,365
Right-of-use assets	107,100
Intangible assets	593,706
Other long-term receivables and prepayments	113,131
Pledged bank deposits	967
Current assets	
Inventories	376,278
Other receivables	142,533
Amounts due from related parties	1,050,060
Cash and cash equivalents	1,358,889
Current liabilities	
Trade and other payables	(739,342)
Contract liabilities	(48,636)
Income tax payable	(33,748)
Bank and other loans	(750,871)
Amounts due to related parties	(2,206,660)
Non-current liabilities	
Bank and other loans	(2,786,443)
Amounts due to related parties	(98,457)
Deferred tax liabilities	(138,439)
Net assets acquired	1,909,433

37. ACQUISITION OF SUBSIDIARIES *(continued)*

b. Acquisition of Risun China Gas *(continued)*

Assets and liabilities recognized at the date of acquisition *(continued)*

The other receivables acquired with a fair value of RMB142,533,000 at the date of acquisition had gross contractual amount of RMB142,533,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

Non-controlling interests

The non-controlling interest in Risun China Gas recognized at the acquisition date was measured by reference to the proportionate share of the net assets of Risun China Gas amounting to RMB630,113,000.

Goodwill arising on acquisition

	RMB'000
Consideration	
Capital injection by the Group	600,320
Contingent consideration payable *(Note)*	66,000
Fair value of 55% equity interests previously held by the Group *(note 8)*	613,000
Plus: Non-controlling interest	630,113
Less: Net assets acquired	(1,909,433)
Goodwill arising on acquisition	–

Note: Pursuant to the capital contribution agreement, an additional compensation payable by the Group to the then joint venture partners will be subject to negotiation and agreement by all parties involved. The contingent consideration payable amounting to RMB66 million represents the Directors' best estimate at the acquisition date. As at December 31, 2024, the Group settled certain compensation payables, and the remaining consideration payable amounting to RMB43,151,000 is still under ongoing negotiation.

37. ACQUISITION OF SUBSIDIARIES *(continued)*

b. Acquisition of Risun China Gas *(continued)*

Net cash inflows arising on the acquisition

	RMB'000
Consideration paid in cash	–
Less: Cash and cash equivalents acquired	1,358,889
	1,358,889

Impact of acquisition on the results of the Group

Included in the profit for the year ended December 31, 2023 is a profit of RMB256,892,000 attributable to Risun China Gas. Revenue for the year ended December 31, 2023 includes RMB5,814,375,000 generated from Risun China Gas.

Had the acquisition of Risun China Gas been completed on January 1, 2023, revenue for the year ended December 31, 2023 of the Group would have been RMB49,009,525,000, and the profit for the year ended December 31, 2023 would have been RMB973,737,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Risun China Gas been acquired at the beginning of the interim period, the Directors calculated depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets based on the recognized amounts of property, plant and equipment, right-of-use assets and intangible assets at the date of the acquisition.

38. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labor rules and regulations in the PRC, the PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organized by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes based on applicable rates. The municipal government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD1,500. Contributions to the plan vest immediately.

During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under those schemes which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2024 and 2023 under the schemes which may be used by the Group to reduce the contribution payable in future years.

Defined benefit plan

For the Group's subsidiary operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period.

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance will have no material impact on the Group's LSP liability with respect to employees that participate in MPF Scheme.

39. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended December 31, 2024 and 2023, transactions with the following parties are considered to be related party transactions:

Name of related parties	Relationship with the Group
Mr. Yang Xuegang	Director and the Ultimate Controlling Shareholder
Beijing Risun Science and Technology Limited *(Note a)* (北京旭陽科技有限公司)	Controlled by Mr. Yang Xuegang
Beijing Xuyang Digital Technology Co., Ltd. *(Note a)* (北京旭陽數字科技有限公司)	Controlled by Mr. Yang Xuegang
Beijing Automic Technology Co., Ltd *(Note a)* (北京奧特美克科技股份有限公司)	Controlled by Mr. Yang Xuegang
Cangzhou Xuyang Smart Property Management Co., Ltd. *(Note a)* (滄州旭陽智慧物業管理有限公司)	Controlled by Mr. Yang Xuegang
Datong Jingtong Zhijian Xingwang Coal Washing Co., Ltd *(Note a)* (大同市精通志堅興旺洗煤有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Risun Technology Co, Ltd *(Note a)* (定州旭陽科技有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xubang New Material Technology Co., Ltd *(Note a)* (定州旭邦新材料科技有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xuyang Business Hotel Co., Ltd *(Note a)* (定州市旭陽商務酒店有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xucheng Property Management Co., Ltd. *(Note a)* (定州旭誠物業管理有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xuyang Property Service Co., Ltd *(Note a)* (定州旭陽物業服務有限公司)	Controlled by Mr. Yang Xuegang
Datong Xinghua United Coal Preparation Co., Ltd *(Note a)* (大同興華聯合選煤有限公司)	Controlled by Mr. Yang Xuegang
Hebei Otemeke Technology Co., Ltd *(Note a)* (河北奧特美克科技有限公司)	Controlled by Mr. Yang Xuegang

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

Name of related parties	Relationship with the Group
Hebei Shanghe Construction Engineering Co., Ltd *(Note a)* (河北上和建築工程有限公司)	Controlled by Mr. Yang Xuegang
Hebei Xuyang Architectural Design Co., Ltd *(Note a)* (河北旭陽建築設計有限公司)	Controlled by Mr. Yang Xuegang
Leting Huayang Thermal Power Co., Ltd *(Note a)* (樂亭華陽熱電有限公司)	Controlled by Mr. Yang Xuegang
Risun Supply Chain Management Limited *(Note a)* (旭陽供應鏈管理有限公司)	Controlled by Mr. Yang Xuegang
Xuyang Engineering Co., Ltd. *(Note a)* (旭陽工程有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuyang Technology Co, Ltd. *(Note a)* (邢台旭陽科技有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuyang Property Co., Ltd. *(Note a)* (邢台旭陽物業有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Tengxu Property Service Co., Ltd. *(Note a)* (邢台騰旭物業服務有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Tianlu Real Estate Development Co., Ltd. *(Note a)* (邢台天鷺房地產開發有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuren Hotel Service Co., Ltd *(Note a)* (邢台旭人酒店服務有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuyang Intelligent Property Management Co., Ltd *(Note a)* (邢台旭陽智慧物業管理有限公司)	Controlled by Mr. Yang Xuegang
Yuncheng Xuyang Smart Property Co., Ltd *(Note a)* (鄆城旭陽智慧物業有限公司)	Controlled by Mr. Yang Xuegang
Cabot Risun Chemicals *(Note a)* (卡博特旭陽化工(邢台)有限公司)	Associate of the Group
Jinniu Risun Chemicals *(Note a)*(河北金牛旭陽化工有限公司)	Associate of the Group
KinXiang New Energy (印尼金祥新能源科技有限責任公司) *(Note b)*	Associate of the Group
Pingxiang Xuyang Energy Co., Ltd *(Note a)* (萍鄉旭陽能源有限公司)	Associate of the Group
CNC Risun Energy *(Note a)* (河北中煤旭陽能源有限公司)	Joint venture of the Group

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

Name of related parties	Relationship with the Group
Risun Wei Shan (旭陽偉山新能源(印尼)有限公司) *(Note b)*	Joint venture of the Group
De Tian Coking (德天焦化(印尼)股份公司) *(Note b)*	Joint venture of the Group
Xuyang Weishan Engineering (Hainan) Co., Ltd *(Note a)* (旭陽偉山工程(海南)有限公司)	Joint venture of the Group
China Gas *(Note a)* (呼和浩特中燃城市燃氣發展有限公司)	Non-controlling shareholder
Tianjin Baisen Energy Technology Co., Ltd *(Note a)* ("Tianjin Baisen") (天津百森能源科技有限公司)	Non-controlling shareholder

Notes:

a. The English translation of the names is for reference only. The official names of these entities are in Chinese.

b. The Chinese translation of the names is for reference only. The official names of these entities are in English.

c. As set out in note 37, Risun China Gas became the Group's non-wholly owned subsidiary since May 31, 2023. The transactions amounts as set out in note 39 represents transactions incurred during the period from January to May 2023 when Risun China Gas was the Group's joint venture.

The Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors and the other highest paid employee as disclosed in note 12, is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	**15,789**	16,265
Retirement benefit scheme contribution	**264**	313
	16,053	16,578

Key management represents the Directors 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.

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Purchases of goods from		
– related parties controlled by Mr. Yang Xuegang	**814,318**	817,128
– CNC Risun Energy	**1,896,171**	2,981,506
– Jinniu Risun Chemicals	**7,041**	5,891
– Risun China Gas	**–**	133,142
– Risun Wei Shan	**311,475**	60,949
– De Tian Coking	**79,093**	4,615
Sales of goods to		
– related parties controlled by Mr. Yang Xuegang	**16,401**	11,010
– CNC Risun Energy	**58,075**	5,476
– Jinniu Risun Chemicals	**212**	186
– Cabot Risun Chemicals	**750,766**	788,508
– Risun China Gas	**–**	59,221
– Risun Wei Shan	**297,891**	196,735
– KinXiang New Energy	**2,256**	3,882
Construction service and other service from		
– related parties controlled by Mr. Yang Xuegang	**686,268**	704,868
Provision of service to		
– Cabot Risun Chemicals	**839**	852
– De Tian Coking	**9,122**	–
Rental income from		
– related parties controlled by Mr. Yang Xuegang	**4,068**	2,897
– CNC Risun Energy	**171**	962
– Cabot Risun Chemicals	**1,761**	1,350
Interest income from		
– Risun China Gas	**–**	40,284
– Risun Wei Shan	**70,962**	43,297
– KinXiang New Energy	**4,841**	6,888
– De Tian Coking	**25,481**	5,297
Interest expenses on lease liabilities		
– related parties controlled by Mr. Yang Xuegang	**3,021**	5,102
Expenses relating to leases		
– related parties controlled by Mr. Yang Xuegang	**47,054**	42,453

The above related party transactions were conducted in accordance with terms of the relevant agreements.

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties

At the end of each reporting period, the Group had the following balances with related parties:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Amounts due from related parties		
Dividend receivable		
– CNC Risun Energy	**24,976**	20,453
Non-Trade nature		
– related parties controlled by Mr. Yang Xuegang	**7,615**	134,367
– Risun Wei Shan	**1,194,201**	1,373,219
– De Tian Coking	**258,940**	286,790
– KinXiang New Energy	**87,181**	83,292
	1,547,937	1,877,668
Impairment under ECL model	**(29,442)**	(44,546)
	1,518,495	1,833,122
Trade nature		
Trade receivables		
– related parties controlled by Mr. Yang Xuegang	**23,876**	15,546
– CNC Risun Energy	**13,341**	24,059
– Cabot Risun Chemicals	**15,825**	33,435
– Risun Wei Shan	**1,136,467**	399,959
– KinXiang New Energy	**6,506**	4,115
	1,196,015	477,114
Impairment under ECL model	**(21,354)**	(1,029)
	1,174,661	476,085
Prepayment		
– related parties controlled by Mr. Yang Xuegang	**320,001**	422,471
– Jinniu Risun Chemicals	**–**	14
– Risun Wei Shan	**–**	24,175
– De Tian Coking	**784**	–
	320,785	446,660
Analyzed for reporting purposes as:		
Non-current assets	**316,373**	286,622
Current assets	**2,722,544**	2,489,698

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Aging of amounts due from related parties-trade nature net of allowance for credit losses are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within one month	**475,169**	360,366
1 to 3 months	**14,466**	113,196
4 to 6 months	**311,607**	–
7 to 12 months	**373,419**	2,523
	1,174,661	476,085

As at December 31, 2024, except for amount due from De Tian Coking amounting to RMB256,133,000 and Risun Wei Shan of RMB961,152,000 (2023: amount due from De Tian Coking amounting to RMB286,790,000, Risun Wei Shan of RMB1,373,219,000 and a related party controlled by Mr. Yang Xuegang of RMB109,781,000) which is bearing interest, the remaining amounts due from related parties is unsecured, interest-free and repayable on demand.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Amounts due to related parties		
Non-Trade nature		
– Tianjin Baisen	**–**	21,395
– China Gas	**102,781**	104,916
	102,781	126,311
Trade nature		
Trade payable and advance from		
– related parties controlled by Mr. Yang Xuegang	**45,139**	70,465
– CNC Risun Energy	**698,346**	562,307
– Risun Wei Shan	**124,329**	1,600
– De Tian Coking	**–**	4,597
	867,814	638,969
Payable to construction in progress		
– related parties controlled by Mr. Yang Xuegang	**302,549**	84,447

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Analyzed for reporting purposes as:		
Current liabilities	**1,262,161**	827,552
Non-current liabilities	**10,983**	22,175

Aging of amounts due to related parties-trade nature are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within one month	**1,018,302**	599,656
1 to 3 months	**48,635**	25,337
3 to 6 months	**89,265**	36,970
6 to 12 months	**4,522**	29,787
1-2 years	**3,692**	23,775
2-3 years	**5,947**	7,891
	1,170,363	723,416

As at December 31, 2024 and 2023, included in amount due to China Gas was a shareholder's loan amounted to RMB47 million which was interest-free and repayable in instalments. Except for this, the remaining is unsecured, interest-free and repayable on demand.

39. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(d) At the end of each reporting period, the maximum liabilities of the Group under guarantees issued to banks in respect of banking facilities granted to related parties were as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Financial guarantees issued to joint ventures	**4,250,600**	1,270,904
Financial guarantees issued to an associate	**1,476,976**	451,876

As at December 31, 2024, the amount of guaranteed facilities utilized by joint ventures was RMB3,174,159,000 (December 31, 2023: RMB700,425,000).

As at December 31, 2024, bank loan of RMB1,132,000,000 is guaranteed by related parties controlled by Mr. Yang Xuegang, which was fully utilized by the Group as set out in note 32.

As at December 31, 2024 and 2023, the Group has provided financial guarantees to the associate and one of the joint ventures. These guarantees were extended to facilitate the financing of their coking projects construction based on investment agreements pursuant to which all shareholders agreed to provide financial guarantees in proportion to their shareholding. In the opinion of the Directors, the fair values of the financial guarantee contracts were insignificant at the date of issue of the financial guarantee and no provision is necessary at the end of each reporting period after taking into account the value of assets held by the associate and the joint venture, as well as their future cashflows forecast.

40. CAPITAL MANAGEMENT

The Group's primary objectives of managing capital are to safeguard the Group's ability to continue as a going concern, and to provide returns for shareholders and benefits for other stakeholders, by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings, and makes adjustments to the capital structure in light of changes in economic conditions.

Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to shareholders, issuing of new shares, raising new debt financing or selling assets to reduce debt. During the reporting period, there were no changes in the objectives, policies or processes.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligation.

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each reporting period are set out as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL	**417,835**	589,047
Trade and bills receivables measured at FVTOCI	**1,510,050**	976,187
Financial assets at amortized cost	**9,363,704**	7,665,060
Financial liabilities		
Financial liabilities at FVTPL	**95**	3,838
Financial liabilities at amortized cost	**40,203,379**	34,613,987

Financial risk management objectives and policies

The Group's major financial instruments include other long-term receivables, financial assets at FVTPL, restricted bank balances, bank deposits, amounts due from related parties, other receivables, trade and bills receivables measured at FVTOCI, cash and cash equivalents, financial liabilities at FVTPL, trade and other payables, bank and other loans and amounts due to related parties. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing financial instruments. These financial instruments issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not have any specific interest rate policy except that the Group would regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings. Accordingly, the Group will enter into interest rate swap arrangement to mitigate the interest rate risks if appropriate.

(i) Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank and other loans (see note 32 for details).

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

(ii) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to bank deposits and bank and other loans at floating interest rates. To manage and mitigate the interest rate exposure, the Group regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings. The management will continue to consider hedging significant interest rate risk should the need arise.

The impact on the Group's profit after taxation (and retained profits) was based on the exposure to interest rate for the floating-rate bank deposits and bank and other loans, assuming that these financial assets and liabilities outstanding at the end of the reporting period was outstanding for the whole relevant period. If a 25 basis point increase or decrease in variable-rate bank deposits and a 100 basis point increase or decrease in variable-rate borrowing are used, and all other variables were held constant, the Group's profit after taxation would decrease/increase by approximately RMB78,712,000 for the year ended December 31, 2024 (2023: RMB51,379,000).

Currency risk

The Group is exposed to currency risk primarily through bank balances and bank and other loans that are denominated in foreign currency, i.e. currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily USD and HKD. To minimise this risk, the Group enters into various forward contracts with certain financial institutions to manage the Group's exposure in relation to the partial USD loans.

The following table indicates the instantaneous change in the Group's profit after taxation (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Year ended December 31,			
	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**(Decrease) /increase in profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	(Decrease) /increase in profit after tax and retained profits RMB'000
USD	**5%**	**3,693**	5%	(1,265)
Others	**5%**	**6,640**	5%	710

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis during the reporting period.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Directors do not implement specific measurements to mitigate the price risk. If the market price of the listed equity securities increased or decreased by 5%, the Group would recognize additional gains or losses of RMB4,486,000 for the year ended December 31, 2024 (2023: RMB6,086,000).

The Group's commodity price risk is mainly concentrated on fluctuations in the prevailing market price of coke, coal, and refined chemical products which are the major commodities purchased, produced and sold by the Group. To minimize this risk, the Group enters into future contracts to manage the Group's exposure in relation to forecasted sales of products, forecasted purchase of raw materials and inventories. The impact of price change of future contracts is insignificant as there have been no material outstanding future contracts at the end of each reporting periods.

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 credit risk exposures are primarily attributable to other long-term receivables, other receivables, trade and bills receivables, amounts due from related parties, restricted bank balances, bank deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

At the end of each reporting period, other than financial assets whose carrying amounts best represent the maximum credit risk, the Group's maximum exposure to credit risk arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group to the related parties is disclosed in note 39(d).

The Group mainly conducted 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 Directors has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

To manage risk arising from bank balances and bills receivables, the Group mainly transacts with state-owned or reputable financial institutions in PRC and reputable international financial institutions outside of PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivable balances, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

The Group does not have any significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group reassesses lifetime ECL for trade receivables and amounts due from related parties arising from contracts with customers without significant financing component to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring.

For trade receivables and amounts due from related parties of trade nature, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired or collectively using a provision matrix appropriate groupings. As part of the Group's credit risk management, the Group use debtors' aging to assess the impairment for its customers because its customers consists of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted using 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.

For all other instruments including bills receivable, other receivables, other long-term receivables and amounts due from related parties of non-trade nature, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The Group has assessed and concluded that the risk of default rate for these instruments are steady based on the Group's assessment of the financial health of the counterparties.

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The tables below detail the credit risk exposures of the Group's trade and other receivables, other long-term receivables and amounts due from related parties, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	2024 Gross carrying amount RMB'000	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial assets at amortized cost							
Other receivables	*27*	*Note*	12-month ECL	793,492		753,868	
			Lifetime ECL (not credit-impaired)	489,379		109,091	
			Credit-impaired (individually)	12,164	1,295,035	26,555	889,514
Amounts due from related parties – non-trade nature	*39*	*Note*	12-month ECL (individually)	1,572,913	1,572,913	1,898,121	1,898,121
Amounts due from related parties – trade nature	*39*		Lifetime ECL (not credit-impaired, provision matrix)	59,548		477,114	
			Lifetime ECL (not credit-impaired, individually)	1,136,467	1,196,015	-	477,114
Other long-term receivables	*23*	*Note*	12-month ECL	734,382		916,270	
			Lifetime ECL (not credit-impaired)	–	734,382	–	916,270
Financial assets at FVTOCI							
Trade receivables	*27*		Lifetime ECL (not credit-impaired, provision matrix)	987,410		531,779	
			Credit-impaired (individually)	28,545	1,015,955	27,548	559,327
Bills receivable	*27*	*Note*	12-month ECL	527,618	527,618	472,205	472,205

* The gross carrying amounts disclosed above include both trade nature receivables and non-trade nature receivables. All trade nature receivables are applying lifetime ECL.

Note: For the purposes of internal credit risk management, the Group uses past due information or other relevant information available without undue cost or effort to assess whether credit risk has increased significantly since initial recognition.

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

2024

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Bills receivable	–	527,618	527,618
Amounts due from related parties	–	1,572,913	1,572,913
Other receivables	12,164	1,282,871	1,295,035
Other long-term receivables	–	734,382	734,382

2023

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Bills receivable	–	472,205	472,205
Amounts due from related parties	–	1,898,121	1,898,121
Other receivables	26,555	862,959	889,514
Other long-term receivables	–	916,270	916,270

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and amounts due from related parties of trade nature under the simplified approach:

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at January 1, 2023	10,522	23,564	34,086
– Transfer to credit-impaired	(4,044)	4,044	–
– Impairment losses recognized	24,389	–	24,389
– Impairment losses reversed	(2,041)	(60)	(2,101)
As at December 31, 2023	28,826	27,548	56,374
– Transfer to credit-impaired	(1,199)	1,199	–
– Impairment losses recognized	24,426	345	24,771
– Impairment losses reversed	(25,721)	(547)	(26,268)
As at December 31, 2024	26,332	28,545	54,877

The following table details the risk profile of trade receivables and amounts due from related parties of trade nature based on the Group's provision matrix.

Gross carrying amount of trade receivables and amounts due from related parties of trade nature

	As at December 31, 2024		As at December 31, 2023	
	Average loss rate	**Gross carrying amounts RMB'000**	Average loss rate	Gross carrying amounts RMB'000
Within 1 month	**0.03%**	**826,351**	0.03%	842,131
1 to 3 months	**0.19%**	**182,303**	0.73%	123,658
4 to 6 months	**11.47%**	**13,195**	19.84%	4,542
7 to 12 months	**17.38%**	**16,477**	26.39%	3,896
1 to 2 years	**63.52%**	**8,632**	75.24%	34,666
		1,046,958		1,008,893

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

As at December 31, 2024, the Group provided RMB10,436,000 (2023: RMB28,826,000) impairment allowance for trade receivables and amounts due from related parties of trade nature based on the provision matrix and provided RMB15,896,000 (2023: RMB Nil) impairment allowance for amounts due from related parties of trade nature which were not credit- impaired and assessed individually. In addition, as at December 31, 2024, debtors with balances from trade receivables which was credit-impaired amounting to RMB28,545,000 (2023: RMB27,548,000) were assessed individually and impairment allowance of RMB28,545,000 (2023: RMB27,548,000) were made.

The following table shows reconciliation of loss allowances that have been recognized for bills receivables, other receivables, other long-term receivables and amounts due from related parties of non-trade nature:

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	13,811	40,139	948	54,898
– Impairment losses recognized	82,260	27,724	25,607	135,591
– Impairment losses reversed	(6,495)	(40,139)	–	(46,634)
As at December 31, 2023	**89,576**	**27,724**	**26,555**	**143,855**
– Impairment losses recognized	**–**	**13,369**	**–**	**13,369**
– Impairment losses reversed	**(48,471)**	**(10,626)**	**(14,391)**	**(73,488)**
As at December 31, 2024	**41,105**	**30,467**	**12,164**	**83,736**

As at December 31, 2024, dividend receivable from CNC Risun Energy of non-trade nature amounting to RMB24,976,000 (2023: RMB20,453,000) were assessed individually and no impairment allowance were made on these debtors.

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

The Directors are responsible for the Group's cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities and lease liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2024						
		Contractual undiscounted cash outflows					
	Weighted average interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	N/A	8,671,558	56,081	–	–	8,727,639	8,660,934
Bank and other loans	4.58	21,415,105	6,417,050	2,509,533	920,857	31,262,545	30,371,910
Amounts due to related parties	N/A	1,160,429	11,868	–	–	1,172,297	1,170,535
Lease liabilities	3.70	1,548	1,548	645	–	3,741	3,574
Financial guarantee contracts	N/A	5,727,576	–	–	–	5,727,576	–
		36,976,216	6,486,547	2,510,178	920,857	46,893,798	40,206,953

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

	As at December 31, 2023							
		Contractual undiscounted cash outflows						
	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables	N/A	7,953,903	60,000	56,081	–	8,069,984	8,058,617
Bank and other loans	5.40	17,637,720	6,697,086	1,448,702	558,277	26,341,785	25,705,643
Amounts due to related parties	N/A	827,987	12,500	11,868	–	852,355	849,727
Lease liabilities	5.68	97,002	82,298	144,856	657,027	981,183	599,895
Financial guarantee contracts	N/A	1,722,780	–	–	–	1,722,780	–
		28,239,392	6,851,884	1,661,507	1,215,304	37,968,087	35,213,882

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, these estimates are subject to change depending on the probability of the counterparties claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Fair values

(i) Financial instruments carried at fair value

The Group measures its following financial instruments at fair value at the end of each reporting period on a recurring basis:

	Fair value As at December 31, 2024 RMB'000	Fair value As at December 31, 2023 RMB'000	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)
Financial assets					
Listed equity securities	**89,714**	121,718	Level 1	Fair values are calculated based on the quoted prices in an active market	N/A
Unlisted equity investment	**88,060**	111,670	Level 3	Fair values are estimated based on the comparable listed company's P/B ratio and a liquidity discount	Liquidity discount rate
Private equity investment funds	**92,618**	224,457	Level 3	Fair values are estimated based on the net asset value of underlying investments or net asset value of unit share	Net assets value of underlying investments
Wealth management product	**122,237**	119,621	Level 2	Fair values are determined with reference to the quoted prices provided by financial institutions	N/A
Futures contracts	**2,059**	833	Level 1	Fair values are derived from quoted bid prices in an active market	N/A
Held-for-trading non-derivative financial assets	**23,147**	9,416	Level 1	Fair values are derived from quoted bid prices in an active market	N/A
Derivative financial instruments	**–**	1,332	Level 2	Fair values are determined with reference to the quoted prices provided by financial institutions	N/A
Trade receivables	**982,432**	503,982	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk	N/A
Bills receivables	**527,618**	472,205	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk	N/A
Financial liability					
Futures contracts	**95**	3,838	Level 1	Fair values are derived from quoted bid prices in an active market	N/A

41. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Fair values *(continued)*

(i) Financial instruments carried at fair value (continued)

The Group's investments in unlisted equity investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB88,060,000 as at December 31, 2024 (2023: RMB111,670,000). The significant unobservable input is the liquidity discount rate. The higher liquidity discount rate, the lower fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the liquidity discount rate, holding all other variables constant, the carrying amounts of the investments would decrease/increase by RMB4,340,000 (2023: RMB6,926,000) as at December 31, 2024.

The Group's investments in private equity investment funds which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB92,618,000 (2023: RMB224,457,000) as at December 31, 2024. The significant unobservable input is the net assets value of underlying investments. The higher net assets value of underlying investments, the higher fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of underlying investments, holding all other variables constant, the carrying amounts of the investments would increase/decrease by RMB4,631,000 (2023: RMB11,223,000) as at December 31, 2024.

There were no transfers between level 1 and level 2 during the reporting period.

(ii) Reconciliation of level 3 measurements

The following table represents the reconciliation of level 3 measurements throughout the reporting period.

	Private equity fund RMB'000	Unlisted equity securities RMB'000	Total RMB'000
As at January 1, 2023	1,320,580	114,182	1,434,762
Purchase	25,000	–	25,000
Redemption	(1,050,030)	(2,000)	(1,052,030)
Fair value change in current year	(71,093)	(512)	(71,605)
As at December 31, 2023	**224,457**	**111,670**	**336,127**
Purchase	**36,935**	**–**	**36,935**
Redemption	**(101,716)**	**(54,500)**	**(156,216)**
Fair value change in current year	**(67,058)**	**30,890**	**(36,168)**
As at December 31, 2024	**92,618**	**88,060**	**180,678**

(iii) Fair values of financial instruments carried at other than fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

42. 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.

	Interest-bearing bank and other loans RMB'000	Amounts due to related parties non-trade RMB'000	Lease liabilities RMB'000	Dividend payable *(Note b)* RMB'000	Total RMB'000
At January 1, 2023	20,228,673	–	473,234	3	20,701,910
Net financing cash flows	(559,040)	(78,000)	(69,325)	(304,599)	(1,010,964)
Bill receivables discounted *(Note a)*	1,340,070	–	–	–	1,340,070
Deposits used for repayment of other loans	(240,464)	–	–	–	(240,464)
Dividend payable	–	–	–	337,699	337,699
New leases entered	–	–	178,760	–	178,760
Acquisition of a subsidiary	3,537,314	204,311	–	–	3,741,625
Rent payables	–	–	(17,079)	–	(17,079)
Finance costs	1,315,440	–	34,305	–	1,349,745
Interest accrual – capitalized	88,609	–	–	–	88,609
Exchange difference	(4,959)	–	–	–	(4,959)
At December 31, 2023	**25,705,643**	**126,311**	**599,895**	**33,103**	**26,464,952**
Net financing cash flows	**1,919,263**	**(23,530)**	**(37,870)**	**(164,789)**	**1,693,074**
Bill receivables discounted *(Note a)*	**293,615**	**–**	**–**	**–**	**293,615**
Deposits used for repayment of other loans	**(80,249)**	**–**	**–**	**–**	**(80,249)**
Dividend payable	**–**	**–**	**–**	**131,689**	**131,689**
New leases entered	**–**	**–**	**4,390**	**–**	**4,390**
Derecognition of lease liabilities	**–**	**–**	**(576,985)**	**–**	**(576,985)**
Acquisition of a subsidiary	**1,132,000**	**–**	**–**	**–**	**1,132,000**
Rent payables	**–**	**–**	**(5,308)**	**–**	**(5,308)**
Finance costs	**1,390,945**	**–**	**19,452**	**–**	**1,410,397**
Interest accrual – capitalized	**16,348**	**–**	**–**	**–**	**16,348**
Exchange difference	**(5,655)**	**–**	**–**	**–**	**(5,655)**
At December 31, 2024	**30,371,910**	**102,781**	**3,574**	**3**	**30,478,268**

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(continued)*

Notes:

a. During each reporting period, the Group has discounted bills receivable from third parties to banks for short-term financing. The relevant cash flows of these borrowings are presented as operating cash flows in the consolidated statement of cash flows as the Directors consider the cash flows are in substance, the receipts from trade customers.

b. Dividend payable is included in trade and other payables as set out in note 30.

43. COMMITMENTS

Capital commitments outstanding at the end of each reporting period not provided for in the consolidated financial statements were as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Capital expenditure in respect of property, plant and equipment	**708,448**	1,271,592

44. PLEDGE OF ASSETS

At the end of each reporting period, in addition to the discounted bills securing the Group's bank loans as disclosed in note 27, certain Group's assets were pledged to secure banking facilities granted to the Group and their carrying amounts are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	**9,396,855**	9,008,897
Right-of-use assets	**783,599**	969,371
Investment properties	**1,810,470**	65,071
Inventories	**290,010**	300,020
Trade receivables	**789,463**	226,089
Restricted bank deposits	**2,316,610**	2,247,243
	15,387,007	12,816,691

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Shareholding/equity interest attributable to the Company as of December 31, 2024	2023	Principal activities
Golden Sino Enterprises Limited ("Golden Sino") *(Note (iii))*	BVI	Ordinary share USD1	**100%**	100%	Investment holding
China Risun Group (Hong Kong) Limited ("Hong Kong Risun")	Hong Kong	Ordinary share HKD1	**100%**	100%	Investment holding and trading of coke, coking chemicals and refined chemicals
Risun Global Limited ("Risun Global")	Hong Kong	Ordinary share HKD3,000,000	**100%**	100%	Trading of coke, coking chemicals and refined chemicals
Risun Group Limited (旭陽集團有限公司) *(Notes (i) and (iv))*	The PRC	Paid-in capital RMB5,000,000,000	**100%**	100%	Investment holding
Hebei Risun Energy Limited ("Hebei Risun Energy") (河北旭陽能源有限公司) *(Notes (i) and (iv))*	The PRC	Paid-in capital RMB1,079,826,575	**92.61%**	92.61%	Production of coke and coking chemicals
Shandong Hongda (山東洪達化工有限公司) *(Note (iv))*	The PRC	Paid in capital RMB420,000,000	**100%**	100%	Production of coke and coking chemicals
Risun China Gas (呼和浩特旭陽中燃能源有限公司) *(Note (iv))*	The PRC	Paid in capital RMB1,336,000,000	**67%**	67%	Production of coke and coking chemicals
Xingtai Risun Coal Chemicals Limited ("Xingtai Risun Coal Chemicals") (邢台旭陽煤化工有限公司) *(Notes (ii) and (iv))*	The PRC	Paid-in capital RMB776,000,000	**100%**	100%	Production of refined chemicals
Cangzhou Risun (滄州旭陽化工有限公司) *(Notes (ii) and (iv))*	The PRC	Paid-in capital RMB4,452,960,824	**80.48%**	100%	Production of refined chemicals
Dingzhou Tianlu (定州天鷺新能源有限公司) *(Note (iv))*	The PRC	Paid-in capital RMB768,049,200	**50.01%**	65.1%	Production of refined chemicals
Dongming Risun Chemical Co., Ltd. (東明旭陽化工有限公司) *(Note (iv))*	The PRC	Paid-in capital RMB2,231,810,000	**100%**	100%	Production of refined chemicals

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Shareholding/equity interest attributable to the Company as of December 31, 2024	2023	Principal activities
Xingtai Risun Chemicals Limited (邢台旭陽化工有限公司) *(Notes (i) and (iv))*	The PRC	Paid-in capital RMB218,520,000	**100%**	100%	Production of refined chemicals
Tangshan Risun Chemicals Limited (唐山旭陽化工有限公司) *(Notes (i) and (iv))*	The PRC	Paid-in capital RMB1,045,000,000	**100%**	100%	Production of refined chemicals
Risun Marketing Limited (旭陽營銷有限公司) *(Notes (ii) and (iv))*	The PRC	Paid-in capital RMB1,200,000,000	**100%**	100%	Trading of coke, coking chemicals and refined chemicals
Xingtai Risun Trading Limited ("Xingtai Risun Trading") (邢台旭陽貿易有限公司) *(Notes (i) and (iv))*	The PRC	Paid-in capital RMB94,750,000	**100%**	100%	Trading of coke, coking chemicals and refined chemicals
Risun Materials Co., Ltd (旭陽物產株式會社) *(Notes (iii) and (iv))*	Japan	Paid-in capital JPY155,000,000	**100%**	100%	Trading of coke, coking chemicals refined and chemicals
Tangshan Risun Materials Limited (唐山旭陽物產有限公司) *(Notes (i) and (iv))*	The PRC	Paid-in capital RMB500,000,000	**100%**	100%	Trading of coke and coking chemicals
Dingzhou Zhongxu Industrial Limited (定州中旭實業有限公司) *(Notes (iii) and (iv))*	The PRC	Paid-in capital RMB50,000,000	**100%**	100%	Real estate development

Notes:

(i) These entities are wholly foreign owned enterprises established in the PRC.

(ii) These entities are sino-foreign owned entities established in the PRC.

(iii) No audited statutory financial statements have been prepared for these subsidiaries.

(iv) The English translation of the names is for reference only. The official names of these companies are in Chinese.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All of the subsidiaries, except for Golden Sino, are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

All companies now comprising the Group have adopted December 31, as their financial year end.

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				RMB'000	RMB'000	**RMB'000**	RMB'000
Hebei Risun Energy	Production of coke and coking chemicals	**7.39%**	7.39%	**116**	13,700	**399,797**	444,681
Dingzhou Tianlu	Production of refined chemicals	**49.99%**	34.90%	**54,398**	17,443	**905,270**	393,025
Risun China Gas	Production of coke and coking chemicals	**33.00%**	33.00%	**24,835**	79,142	**734,090**	709,255
Cangzhou Risun	Production of refined chemicals	**19.52%**	–	**–**	–	**1,058,149**	–
Other subsidiaries with non-controlling interests	Production of refined chemicals			**(1,679)**	18,450	**19,602**	27,068
				77,670	128,735	**3,116,908**	1,574,029

46. FINANCIAL INFORMATION OF THE COMPANY

Information about the statement of financial position of the Company was as follows:

	2024 RMB'000	2023 RMB'000
Non-current assets		
Investment in a subsidiary	2,597,144	2,597,144
Right-of-use assets	3,536	–
Amounts due from subsidiaries *(Note)*	134,372	240,365
Financial assets at FVTPL	75,168	49,187
	2,810,220	2,886,696
Current assets		
Amounts due from subsidiaries *(Note)*	280,254	279,870
Trade and other receivables	1,986	4,045
Cash and cash equivalent	50,426	189,583
	332,666	473,498
Current liabilities		
Lease liabilities	1,440	–
Amounts due to subsidiaries *(Note)*	9,246	9,246
Trade and other payables	580	347
	11,266	9,593
Non-current liability		
Lease liabilities	2,134	–
	2,134	–
Net current assets	321,400	463,905
Net assets	3,129,486	3,350,601
Capital and reserves		
Share capital	385,172	382,246
Reserves	2,744,314	2,968,355
Total equity	3,129,486	3,350,601

Note: As at December 31, 2024 and 2023, the amounts due from/to subsidiaries disclosed in the Company's statement of financial position are of non-trade nature, unsecured, interest-free and repayable on demand.

46. FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Movements in the Company's reserves

	Treasury Stocks RMB'000	Share premium RMB'000	Retained profit RMB'000	Total RMB'000
At January 1, 2023	–	3,007,156	23,588	3,030,744
Profit for the year	–	–	231,383	231,383
Repurchase of shares and pending for cancellation *(note 35)*	(37,173)	–	–	(37,173)
Dividends appropriation *(note 14)*	–	–	(256,599)	(256,599)
At December 31, 2023	**(37,173)**	**3,007,156**	**(1,628)**	**2,968,355**
Profit for the year	**–**	**–**	**44,564**	**44,564**
Cancellation of shares *(note 35)*	**62,802**	**(60,926)**	**–**	**1,876**
Repurchase of shares as treasury *stocks (note 35)*	**(323,045)**	**–**	**–**	**(323,045)**
Issue of shares *(note 35)*		**139,253**	**–**	**139,253**
Dividends appropriation *(note 14)*	**–**	**–**	**(86,689)**	**(86,689)**
At December 31, 2024	**(297,416)**	**3,085,483**	**(43,753)**	**2,744,314**

47. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 12, 2025, the Group and Beijing Sinohytec Co., Ltd. (the "Target") entered into a framework agreement. Pursuant to which, the Group intends to dispose of its entire equity interest in its wholly-owed subsidiary Dingzhou Risun Hydrogen Energy Co., Ltd. to the Target in exchange for A Shares to be issued by the Target at a price of RMB18.53 per share; and the Group intends to subscribe for additional A Shares to be issued by the Target at a price of RMB18.53 per share. Please refer to the announcement published by the Company on March 12, 2025 for details.

"Articles" or "Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Cabot Risun Chemicals"	Cabot Risun Chemical (Xingtai) Co., Ltd.(卡博特旭陽化工(邢台)有限公司), a limited liability company established in the PRC on June 23, 2011 and owned as to 60.0% by Cabot (China) Limited(卡博特(中國)投資有限公司), an independent third party, and 40.0% by our subsidiary, Risun Group. It is an associate of the Company
"Cangzhou Production Base"	our production base in Cangzhou, where the refined chemical facilities directly owned by our subsidiary, Cangzhou Risun Chemicals, are located
"CCIA"	the China Coking Industry Association(中國煉焦行業協會), an association composed of representatives from the PRC coking industry
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references to "China" and the "PRC" do not include Hong Kong, Macau and Taiwan
"CNC Risun Energy"	Hebei CNC Risun Energy Limited(河北中煤旭陽能源有限公司), a limited liability company incorporated in the PRC on November 21, 2003 and a joint venture company of the Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company"	China Risun Group Limited(中國旭陽集團有限公司), a company incorporated in the Cayman Islands with limited liability on November 8, 2007
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules

"Consolidated Financial Statements"	the consolidated financial statements for the year ended December 31, 2024 prepared by the directors of the Company and audited by Deloitte Touche Tohmatsu, set out on pages 78 to 193 of this annual report
"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, means each of Texson and Mr. Yang
"Deed of Non-competition"	a deed of non-competition entered into by each of the Controlling Shareholders containing the undertakings as described in the paragraph headed "Relationship with our Controlling Shareholders – Deed of Non-Competition" of the Prospectus, in favor of the Company and our subsidiaries dated February 20, 2019
"Dingzhou Production Base"	our production base in Dingzhou, where the refined chemical facilities owned by our subsidiary, Dingzhou Tianlu New Energy and the coking facilities owned by our subsidiary, Hebei Risun Coking Limited, are located
"Director(s)"	the director(s) of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortization
"Executive Director(s)"	executive Director(s)
"FVTPL"	fair value through profit or loss
"Global Offering"	the offer of 60,000,000 Shares initially offered by the Company for subscription by the public in Hong Kong at, the offer and sale of the 540,000,000 Shares by the Company to professional, institutional and other investors and an over-allotment of 90,000,000 Shares as described in the section headed "Structure of the Global Offering" in the Prospectus
"Group", "we" or "us"	the Company and its subsidiaries or, where the context otherwise requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company, some or any of them and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"HBCCIA"	Hebei Coking and Chemical Industry Association(河北省焦化行業協會), an association composed of representatives from the coking and coal chemical industries

"HK$" or "Hong Kong dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
"Independent Non-executive Director(s)"	independent non-executive Director(s)
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or our connected persons as defined under the Listing Rules
"Jinniu Risun Chemicals"	Hebei Jinniu Risun Chemicals Limited (河北金牛旭陽化工有限公司), a limited liability company established in the PRC on March 28, 2008 and owned as to 50.0% by our subsidiary, Xingtai Risun Trading and 50.0% by Hebei Jinniu Chemical Industry Co., Ltd. (河北金牛化工股份有限公司), a company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600722), and an independent third party. Jinniu Risun Chemicals is an associate of the Company
"Listing"	listing of the Shares on the Hong Kong Stock Exchange
"Listing Date"	the date, being, March 15, 2019, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Mr. Yang"	Mr. Yang Xuegang (楊雪崗), an Executive Director, the chairman of the Board and the chief executive officer, and one of the Controlling Shareholders of the Company

"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Prospectus"	the prospectus of the Company dated February 28, 2019 in relation to the initial public offering and the listing of the Shares on the Stock Exchange
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	January 1, 2024 to December 31, 2024
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shares"	ordinary shares with a nominal value of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Companies Ordinance
"substantial shareholder"	has the meaning ascribed thereto in the Listing Rules
"Tangshan Production Base"	our production base in Tangshan, where the refined chemical facilities owned by our subsidiary, Tangshan Risun Chemicals are located
"Texson"	Texson Limited (泰克森有限公司), a company incorporated in the BVI on February 19, 2004 and wholly-owned by Mr. Yang. It is one of the Controlling Shareholders
"Treasury Shares"	has the meaning ascribed thereto in the Listing Rules
"USA"	the United States of America
"USD"	the lawful currency of the USA

"Xingtai Production Base"	our production base in Xingtai, where the coking facilities owned by our joint venture company, CNC Risun Energy, and refined chemical facilities owned by our subsidiaries, Xingtai Risun Coal Chemicals, Xingtai Risun Chemicals and our associates, Jinniu Risun Chemicals and Cabot Risun Chemicals are located
"Xingtai Risun Chemicals"	Xingtai Risun Chemicals Limited (邢台旭陽化工有限公司), a limited liability company established in the PRC on March 17, 2014 and an indirect wholly-owned subsidiary of the Company
"Xingtai Risun Trading"	Xingtai Risun Trading Limited (邢台旭陽貿易有限公司) (formerly known as Xingtai Risun Coking Limited (邢台旭陽焦化有限公司)), a limited liability company established in the PRC on May 12, 1995 and an indirect wholly-owned subsidiary of the Company
"Xuyang Holding Group"	Xuyang Holding and its subsidiaries
"Xuyang Holding"	Xuyang Holding Limited (旭陽控股有限公司) (formerly known as Xuyang Coking Holding Limited (旭陽焦化控股有限公司) and Tianlu Industrial Holding Limited (天鷺實業控股有限公司)), a limited liability company established in the PRC on August 4, 2004 and owned as to 99.0% by Mr. Yang and 1.0% by Mrs. Yang
"%"	per cent