河南金馬能源股份有限公司

HENAN JINMA ENERGY COMPANY LIMITED

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

(Stock Code: 6885)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

Revenue	: RMB7,585.2 million
Profit attributable to shareholders	: RMB594.0 million
Basic earnings per share	: RMB1.11
Proposed final dividend per share	: RMB0.20
Proposed special dividend per share	: RMB0.10

RESULTS

Due to restrictions in force in parts of the People's Republic of China (the "**PRC**") to combat the novel coronavirus (COVID-19) outbreak as further elaborated in the section headed "Corporate Governance & Related Matters – Review of Annual Results" below, the auditing process for the annual results of Henan Jinma Energy Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") and its subsidiaries for the year ended 31 December 2019 has not been completed.

In the meantime, the board of Directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 together with audited comparative figures for the year ended 31 December 2018.

Presented below are the Group's Unaudited Consolidated Financial Statements, Business Development Review, Financial Review, and Corporate Governance & Related Matters.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

		For the year ended 31 December	
		2019	2018
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	*(Audited)*
Revenue	*2*	**7,585,190**	7,451,793
Cost of sales		**(6,501,378)**	(6,090,402)
Gross profit		**1,083,812**	1,361,391
Other income		**45,784**	8,883
Other gains and losses		**(7,845)**	(898)
Impairment losses, under expected credit loss model, net of reversal		**2,737**	(12,513)
Selling and distribution expenses		**(143,250)**	(83,008)
Administrative expenses		**(100,449)**	(93,465)
Finance costs		**(54,265)**	(48,300)
Share of result in a joint venture		**3,949**	4,614
Share of result in an associate		**(240)**	(192)
Profit before tax		**830,233**	1,136,512
Income tax expense	*3*	**(201,767)**	(284,280)
Profit for the year		**628,466**	852,232
Other comprehensive income/(expenses)		**914**	(1,884)
Total comprehensive income		**629,380**	850,348
Profit for the year attributable to:			
– Owners of the Company		**594,042**	832,408
– Non-controlling interests		**34,424**	19,824
Total comprehensive income attributable to:			
– Owners of the Company		**594,956**	830,524
– Non-controlling interests		**34,424**	19,824
Earnings per share (RMB)			
– Basic	*5*	**1.11**	1.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	**As at 31 December 2019 RMB'000 (Unaudited)**	As at 31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,575,027**	1,314,508
Prepaid lease payments		**–**	114,050
Right-of-use assets		**141,664**	–
Intangible assets		**70,871**	63,820
Goodwill		**8,902**	8,001
Interest in a joint venture		**53,974**	54,925
Interests in an associate		**40,951**	41,191
Advance to an associate		**60,940**	60,940
Financial assets at fair value through profit or loss ("**FVTPL**")		**36,233**	–
Deferred tax assets		**14,815**	15,481
Deposit for acquisition of property, plant and equipment		**97,514**	10,400
		2,100,891	1,683,316
CURRENT ASSETS			
Inventories		**314,037**	281,752
Prepaid lease payments		**–**	2,936
Trade and other receivables	*6*	**330,059**	237,925
Amounts due from shareholders		**20,202**	196
Amounts due from related parties		**21,859**	40,762
Financial assets measured at FVTPL		**–**	70,000
Debt instruments at fair value through other comprehensive income ("**FVTOCI**")		**927,353**	1,083,797
Restricted bank balances		**74,887**	90,921
Cash and bank balances		**1,697,816**	583,157
		3,389,213	2,391,446

	NOTES	As at 31 December 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
CURRENT LIABILITIES			
Borrowings		**677,600**	596,600
Trade and other payables	*7*	**907,672**	660,804
Amounts due to related parties		**197**	409
Contract liabilities		**67,235**	87,967
Lease liabilities		**1,640**	–
Tax payable		**20,706**	75,237
		1,675,050	1,421,017
NET CURRENT ASSETS		**1,714,163**	970,429
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,815,054**	2,653,745
CAPITAL AND RESERVES			
Share capital		**535,421**	535,421
Reserves		**2,098,420**	1,744,204
Equity attributable to owners of the Company		**2,633,841**	2,279,625
Non-controlling interests		**767,603**	97,834
TOTAL EQUITY		**3,401,444**	2,377,459
NON-CURRENT LIABILITIES			
Borrowings		**365,920**	237,020
Long term payable		**–**	9,970
Lease liabilities		**4,016**	–
Deferred revenue		**23,976**	6,666
Deferred tax liabilities		**19,698**	22,630
		413,610	276,286
		3,815,054	2,653,745

NOTES

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

1.1 BASIS OF PREPARATION

The unaudited consolidated financial statments have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

1.2 PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

Other than changes in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies and methods of computation used in the unaudited consolidated financial statements for the year ended 31 December 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's unaudited consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments. Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

Impacts on the opening balances of the consolidated statement of financial position arising from the application of all new standards

IFRS 16 "Lease"

The Group has applied IFRS 16 for the first time in the current period. IFRS 16 superseded IAS 17 "Leases" ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease" and not to apply IFRS 16 to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application, 1 January 2019.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease. Specifically, the Group assessed its contracts on office rental in Hong Kong and in Shenzhen. The application of new definition of a lease concluded that both of the new contracts signed were modification of the original contracts with lease terms expanded, and such modification were recognised at the effective date of the modification.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.88%.

	At 1 January 2019 *RMB'000* *(Unaudited)*
Operating lease commitments disclosed as at 31 December 2018	**6,320**
Lease liabilities discounted at relevant incremental borrowing rates	**4,516**
Less: Recognition exemption - short-term leases and low value assets	**–**
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 January 2019	**4,516**
Analysed as:	
Current	**1,051**
Non-current	**3,465**
	4,516

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets *RMB'000* *(Unaudited)*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		**4,516**
Reclassified from prepaid lease payments	*(a)*	**116,986**
Adjustments on rental deposits at 1 January 2019	*(b)*	**32**
		121,534
By class:		
Leasehold lands		**116,986**
Land and buildings		**4,548**
		121,534

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB2,936,000 and RMB114,050,000 respectively were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied under other receivables. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB32,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Effective on 1 January 2019, the Group has applied IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the unaudited consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the unaudited consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts reported at 31 December 2018 *RMB'000* *(Audited)*	Adjustments *RMB'000* *(Unaudited)*	**Carrying amounts under IFRS 16 at 1 January 2019** ***RMB'000*** ***(Unaudited)***
Non-current Assets				
Prepaid lease payments	*(a)*	114,050	(114,050)	**–**
Right-of-use assets		–	121,534	**121,534**
Other receivables				
– Rental deposits	*(b)*	200	(32)	**168**
Current Assets				
Prepaid lease payments	*(a)*	2,936	(2,936)	**–**
Current Liabilities				
Lease liabilities		–	1,051	**1,051**
Non-current liabilities				
Lease liabilities		–	3,465	**3,465**

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 "Financial Instruments" ("**IFRS 9**"), including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 "Investments in Associates and Joint Ventures" ("**IAS 28**") (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

As at 31 December 2019, the Group's advance to an associate in the amount of RMB60,940,000 is considered as long-term interests that, in substance, form part of the Group's net investments in the relevant associate. However, the application is not expected to have impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

Amendments to IFRSs Annual Improvements to IFRSs 2015-2017 Cycle

The annual improvement packages amended the following two standards.

*IAS 12 "Income Taxes" ("**IAS 12**")*

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 "Borrowing Costs"

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

1.3 New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[5]

[1] Effective for annual periods begining on or after 1 January 2021.
[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2022.
[5] Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

Amendments to IFRS 3 "Definition of a Business"

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality in respect of influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition of material across all IFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRSs have been updated to the New Framework, whilst some IFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

2. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the Group's revenue and profit for the year.

The Group's operating segments under IFRS 8 "Operating Segments" are (i) sales of coke, (ii) sales of coking by-products, (iii) sales of refined chemicals, (iv) sales of energy products, mainly coal gas and LNG, (v) trading of coke, coal, refined oil, mining equipment and nonferrous materials, and (vi) other services including but not limited to provision of water, catering and fire prevention and management services.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Sales of goods						
	Coke	**Coking by-products**	**Refined chemicals**	**Energy products**	**Trading**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
For the year ended 31 December 2019							
Segment revenue	**3,786,355**	**13,826**	**1,214,273**	**450,860**	**2,108,123**	**11,753**	**7,585,190**
Segment results	**839,030**	**5,090**	**65,547**	**120,668**	**62,972**	**1,646**	**1,094,953**
Other income							**45,784**
Other gains and losses							**(7,845)**
Impairment losses, under expected credit loss model, net of reversal							**2,737**
Selling and distribution expenses							**(143,250)**
Administrative expenses							**(100,449)**
Finance costs							**(54,265)**
Share of result in a joint venture							**3,949**
Share of result in an associate							**(240)**
Unallocated expenses							**(11,141)**
Profit before tax							**830,233**

	Sales of goods						
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*
For the year ended 31 December 2018							
Segment revenue	4,083,200	13,521	1,413,992	360,196	1,568,000	12,884	7,451,793
Segment results	1,137,132	3,345	120,411	93,789	25,657	1,044	1,381,378
Other income							8,883
Other gains and losses							(898)
Impairment losses, under expected credit loss model, net of reversal							(12,513)
Selling and distribution expenses							(83,008)
Administrative expenses							(93,465)
Finance costs							(48,300)
Share of result in a joint venture							4,614
Share of result in an associate							(192)
Unallocated expenses							(19,987)
Profit before tax							1,136,512

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment results represent gross profit from each segment, excluding sales related taxes, which are classified as unallocated expenses.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to or reviewed by the Directors.

Other segment information

	Sales of goods						
	Coke *RMB'000* *(Unaudited)*	**Coking by-products** *RMB'000* *(Unaudited)*	**Refined chemicals** *RMB'000* *(Unaudited)*	**Energy products** *RMB'000* *(Unaudited)*	**Others** *RMB'000* *(Unaudited)*	**Unallocated** *RMB'000* *(Unaudited)*	**Total** *RMB'000* *(Unaudited)*
For the year ended 31 December 2019							
Amounts included in measure of segment results:							
Depreciation and amortization	**40,506**	**1,762**	**30,875**	**36,136**	**9,678**	**6,527**	**125,484**
Depreciation of right-of-use assets	**–**	**–**	**–**	**–**	**–**	**4,445**	**4,445**

	Sales of goods						
	Coke *RMB'000* *(Audited)*	Coking by-products *RMB'000* *(Audited)*	Refined chemicals *RMB'000* *(Audited)*	Energy products *RMB'000* *(Audited)*	Others *RMB'000* *(Audited)*	Unallocated *RMB'000* *(Audited)*	Total *RMB'000* *(Audited)*
For the year ended 31 December 2018							
Amounts included in measure of segment results:							
Depreciation and amortization	35,007	1,191	27,782	26,784	8,146	6,784	105,694
Release of prepaid lease payments	–	–	–	–	–	2,960	2,960

Entity-wide disclosures

Geographical information

All of the Group's revenue from external customers were generated in the PRC and non-current assets are located in the PRC during the year ended 31 December 2019 and 2018.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group for the year is as below:

	2019 *RMB'000* *(Unaudited)*	2018 *RMB'000* *(Audited)*
Jiangxi PXSteel and its subsidiaries *(Notes i and ii)*	**1,168,145**	1,420,413
Maanshan Steel *(Notes i and ii)*	**791,300**	1,030,544
Customer A *(Note i)*	**956,569**	N/A^
Customer B *(Note i)*	**781,438**	N/A^

Notes:

(i) Revenue from sale of coke.

(ii) Maanshan Steel and Jiangxi PXSteel are shareholders of the Company.

^ The revenue of the Customer A and Customer B contributed less than 10% of the total sales of the Group during the year ended 31 December 2018.

3. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
PRC Enterprise Income Tax ("EIT")		
Current tax	**203,786**	293,550
Underprovision in prior year	**985**	2,380
Deferred tax	**(3,004)**	(11,650)
	201,767	284,280

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the group entities in the PRC is 25%.

4. DIVIDENDS

On 18 March 2019, a final dividend in respect of the year ended 31 December 2018 of RMB0.35 per share and in an aggregate amount of RMB187,397,000 was declared by the Company. Such dividend had been fully settled by June 2019.

On 18 October 2019, an interim dividend in respect of the six months period ended 30 June 2019 of RMB0.10 per share (2018: an interim dividend of RMB0.05 per share) and in an aggregate amount of RMB53,542,000 was declared by the Company. Such dividend had been fully settled by 19 November 2019.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of RMB0.20 per share and a special dividend of RMB0.10 per share, in a total amount of RMB0.30 per share and in an aggregate amount of RMB160,626,000, have been conditionally proposed by the Directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

5. EARNINGS PER SHARE

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**594,042**	832,408
	'000	*'000*
	(Unaudited)	*(Audited)*
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

Basic earnings per share was calculated by dividing the profit attributable to the equity owners of the Company by the weighted average number of ordinary shares in issue during the year.

No diluted earnings per share is presented as for the years ended 31 December 2019 and 2018 because there was not potential ordinary share during both years.

6. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables from sales of goods	**131,821**	88,446
Less: Allowance for credit losses	**(7,285)**	(10,422)
	124,536	78,024
Other receivables	**10,245**	22,493
Refundable deposits due from customers	**62,896**	524
Less: Allowance for credit losses	**–**	(3,888)
	73,141	19,129
Prepayments to suppliers	**72,056**	82,537
Prepaid other taxes and charges	**58,426**	53,335
Dividend receivables from joint venture company	**4,900**	4,900
	333,059	237,925

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 90 days	**95,549**	67,245
91 - 180 days	**29,048**	5,992
181 - 365 days	**–**	665
Over 365 days	**–**	4,122
	124,536	78,024

As at 31 December 2019, total bills received amounting to RMB927,353,000 (2018: RMB1,083,797,000) are held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and are measured at FVTOCI since the year 2019. Except for a bill in the amount of RMB5,000,000 having a maturity of seven months, all other bills received by the Group are with a maturity period of less than six months.

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB37,079,000 (2018: RMB20,536,000) which are past due as at the reporting date. Out of the past due balances, RMB6,827,000 (2018: RMB14,515,000) has been past due over 90 days and is considered as in default. The Group does not hold any collateral over these balances.

7. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables	**377,381**	288,633
Bills payables	**253,530**	148,953
	630,911	437,586
Salaries and wages payables	**23,918**	18,472
Other tax payables	**4,358**	5,246
Consideration payable for purchase of property, plant and equipment	**230,224**	182,058
Accruals	**5,753**	7,339
Consideration payable for a business combination	**4,472**	2,437
Refundable deposits from suppliers	**2,303**	945
Other payables	**5,732**	6,721
	276,760	223,218
	907,672	660,804

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

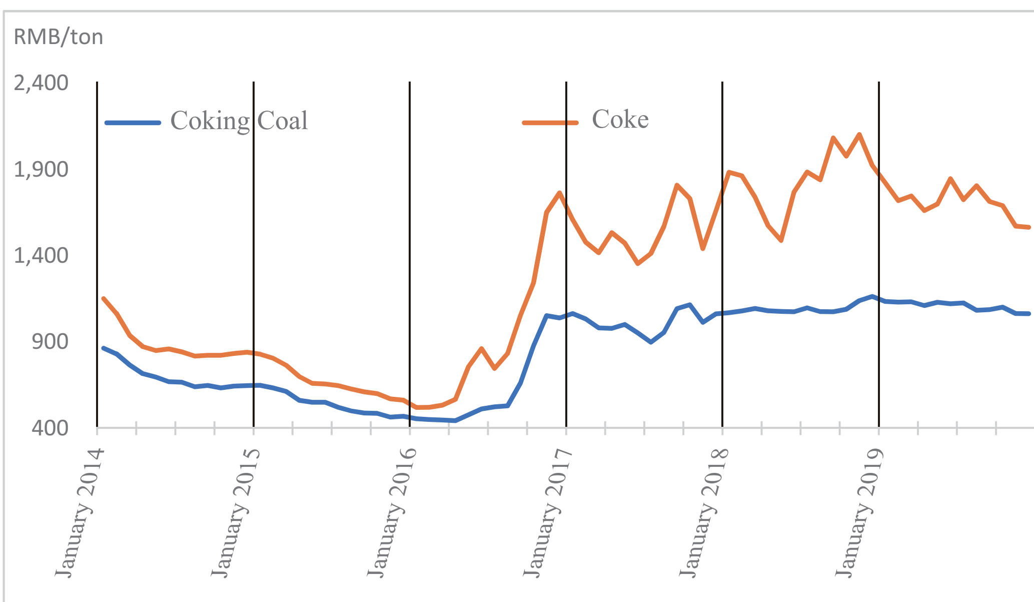
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 90 days	**357,908**	273,788
91 - 180 days	**9,995**	6,226
181 - 365 days	**4,452**	3,432
Over 1 year	**5,026**	5,187
	377,381	288,633

At the end of the reporting period, the Group's bills payables were issued by banks with maturity within 6 months and were secured by the Group's restricted bank balances.

BUSINESS DEVELOPMENT REVIEW

The Group's business in 2019 remained stable, and the production capacity utilization rate of each major product has been maintained, and the Group's sales have basically achieved consistent full sale. The Group's annual revenue reached RMB7,585.2 million in 2019, which is an increase of approximately 1.8% as compared to RMB7,451.8 million in 2018, while the profit attributable to shareholders decreased by 28.6% from RMB832.4 million in 2018 to RMB594.0 million in 2019, mainly due to the price reduction of the Group's main products in the face of China's economic adjustment, which affected its gross profit. The Group's gross profit margin decreased from 18.3% in 2018 to 14.3% in 2019.

The selling price of coke products, which accounted for approximately 49.9% of the Group's revenue, fell by 7.4% from the highest average selling price over the past five years of RMB1,842 in 2018 to RMB1,706 in 2019. Due to the relevant government policies on production, the Group's average purchase price of coking coal, the main raw material, recorded an increase of approximately 1.3% in 2019 when compared to that in 2018, and the average price spread between the Group's purchase of coking coal and sale of coke coal in 2019 decreased by approximately 19.3% as compared to that in 2018. The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2014 to 2019 according to the Group's internal records:



Business Segment Results

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

	As of 31 December							
	Segment revenue		Segment gross profit		Segment gross profit margin		% of total revenue of the Group	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	*%*	*%*	*%*	*%*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*				
Coke	**3,786,355**	4,083,200	**839,030**	1,137,132	**22.2**	27.8	**49.9**	54.8
Refined Chemicals	**1,214,273**	1,413,992	**65,547**	120,411	**5.4**	8.5	**16.0**	19.0
Energy Products	**450,860**	360,196	**120,668**	93,789	**26.8**	26.0	**5.9**	4.8
Trading	**2,108,123**	1,568,000	**62,972**	25,657	**3.0**	1.6	**27.8**	21.0

The decrease both in revenue and gross profit margin of coke and refined chemicals of the Group in 2019 was mainly due to the decline in demand and reduction in prices caused by the adjustment of the Chinese economy. Among them, the selling price of coke fell by 7.4% from the highest average over the past five years of RMB1,842 in 2018 to RMB1,706 in 2019. Due to the relevant government policies on production, The Group's average purchase price of coking coal, being the main raw material, recorded an increase of approximately 1.3% in 2019 when compared to that in 2018, resulting in a decline in gross profit margin of 5.6% to 22.2% in 2019. In terms of refined chemicals, coupled with the overall decline in international crude oil prices, the segment gross profit margin recorded a larger decline, from 8.5% in 2018 to 5.4% in 2019.

For the energy products segment, although natural gas facilities have been fully put into production in 2019, its capacity utilization rate was only approximately 60% on a full year basis. In addition, because of the abundant supply of international natural gas market in 2019, the annual average wholesale price of natural gas of the Group has dropped by approximately 15% as compared to that in 2018, thus, the gross profit margin of the energy segment only remained at approximately 26.8% in 2019.

In face of market adjustment, the revenue of the trading segment increased to approximately RMB2,108.1 million in 2019, and the segment gross profit margin has increased from 1.6% in 2018 to 3.0% in 2019 due to the strategic cooperation model with some customers in respect of coal trading.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Revenue	**7,585,190**	7,451,793
Cost of sales	**(6,501,378)**	(6,090,402)
Gross profit	**1,083,812**	1,361,391
Other income	**45,784**	8,883
Other gains and losses	**(7,845)**	(898)
Impairment losses, under expected credit loss model, net of reversal	**2,737**	(12,513)
Selling and distribution expenses	**(143,250)**	(83,008)
Administrative expenses	**(100,449)**	(93,465)
Finance costs	**(54,265)**	(48,300)
Share of result in a joint venture	**3,949**	4,614
Share of result in an associate	**(240)**	(192)
Profit before tax	**830,233**	1,136,512
Income tax expense	**(201,767)**	(284,280)
Profit for the year	**628,466**	852,232
Other comprehensive income/(expenses)	**914**	(1,884)
Total comprehensive income	**629,380**	850,348
Profit for the year attributable to:		
– Owners of the Company	**594,042**	832,408
– Non-controlling interests	**34,424**	19,824
	628,466	852,232
Total comprehensive income attributable to:		
– Owners of the Company	**594,956**	830,524
– Non-controlling interests	**34,424**	19,824
Earnings per share (RMB)		
– Basic	**1.11**	1.55

Consolidated Financial Information

- **Revenue and Gross Profit Margin**

  The Group's revenue increased by approximately RMB133.4 million or approximately 1.8% from approximately RMB7,451.8 million in 2018 to approximately RMB7,585.2 million in 2019. Due to the reduced sales prices of the Group's major products in face of China's economic adjustment in 2019, which affected the Group's revenue and gross profit. The Group's gross profit margin decreased from 18.3% in 2018 to 14.3% in 2019.

- **Other Income**

  Other income increased by approximately RMB36.9 million or approximately 414.6% from approximately RMB8.9 million in 2018 to approximately RMB45.8 million in 2019. Such significant increase was primarily due to an increase in the interest income from bank deposits of approximately RMB8.0 million, as well as an increase in government grants related to the segments of coke and refined chemicals of approximately RMB4.7 million.

- **Other Gains and Losses**

  Other gains and losses continues to lose by approximately RMB6.9 million from a net loss of approximately RMB0.9 million in 2018 to a net loss of approximately RMB7.8 million in 2019. The increase in loss was mainly due to the reclassification of the loss from changes in fair value of the bond instruments at fair value through other comprehensive income to other gains and losses; and due to the impairment loss on goodwill.

- **Impairment Losses, under Expected Credit Loss Model, Net of Reversal**

  The Group turned from impairment losses of approximately RMB12.5 million in 2018 to a net impairment reversal of approximately RMB2.7 million in 2019, due to the impairment provision was partially written back. It mainly reflected the significant decrease of the provision for expected credit loss of trade and other receivables and the amount of impairment provision for 2019.

- **Selling and Distribution Expenses**

  Selling and distribution expenses increased by approximately RMB60.3 million or approximately 72.7% from approximately RMB83.0 million in 2018 to approximately RMB143.3 million in 2019. The increase was mainly due to the increase of certain transportation expenses of coke that were borne by the Group in 2019.

- **Administrative Expenses**

  Administrative expenses increased by approximately RMB6.9 million or approximately 7.4% from approximately RMB93.5 million in 2018 to approximately RMB100.4 million in 2019. The increase was mainly due to the increase in employees' remuneration, professional service fee of new projects, amortization of new land use right and bank charges.

- **Finance Costs**

  Finance costs increased by approximately RMB6.0 million or approximately 12.4% from approximately RMB48.3 million in 2018 to approximately RMB54.3 million in 2019. The increase was mainly due to the increase in long-term and short-term borrowings in 2019 as compared to that in 2018.

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

  Share of result in a joint venture decreased by approximately RMB0.7 million or approximately 15.2% from approximately RMB4.6 million in 2018 to approximately RMB3.9 million in 2019. The decrease was mainly due to an overhaul of the joint venture's production facility for more than two months in the middle of 2019, although thereafter the production and sales have gradually returned to normal levels.

- **Profit Before Tax**

  As a result of the foregoing, the Group's profit before tax decreased by approximately RMB306.3 million or approximately 27.0% from approximately RMB1,136.5 million in 2018 to approximately RMB830.2 million in 2019.

- **Income Tax Expense**

  Income tax expense decreased by approximately RMB82.5 million or approximately 29.0% from approximately RMB284.3 million in 2018 to approximately RMB201.8 million in 2019. The significant decrease was mainly due to the decrease in the Group's profit for the period.

- **Other Comprehensive Income/(Loss)**

  Other comprehensive loss in 2018 was approximately RMB1.9 million, while at the end of 2019 the changes in bill receivables measured at fair value during the relevant holding period had resulted in an other comprehensive income of approximately RMB0.9 million.

- **Total Comprehensive Income for the Year**

  As a result of the foregoing, the Group's total comprehensive income decreased by approximately RMB220.9 million or approximately 26.0% from approximately RMB850.3 million in 2018 to approximately RMB629.4 million in 2019. The Group's net profit margin decreased from approximately 11.4% in 2018 to approximately 8.3% in 2019.

MAJOR DEVELOPMENTS

Production Facilities

- 1.8 million tons/year coking facilities upgrade project

  The project is mainly to upgrade the existing two 4.3-metre coking furnaces to advanced 7.65-meter coking furnaces, and at the same time to increase the relevant annual production capacity from 1 million tons to 1.8 million tons. The project has been successfully filed with the local government and is in line with national industrial policies. The new coking furnaces will be located at the same chemical industry park and co-produce with the existing coking facilities. The environmental assessment of the project has commenced and is expected to be approved in the second quarter of 2020. The overall construction is scheduled to be completed by the end of 2021. The project involves an estimated overall investment of approximately RMB2.36 billion. The major equipment has been ordered, and an initial investment amounted to approximately RMB21.5 million has been made.

- Desulfurization regeneration liquid treatment and comprehensive utilization project

  The project is conducted by using the desulfurization waste liquid produced in the desulfurization section of the coke production process as raw materials. Such desulfurization waste liquid is processed into concentrated sulfuric acid, with an annual output of approximately 29,000 tons of sulfuric acid. In addition to saving waste liquid treatment cost, the annual output value may reach RMB10 million. Current estimated total investment of the project is approximately RMB80 million. As of the end of December 2019, an amount of RMB26.5 million has been invested in the project. The land construction and equipment installation are basically completed, and the trial production is expected to be conducted in the second quarter of 2020.

- Expansion and improvement project of Benzene

  The project is mainly for the purpose of expanding the Company's benzene-based processing capacity from estimated 120 thousand tons to 200 thousand tons per year. Due to the enhancement of automation of the treatment process, including the transportation of raw materials and products, the estimated total investment of the project has increased to approximately RMB80 million. As of the end of 2019, an amount of RMB45.7 million has been invested in the project. The new facility is expected to conduct trial production in the second quarter of 2020.

Environment Protection Facilities

- Coke dry quenching waste-heat power generating project

  The construction of the project commenced in the third quarter of 2018 with an estimated total investment of approximately RMB150 million. As of the end of December 2019, the Group has invested RMB78.4 million. It is expected to conduct a trial production in the second quarter of 2020. After such facility is being put into use, the quality of coke products will be significantly improved, and the pollutant emissions will also be reduced. In terms of environmental protection, it can better respond to the requirements of environmental regulatory agencies.

- 180m^3/h wastewater treatment project

  In response to the operation of the coke dry quenching facility, the Group intends to invest approximately RMB100 million in a new wastewater treatment project. The technology and equipment used would be of international standard including Israeli's reverse osmosis technology, which is one of the most advanced technologies in the world, and the treatment capacity is 180 cubic meters per hour. An amount of approximately RMB5.3 million has been invested in land construction, and the construction of advanced treatment unit of the project has been commenced. The facility is expected to be put into operation at the end of 2020.

FINANCIAL REVIEW

In 2019, the Group's major financial resources were funded by the proceeds from the sales of products, shareholders' equity and borrowings from bank and financial institutions. The Directors have confirmed that the Group did not experience any liquidity problems in 2019.

The Group's cash and bank balances at the end of 2019 was approximately RMB1,697.8 million, representing an increase of RMB1,114.6 million as compared to that in 2018, which was mainly due to the injection of funds in the amount of RMB660.0 million by certain joint venture partners as a result of the establishment of a joint venture, Shenzhen Jinma Energy Co., Ltd.* (深圳市金馬能源有限公司) by the Group in the middle of the year, and the cash flow generated from the profit after tax for the year of RMB628.5 million. The Group's bank borrowings also increased by RMB209.9 million as compared to that as at the end of 2018, these were mainly for the preparation of the Group's 1.8 million tons/year coking facilities upgrade project involving an estimated overall investment of approximately RMB2.36 billion, and the unstable economic situation in the future. The Group's gearing ratio as at the end of 2019 still remained at approximately 0.4 times which is comparable to that as at the end of 2018.

Liabilities

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

	As at 31 December		
	2019	2018	Increase/ (decrease)
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	*(Audited)*	
Bank borrowings	**1,043,520**	833,620	209,900
Secured	**132,020**	229,620	(97,600)
Unsecured	**911,500**	604,000	307,500
	1,043,520	833,620	209,900
Fixed-rate borrowings	**559,000**	450,000	109,000
Floating-rate borrowings	**484,520**	383,620	100,900
	1,043,520	833,620	209,900
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**677,600**	596,600	81,000
More than one year, but not more than two years	**90,100**	152,600	(62,500)
More than two years, but not more than five years	**275,820**	84,420	191,400
	1,043,520	833,620	209,900
Less: Amount due shown under current liabilities	**(677,600)**	(596,600)	(81,000)
	365,920	237,020	128,900

The Group's bank borrowings in 2019 and 2018 were all borrowings denominated in Renminbi. As at 31 December 2019, RMB132.0 million of the Group's borrowings were secured by the land use rights; and all remaining bank borrowings were credit borrowings. As at 31 December 2018, RMB229.6 million of the Group's borrowings were secured by the land use rights; and all remaining bank borrowings were credit borrowings. As at 31 December 2019 and 2018, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

The table below sets forth the range of effective interest rate of the bank borrowings at the end of the dates indicated below.

	As at 31 December	
	2019	2018
Effective interest rate:		
– Fixed-rate borrowings	**4.61% - 6.75%**	4.57% - 6.75%
– Floating-rate borrowings	**4.79% - 6.30%**	4.79% - 6.20%

As at 31 December 2019, the Group had obtained banking facilities in an aggregate amount of approximately RMB1,424.0 million (2018: RMB1,159.0 million), of which a total amount of approximately RMB380.5 million (2018: RMB160.0 million) is still available for use. As at 31 December 2019, the Group had total outstanding bank borrowings of approximately RMB1,043.5 million (2018: RMB833.6 million). The Group intends to refinance the bank borrowings or repay the bank borrowings as and when they fall due with the internally generated funds (refinancing has been achieved for bank borrowings of RMB540.0 million falling due in 2019 according to needs).

Save as disclosed in this "Financial Review" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 31 December 2019 and up to the date of this announcement. As at 31 December 2019, save as disclosed in this "Financial Review" section and apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, the Group did not have any outstanding mortgages, charges or pledges, debentures or other debt securities, term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, acceptance liabilities or acceptance credits), finance leases or any guarantees or other material contingent liabilities.

The Directors confirm that, for the year ended 31 December 2019, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2019, the Group did not experience any difficulty in obtaining bank loans and other borrowings, or any default in payment of bank loans and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

Contractual Obligations and Capital Expenditure

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

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but without provision in the consolidated financial statements	**462,836**	62,042

The Group's capital commitments for the year ended 31 December 2019 primarily relate to the construction of the dry quenching facility and the 1.8 million tons/year coking facilities upgrade project. The Group expects to fund such capital commitments principally by the net proceeds of the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), bank loans and cash generated from the Group's operations.

Other than the transactions described in the above table, as at 31 December 2019, the Group had no other material contractual commitments.

Off-Balance Sheet Arrangements

The Group did not have any material off-balance sheet arrangements as at 31 December 2019. Specifically, the Group has not entered into any derivative contracts that are indexed to the shares and classified as shareholders' equity, or that are not reflected in the Group's unaudited consolidated financial statements. Furthermore, the Group did not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group did not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

Contingent Liabilities

During 2019, the Group endorsed certain bills receivables for the settlement of the Group's trade and other payables. The Directors are of the opinion that the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practices in the PRC. The Directors consider that the risk of the default in payment of the endorsed and discounted bills receivables is low because all endorsed and discounted bills receivables are issued and guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were not recognized in the Group's financial statements. The Group's maximum exposure that may result from the default of these endorsed and discounted bills receivables as at the dates indicated are as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Endorsed bills for settlement of payables	**2,685,318**	2,665,785
Discounted bills for raising cash	**180,846**	—
Outstanding endorsed and discounted bills receivables with recourse	**2,866,164**	2,665,785

Save as disclosed above and as at 31 December 2019, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group. The Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2019 up to the date of this announcement.

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

	As at 31 December 2019					
	Weighted average interest rate *(Unaudited)*	**Carrying amount** ***RMB'000*** *(Unaudited)*	**On demand or within 6 months** ***RMB'000*** *(Unaudited)*	**6 months to 1 year** ***RMB'000*** *(Unaudited)*	**1 year to 5 years** ***RMB'000*** *(Unaudited)*	**Total** ***RMB'000*** *(Unaudited)*
Borrowings	**4.61%-6.75%**	**1,043,520**	**475,160**	**236,456**	**396,189**	**1,107,805**
Trade and other payables	**N/A**	**873,643**	**873,643**	**–**	**–**	**873,643**
Lease liabilities	**5.88%-5.96%**	**5,656**	**725**	**990**	**2,431**	**4,146**
Amounts due to related parties	**N/A**	**197**	**197**	**–**	**–**	**197**
		1,923,016	**1,349,725**	**237,446**	**398,620**	**1,985,791**

	As at 31 December 2018					
	Weighted average interest rate *(Audited)*	Carrying amount *RMB'000* *(Audited)*	On demand or within 6 months *RMB'000* *(Audited)*	6 months to 1 year *RMB'000* *(Audited)*	1 year to 5 years *RMB'000* *(Audited)*	Total *RMB'000* *(Audited)*
Borrowings	4.57%-6.75%	833,620	410,058	215,291	251,566	876,915
Trade and other payables	N/A	629,747	629,747	–	–	629,747
Long term payables	4.75%	9,970	–	–	11,200	11,200
Amounts due to related parties	N/A	409	409	–	–	409
		1,473,746	1,040,214	215,291	262,766	1,518,271

No Material Adverse Change

Despite the restrictions in force in certain parts of the PRC since the end of 2019 due to the novel coronavirus (COVID-19) outbreak, based on the currently available information, the Board is of the view that the operation and sales of the Group not been materially affected, and accordingly, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2019 and up to the date of this announcement.

Distributable Reserves

As at 31 December 2019, the Company had distributable reserves (i.e. retained earnings) of RMB1,288.5 million (2018: RMB1,068.8 million).

For the year ended 31 December 2019, the Company had no immediate plan to distribute the retained earnings of the Company accumulated prior to the year 2019.

CORPORATE GOVERNANCE & RELATED MATTERS

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

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

Corporate Governance Code

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

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

During the year ended 31 December 2019, the Company had complied with all the code provisions under the Code.

Securities Transactions by Directors

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

Purchase, Sale or Redemption of Securities of the Company

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Review of Annual Results

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the novel coronavirus (COVID-19) outbreak. In so far as the Board is aware, the delay in the completion of the audit procedures is mainly attributable to the delay in obtaining certain confirmations from banks, customers and suppliers within different parts of the People's Republic of China. In the meanwhile, due to the postponement of the valuer's work and obtaining of the requisite materials to prepare the valuation in respect of an associate of the Company located in the Shanxi province, the auditors of the Company (the "**Auditors**") are unable to obtain a valuation involving such associate, and accordingly, the carrying amount of the interest in the associate is yet to be finalised. The unaudited annual results contained herein have not been agreed with the Auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on the Stock Exchange. An announcement relating to the audited results will be made when the auditing process has been completed.

The unaudited consolidated financial statements of the Company for the year ended 31 December 2019 have been reviewed by the audit committee of the Company. The Directors confirm their responsibilities of preparing the Company's unaudited consolidated financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

Payment of Dividends

The Board recommended the payment of a final dividend of RMB0.20 per share for the year ended 31 December 2019. To show gratitude to all shareholders of the Company for their support and trust in the Company since the outbreak of the novel coronavirus (COVID-19), the Board also recommended the payment of a special dividend of RMB0.10 per share, which upon aggregating with the final dividend for the year ended 31 December 2019 will amount to a total of RMB0.30 per share, and in turn the annual dividend payable for the year 2019 will be RMB0.40 per share in total. The final dividend and special dividend are subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company (the "**AGM**"). The final dividend and special dividend are expected to be distributed on or before 30 June 2020. Please refer to further announcement issued by the Company for details on the closure of registers of members in determining the shareholders who are eligible for the final dividend and special dividend, and the specific date of payment of such dividends .

The dividend to be paid will be denominated and paid in RMB. The cash dividend for holders of Domestic Shares will be paid in RMB and the cash dividend for holders of H Shares will be declared in RMB but paid in HK dollars (calculated according to the average of the exchange rates for RMB to HK dollars as announced by the People's Bank of China for the seven calendar days prior to the date of convening the AGM).

Tax on Dividends for H Shareholders

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

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

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

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the State Administration of Taxation on the Administrative Measures on Enjoying Tax Treaty Treatment by Non-resident Taxpayers (State Administration of Taxation Announcement 2015 No. 60) ("**Tax Treaty Announcement**"), the Company will withhold and pay individual income tax for the H Shareholders according to the following arrangement:

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

For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC, the Company will withhold and pay individual income tax for such individual H Shareholders in accordance with the effective tax rate required under the relevant tax treaty when distributing the final dividend and the special dividend;

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

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

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

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

Annual General Meeting

The notice of the AGM will be issued and despatched to the shareholders of the Company, and will also be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.hnjmny.com in due course.

Publication of the Annual Report

The 2019 annual report of the Company will be despatched to the shareholders of the Company, and will also be made available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hnjmny.com in due course.

Further Announcement(s)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the period during which the register of members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting and (iii) the proposed arrangements relating to dividend payment, if any.

In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before mid April 2020.

The financial information contained herein in respect of the annual results of the Group for the year ended 31 December 2019 have not been audited and have not been agreed with the Auditors, and are subject to possible adjustments. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Henan Jinma Energy Company Limited
Yiu Chiu Fai
Chairman

Hong Kong, 25 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. YIU Chiu Fai, Mr. WANG Mingzhong and Mr. LI Tianxi; the non-executive Directors of the Company are Mr. HU Xiayu, Mr. QIU Quanshan and Ms. YE Ting; and the independent non-executive Directors of the Company are Mr. ZHENG Wenhua, Mr. LIU Yuhui and Mr. WU Tak Lung.

* *For identification purposes only*