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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

Revenue:	RMB7,133.7 million
Profit attributable to shareholders:	RMB485.5 million
Basic earnings per share:	RMB0.91
Proposed final dividend per share:	RMB0.20

RESULTS

The board (the "**Board**") of Directors (the "**Director**") of Henan Jinma Energy Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 together with comparative figures for the year ended 31 December 2019.

Presented below are the Group's Consolidated Financial Statements, Management Discussion & Analysis and Corporate Governance & Related Matters.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	**Year ended 31/12/2020** ***RMB'000***	Year ended 31/12/2019 *RMB'000*
Revenue	*2*	**7,133,700**	7,571,945
Cost of sales		**(6,058,672)**	(6,490,863)
Gross profit		**1,075,028**	1,081,082
Other income		**43,780**	45,784
Other gains and losses		**(7,396)**	(7,748)
Impairment losses under expected credit loss model ("**ECL**"), net of reversal		**(39,943)**	2,737
Selling and distribution expenses		**(143,483)**	(143,250)
Administrative expenses		**(115,841)**	(100,449)
Finance costs		**(61,705)**	(54,265)
Share of result in a joint venture		**2,194**	3,949
Share of result in associates		**(40,441)**	(240)
Profit before tax	*3*	**712,193**	827,600
Income tax expense		**(191,023)**	(208,353)
Profit for the year		**521,170**	619,247
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**")		**1,823**	914
Total comprehensive income for the year		**522,993**	620,161
Profit for the year attributable to:			
– Owners of the Company		**485,472**	587,202
– Non-controlling interests		**35,698**	32,045
		521,170	619,247
Total comprehensive income for the year attributable to:			
– Owners of the Company		**487,295**	588,116
– Non-controlling interests		**35,698**	32,045
		522,993	620,161
Earnings per share			
– Basic (RMB)	*5*	**0.91**	1.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	NOTES	**31/12/2020** **RMB'000**	31/12/2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,390,900**	1,575,027
Right-of-use assets		**227,484**	141,664
Intangible assets		**61,658**	70,871
Goodwill		**38,294**	8,902
Interest in a joint venture		**56,168**	53,974
Interest in associates		**2,260**	40,951
Advance to an associate		**15,000**	60,940
Financial assets at fair value through profit or loss ("**FVTPL**")		**–**	36,233
Deferred tax assets		**31,158**	13,721
Deposit for acquisition of property, plant and equipment		**124,326**	97,514
		2,947,248	2,099,797
CURRENT ASSETS			
Inventories		**370,945**	314,037
Trade and other receivables	*6*	**298,118**	331,110
Amount due from a shareholder		**11,770**	20,202
Amounts due from related parties		**113,260**	21,859
Financial assets at FVTPL		**59,807**	–
Bills receivables at FVTOCI		**842,274**	927,353
Restricted bank balances		**392,458**	74,887
Bank balances and cash		**1,355,149**	1,697,816
		3,443,781	3,387,264
CURRENT LIABILITIES			
Borrowings		**501,700**	677,600
Trade and other payables	*7*	**1,407,029**	909,372
Amounts due to related parties		**1,211**	197
Contract liabilities		**49,851**	66,219
Lease liabilities		**2,962**	1,640
Tax payable		**30,984**	26,198
		1,993,737	1,681,226
NET CURRENT ASSETS		**1,450,044**	1,706,038
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,397,292**	3,805,835

	NOTES	31/12/2020	31/12/2019
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital		**535,421**	535,421
Reserves		**2,364,707**	2,091,580
Equity attributable to owners of the Company		**2,900,128**	2,627,001
Non-controlling interests		**1,080,365**	765,224
TOTAL EQUITY		**3,980,493**	3,392,225
NON-CURRENT LIABILITIES			
Borrowings		**360,000**	365,920
Lease liabilities		**6,934**	4,016
Deferred revenue		**21,876**	23,976
Deferred tax liabilities		**27,989**	19,698
		416,799	413,610
		4,397,292	3,805,835

1. BASIS OF PREPARATION

The consolidated financial statements 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.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Principal accounting policies

The 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 standards and amendments to IFRSs, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
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[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs Standards	Annual Improvements to IFRSs Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 "Business Combinations" so that it refers to the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "**Conceptual Framework**") instead of the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or IFRIC – 21 "Levies", an acquirer applies IAS 37 or IFRIC – 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying IFRS 7 "Financial Instruments: Disclosures" to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRSs requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16 "Lease" ("**IFRS 16**"); and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Loan Prime Rate bank loans which will or may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

Amendments to IFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020						
Segments*	**Coke**	**Coking by-products**	**Refined chemicals**	**Energy products**	**Trading**	**Other services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or service							
Sales of goods							
Coke	3,586,692	–	–	–	1,224,104	–	4,810,796
Ammonium sulphater	–	11,589	–	–	–	–	11,589
Benzene based chemicals	–	70,872	584,718	–	–	–	655,590
Coal tar based chemicals	–	165,135	408,177	–	–	–	573,312
Coal gas	–	–	–	581,592	–	–	581,592
Liquefied natural gas ("LNG")	–	–	–	230,020	30,359	–	260,379
Coal	–	–	–	–	711,775	–	711,775
Refined oil	–	–	–	–	36,732	–	36,732
Others	–	12,198	–	5,761	29,431	1,046	48,436
	3,586,692	259,794	992,895	817,373	2,032,401	1,046	7,690,201
Providing services							
Trading agency	–	–	–	–	78,376	–	78,376
Railway related storage and logistics	–	–	–	–	–	31,397	31,397
Energy supply	–	–	–	20,547	–	98,370	118,917
Others	–	–	–	–	–	8,310	8,310
	–	–	–	20,547	78,376	138,077	237,000
Total	3,586,692	259,794	992,895	837,920	2,110,777	139,123	7,927,201

* Each of segments are defined in segment information as follows.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December 2020		
	Segment revenue	**Eliminations**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Coke	3,586,692	–	3,586,692
Coking by-products	259,794	(236,006)	23,788
Refined chemicals	992,895	(15,267)	977,628
Energy products	837,920	(396,009)	441,911
Trading	2,110,777	(25,829)	2,084,948
Other services	139,123	(120,390)	18,733
Revenue from contracts with customers	7,927,201	(793,501)	7,133,700

Segments	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other services	Total
	For the year ended 31 December 2019						
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or service							
Sales of goods							
Coke	3,786,355	–	–	–	1,906,502	–	5,692,857
Ammonium sulphater	–	13,826	–	–	–	–	13,826
Benzene based chemicals	–	91,034	693,878	–	–	–	784,912
Coal tar based chemicals	–	237,200	533,216	–	–	–	770,416
Coal gas	–	–	–	544,979	–	–	544,979
LNG	–	–	–	232,588	43,017	–	275,605
Coal	–	–	–	–	387,909	–	387,909
Refined oil	–	–	–	–	34,149	–	34,149
Others	–	–	–	5,382	176,332	970	182,684
	3,786,355	342,060	1,227,094	782,949	2,547,909	970	8,687,337
Providing services							
Trading agency	–	–	–	–	82,806	–	82,806
Railway related storage and logistics	–	–	–	–	–	–	–
Energy supply	–	–	–	20,475	–	86,738	107,213
Others	–	–	–	–	–	1,218	1,218
	–	–	–	20,475	82,806	87,956	191,237
Total	3,786,355	342,060	1,227,094	803,424	2,630,715	88,926	8,878,574

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Segment revenue	Eliminations	Consolidated
	For the year ended 31 December 2019		
	RMB'000	*RMB'000*	*RMB'000*
Coke	3,786,355	–	3,786,355
Coking by-products	342,060	(328,234)	13,826
Refined chemicals	1,227,094	(12,821)	1,214,273
Energy products	803,424	(352,564)	450,860
Trading	2,630,715	(535,837)	2,094,878
Other services	88,926	(77,173)	11,753
Revenue from contracts with customers	8,878,574	(1,306,629)	7,571,945

Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the Group's revenue and profit for the year. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

Segment revenue and results

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

	Coke	Sales of goods Coking by-products	Refined chemicals	Energy products	Trading	Other services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020							
External sales	**3,586,692**	**23,788**	**977,628**	**441,911**	**2,084,948**	**18,733**	**7,133,700**
Inter-segment sales	**–**	**236,006**	**15,267**	**396,009**	**25,829**	**120,390**	**793,501**
	3,586,692	**259,794**	**992,895**	**837,920**	**2,110,777**	**139,123**	**7,927,201**
Segment results	**939,160**	**3,250**	**3,504**	**68,558**	**66,502**	**5,733**	**1,086,707**
Other income							**43,780**
Other gains and losses							**(7,396)**
Impairment losses, under ECL model, net of reversal							**(39,943)**
Selling and distribution expenses							**(143,483)**
Administrative expenses							**(115,841)**
Finance costs							**(61,705)**
Share of result in a joint venture							**2,194**
Share of result in associates							**(40,441)**
Unallocated expenses							**(11,679)**
Profit before tax							**712,193**

	Coke	Sales of goods Coking by-products	Refined chemicals	Energy products	Trading	Other services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019							
External sales	3,786,355	13,826	1,214,273	450,860	2,094,878	11,753	7,571,945
Inter-segment sales	–	328,234	12,821	352,564	535,837	77,173	1,306,629
	3,786,355	342,060	1,227,094	803,424	2,630,715	88,926	8,878,574
Segment results	838,800	5,090	65,547	120,668	60,619	1,646	1,092,370
Other income							45,784
Other gains and losses							(7,748)
Impairment losses, under ECL 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 associates							(240)
Unallocated expenses							(11,288)
Profit before tax							827,600

Segment results represent the gross profit from each segment without allocation of other income, other gains and losses, impairment losses under ECL model, net of reversal, selling and distribution expenses, administrative expenses, finance costs, share of result in a joint venture and share of result in associates. Sales related taxes are classified as unallocated expenses.

Inter-segment sales are charged at prevailing market rates.

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

Other segment information

	Sales of goods							
	Coke	**Coking by-products**	**Refined chemicals**	**Energy products**	**Trading**	**Other services**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
For the year ended 31 December 2020								
Amounts included in measure of segment results:								
Depreciation and amortisation	43,998	1,032	34,740	37,384	5,902	10,929	22,723	156,708

	Sales of goods							
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other services	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019								
Amounts included in measure of segment results:								
Depreciation and amortisation	40,506	1,762	30,875	36,136	–	9,678	10,972	129,929

Entity-wide disclosures

Geographical information

During the years ended 31 December 2020 and 2019, all of the Group's revenue from external customers were generated from the PRC whereas all non-current assets are located in the People's Republic of China (the "**PRC**") as at 31 December 2020 and 2019.

Information about major customers

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

	Year ended	
	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Jiangxi PXSteel Industrial Co., Ltd. (江西萍鋼實業股份有限公司) ("**Jiangxi PXSteel**") and its subsidiaries *(Notes i and ii)*	**1,037,643**	1,168,145
Maanshan Iron & Steel Company Limited 馬鞍山鋼鐵股份有限公司 ("**Maanshan Steel**") *(Notes i and ii)*	**899,875**	791,300
Customer A *(Note i)*	**1,092,667**	956,569
Customer B *(Note i)*	**737,187**	781,438

Notes:

(i) Revenue from sale of coke.

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

4. INCOME TAX EXPENSE

	Year ended 31/12/2020 *RMB'000*	Year ended 31/12/2019 *RMB'000*
PRC Enterprise Income Tax ("EIT")		
– current tax	**192,394**	209,278
– under-provision in prior years	**2,002**	985
Deferred tax	**(3,373)**	(1,910)
	191,023	208,353

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

5. DIVIDENDS

	Year ended 31/12/2020 *RMB'000*	Year ended 31/12/2019 *RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Interim – RMB0.10 (2019: 2019 interim dividend RMB0.10) per share	**53,542**	53,542
2019 Final – RMB0.30 (2018: final dividend RMB0.35) per share	**160,626**	187,397
	214,168	240,939

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB0.20 per share, in an aggregate amount of RMB107,084,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividends declared by subsidiaries of the Company to the non-controlling shareholders amounted to RMB9,800,000 (2019: RMB18,870,000) for the year ended 31 December 2020.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following analysis:

	Year ended 31/12/2020 ***RMB'000***	Year ended 31/12/2019 *RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**485,472**	587,202
	'000	*'000*
Number of shares		
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 for the year attributable to owners of the Company by the number of ordinary shares in issue during the year.

No diluted earnings per share is presented as there was no dilutive potential ordinary share in issue for the years ended 31 December 2020 and 2019.

7. TRADE AND OTHER RECEIVABLES

	31/12/2020 ***RMB'000***	31/12/2019 *RMB'000*
Trade receivables – contract with customers	**93,573**	131,821
Less: Allowance for ECL	**(1,288)**	(7,285)
	92,285	124,536
Other receivables	**7,018**	10,245
Less: Allowance for ECL	**–**	–
	7,018	10,245
Prepayments to suppliers	**103,976**	72,056
Prepaid other taxes and charges	**88,488**	56,477
Refundable deposits	**1,451**	62,896
Dividend receivable from a joint venture	**4,900**	4,900
	298,118	331,110

As at 1 January 2019, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB78,024,000.

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

	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Within 90 days	**70,504**	95,549
91 – 180 days	**21,781**	28,987
	92,285	124,536

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB21,781,000 (2019: RMB35,677,000) which are past due as at the reporting date. Out of the past due balances, RMB1,288,000 (2019: RMB6,827,000) has been past due 90 days or more and all of which is considered as in default.

The Group does not hold any collateral over these balances.

8. TRADE AND OTHER PAYABLES

	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Trade payables	**299,593**	377,381
Bills payables	**549,953**	253,530
	849,546	630,911
Salaries and wages payables	**29,166**	23,918
Other tax payables	**18,211**	6,058
Consideration payable for purchase of property, plant and equipment	**241,205**	230,224
Accruals	**5,801**	5,753
Consideration payable for acquisition of business	**252,267**	4,472
Refundable deposit from suppliers	**4,230**	2,303
Other payables	**6,603**	5,733
	557,483	278,461
	1,407,029	909,372

The normal credit term to the Group is ranged between 30 to 60 days.

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

	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Within 90 days	**799,469**	611,438
91 – 180 days	**15,430**	9,995
181 – 365 days	**11,356**	4,452
Over 1 year	**23,291**	5,026
	849,546	630,911

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

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

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

Capitalizing on the Group's years of operations in the coking chemical industry and the Group's long-term relationships with coal suppliers, the Group also engages in the trading of coal, coke, LNG and nonferrous materials mainly through the Group's trading company. As a continuing effort in extending the Group's vertical integration business model and expanding the Group's product portfolio along the coking chemical value chain, the Group has actively engaged in and developed the business of the production and sale of LNG and hytrogen recently.

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

- **Coke:** which involves the production and sale of coke;

- **Refined chemicals:** which involves the processing of coking by-products into a series of benzene based and coal tar based refined chemicals and sale of these chemicals;

- **Energy products:** which involves the processing of coke oven crude gas into coal gas, extraction of LNG from coal gas and sale of coal gas and LNG, in addition, hydrogen is also extracted from coal gas for sale; and

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

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

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

General Economic Conditions and the Demand in Downstream Industries

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

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

Prices of the Group's Raw Materials and Products

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

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

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

- the Group's product characteristics and quality (as different types of coke command different prices in the market);

- prices of chemicals in the international market; and

- the Group's transportation costs, the availability of transportation capacity and means of transportation.

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

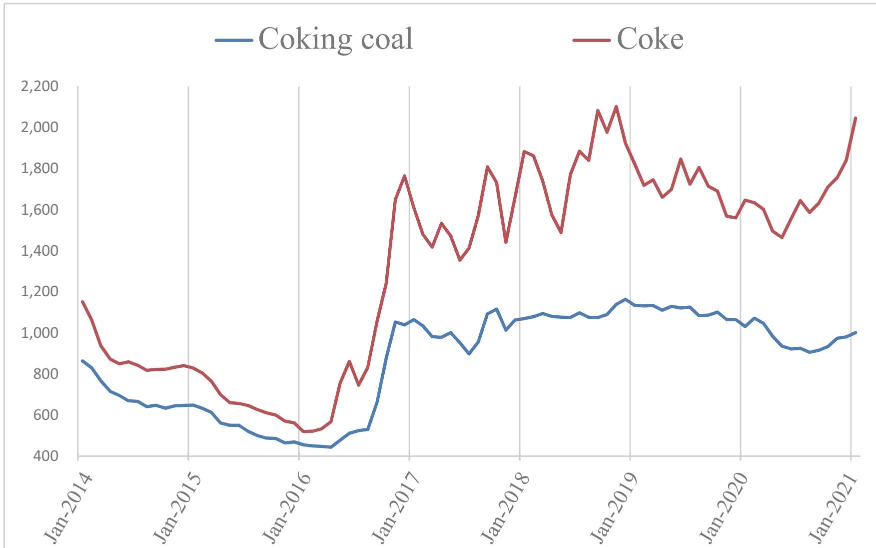
The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during 2020 and 2019 according to the Group's internal records.

	Year ended 31 December	
	2020	2019
	Average selling price(1)	Average selling price(1)
	RMB/ton (except coal gas in RMB/m^3)	*RMB/ton (except coal gas in RMB/m^3)*
Coke	**1,619.80**	1,705.90
Coke	**1,714.40**	1,748.30
Coke breeze	**805.90**	941.10
Refined Chemicals		
Benzene based chemicals	**3,332.70**	4,311.40
Pure benzene	**3,434.80**	4,352.40
Toluene	**3,237.70**	4,631.10
Coal tar based chemicals	**2,360.10**	3,066.20
Coal asphalt	**2,347.50**	3,060.80
Anthracene oil	**2,078.70**	2,784.00
Industrial naphthalene	**3,202.20**	3,693.80
Energy Products		
Coal gas	**0.71**	0.71
LNG	**3,058.90**	3,735.40

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

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

Increases or decreases in the prices of coal may not immediately result in changes in the prices of the Group's products or vice versa. In a rising market for the Group's products, the Group may benefit from the widening spread between the prices of raw materials and the Group's products. While in a falling market for the Group's products, the Group may suffer from the narrowing spread. Following the second half of 2016 when the price spread between the Group's purchase of coal and sale of coke widened, the spread continued to expand in 2017 and sustained in 2018 and remained stable in 2019, though fell from the highest average spread in the past 5 years from 2018, and the Group's profitability remained stable throughout the periods. In 2020, coke selling price continued to drop, but substantially increased since the middle of the year, with an extent higher than the increase in the purchasing price of coal, resulting in an increase of the Group's gross margin percentage. The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2014 to January 2021 according to the Group's internal records:



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

Production Capacity and Sales Volume

The fluctuations of the Group's results of operations were mainly driven by the changes in the average selling price of the Group's products and the average purchase price of coal, while the sales volume of the Group's products was mainly determined by the Group's production capacity. The business of the Group in 2020 remained stable, with production capacity utilization rate of each of the principal products substantially maintained. Full sales of the Group have been consistently achieved with revenue of the Group. In the year 2020, the capacity Group's production capacity for coke was approximately 2.1 million tons (on a moist-free basis) per annum, and the Group's processing capacity for coal tar and crude benzene was approximately 180,000 tons and 120,000 tons per annum (increased to 200,000 tons during the year), respectively. At the same time, the Group's production capacity for coal gas was approximately 1,000 million m^3 per annum, for self-use (including the use in production of LNG and hydrogen) and sales, while the production capacity of LNG production facilities was approximately 123.0 million m^3 per annum.

Access to and Cost of Financing

In addition to cash generated from the Group's operations, the Group financed the Group's operations and capital expenditures primarily through bank and financial institution borrowings during the period. The Group's interest-bearing borrowings for the years ended 31 December 2020 and 2019 were approximately RMB861.7 million and RMB1,043.5 million, respectively. The Group's finance costs for the years ended 31 December 2020 and 2019 were approximately RMB61.7 million and RMB54.3 million, respectively, accounting for approximately 0.9% and 0.7% of the Group's total revenue for the respective periods. The decreased borrowings at the end of 2020 relative to end of 2019 was due the repayment of due bank loans. However, the increase in finance cost was mainly due to the payment of interest RMB10.1 million from the increase usage of letter of credit in 2020 compared to 2019. The Group's ability to pay the interest incurred with respect to the borrowings, or repay or refinance the Group's borrowings could have an impact on the financial position and operation results of the Group.

RESULTS OF OPERATIONS

Consolidated Statement 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	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**7,133,700**	7,571,945
Cost of sales	**(6,058,672)**	(6,490,863)
Gross profit	**1,075,028**	1,081,082
Other income	**43,780**	45,784
Other gains and losses	**(7,396)**	(7,748)
Impairment losses under expected credit loss model ("**ECL**"), net of reversal	**(39,943)**	2,737
Selling and distribution expenses	**(143,483)**	(143,250)
Administrative expenses	**(115,841)**	(100,449)
Finance costs	**(61,705)**	(54,265)
Share of result in a joint venture	**2,194**	3,949
Share of result in associates	**(40,441)**	(240)
Profit before tax	**712,193**	827,600
Income tax expense	**(191,023)**	(208,353)
Profit for the year	**521,170**	619,247
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Fair value gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**")	**1,823**	914
Total comprehensive income for the year	**522,993**	620,161
Profit for the year attributable to:		
– Owners of the Company	**485,472**	587,202
– Non-controlling interests	**35,698**	32,045
	521,170	619,247
Total comprehensive income attributable to:		
– Owners of the Company	**487,295**	588,116
– Non-controlling interests	**35,698**	32,045
	522,993	620,161
Earnings per share		
– Basic (RMB)	**0.91**	1.10

Consolidated Financial Information

- ***Revenue and gross profit margin***

  The Group's revenue decreased by approximately RMB438.2 million or approximately 5.8% from approximately RMB7,571.9 million in 2019 to approximately RMB7,133.7 million in 2020. Benefiting from China's success in managing the Covid-19 pandemic, the business of the Group in 2020 remained stable, with production capacity utilization rate of each of the principal products substantially maintained, and more or less the full sales. In addition, the substantial increase in coke selling price since the middle of the year had caused the gross profit margin of the Group increase from 14.3% in 2019 to 15.1% in 2020.

- ***Other Income***

  Other income, mainly composed of interest income and government subsidy, maintained from RMB45.8 million in 2019 to RMB43.8 million in 2020.

- ***Other gains and Losses***

  Other gains and losses decreased by approximately RMB0.3 million or approximately 3.9% from the net loss of approximately RMB7.7 million in 2019 to the net loss of approximately RMB7.4 million in 2020. These losses were mainly due to the realised fair value change of financial assets at FVTPL offset by the net loss arising on bills receivables at FVTOCI.

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

  The impairment loss reversal of the Group in 2019 was approximately RMB2.7 million, the impairment loss increased by RMB42.6 million or 1,577.8% to RMB39.9 million. This was mainly the impairment loss of the long-term receivable due from our associate company, Huozhou Coal Power Group Hongtong Yilong Co., Ltd. ("**Yilong Coal**").

- ***Selling and Distribution Expenses***

  Selling and distribution expenses maintained at RMB143.5 million in 2020 from RMB143.3 million in 2019.

- ***Administrative Expenses***

  Administrative expenses increased by approximately RMB15.4 million or approximately 15.3% from approximately RMB100.4 million in 2019 to approximately RMB115.8 million in 2020. The increase was primarily due to the increase in professional service fees for new projects and the consolidation of a non-wholly owned subsidiary, Shaanxi Jinma Energy Sources Co., Ltd. (陝西金馬能源有限公司), and its subsidiaries, during the year into the Group.

- ***Finance Costs***

  Finance costs increased by approximately RMB7.4 million or approximately 13.6% from approximately RMB54.3 million in 2019 to approximately RMB61.7 million in 2020. The increase was mainly due to the payment of interest RMB10.1 million from the increase usage of letter of credit in 2020 as compared to 2019.

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

  Share of result in a joint venture decreased by approximately RMB1.7 million or approximately 43.6% from approximately RMB3.9 million in 2019 to approximately RMB2.2 million in 2020. The decrease was mainly attributable to reduction in operating profit of the joint venture resulting from a reduction in the refund of value added tax of Comprehensive Utilization of Resources.

- ***Share of Result in Associates***

  Share of loss in associate increased by approximately RMB40.2 million or approximately 20,100.0% from approximately RMB0.2 million in 2019 to approximately RMB40.4 million in 2020. This increase was due to the huge operating loss of the associate, Yilong Coal in 2020.

- ***Profit Before Tax***

  As a result of the foregoing, the Group's profit before tax decreased by approximately RMB115.4 million or approximately 13.9% from approximately RMB827.6 million in 2019 to approximately RMB712.2 million in 2020. The decrease is mainly due to the provision of, (i) RMB8.5 million for impairment arising from the closure of coking furnace number 1 and 2 at the year end of 2020, and (ii) RMB41.0 million for the investment in and RMB45.9 million for the long term receivables from the associate Yilong Coal, which was made as the current mining and operating costs of the associate versus the current and foreseeable price of coal are relatively high, and estimated business outlook would be in long term loss.

- ***Income Tax Expense***

  Income tax expense decreased by approximately RMB17.4 million or approximately 8.3% from approximately RMB208.4 million in 2019 to approximately RMB191.0 million in 2020. The decrease was primarily due to the decrease in the Group's profit for the period.

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

  Other comprehensive income in 2019 was approximately RMB0.9 million, and the comprehensive income from the changes in fair value of the bills receivables at the end of 2020 was approximately RMB1.8 million.

- ***Total Comprehensive Income for the Year***

  As a result of the foregoing, the Group's total comprehensive income decreased by approximately RMB97.2 million or approximately 16.9% from approximately RMB620.2 million in 2019 to approximately RMB523.0 million in 2020. The Group's net profit margin decreased from approximately 8.2% in 2019 to approximately 7.3% in 2020.

Business Segment Result

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

	Year ended 31 December							
	Segment revenue		Segment result		profit margin		Percentage in total revenue of the Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***%***	*%*	***%***	*%*
Coke	**3,586,692**	3,786,355	**939,160**	838,800	**26.2**	22.2	**50.3**	50.0
Refined Chemicals	**977,628**	1,214,273	**3,504**	65,547	**0.4**	5.4	**13.7**	16.0
Energy Products	**441,911**	450,860	**68,558**	120,668	**15.5**	26.8	**6.2**	6.0
Trading	**2,084,948**	2,094,878	**66,502**	60,619	**3.2**	2.9	**29.2**	27.7

In 2020, with Chinese Government's effective management of the Covid-19 pandemic, the Group's main coking business remained stable. At the same time, the strict enforcement of capacity reduction in the second half of the year has caused the coking price increased to the highest level of recent years, and this had resulted in gross margin and gross margin percentage of the coking business to be higher than that in 2019, with gross margin increased by more than 10%. However, the global disruptive impact of the pandemic had also caused a catastrophic drop in international oil prices in the first half of 2020, and for the second half, the average drop was also more than 30%, and as the prices of Refined Chemicals products were linked to oil prices, their 2020 revenue and gross margin dropped substantially when compared with that in 2019, with gross margin percentage went as low as 0.4%

For the Energy Products segment, the wild fluctuation of oil prices in 2020 had also resulted in a drop in the average price of LNG. The Group's average wholesale price of LNG for the year had dropped approximately 18.1% when compared with 2019. As a result, the gross profit margin of Energy Products segment could only maintain at approximately 15.5%, dropping 42.2% when compared with that in 2019.

The Trading segment's revenue and gross margin in 2020 levelled with 2019, mainly due to the maintenance of stability in the coke products' trading business.

FINANCIAL POSITION

Financial Resources

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

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

Liabilities

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

	As at 31 December		
	2020	2019	Increase/ (decrease)
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	**861,700**	1,043,520	(181,820)
Secured	**8,200**	132,020	(123,820)
Unsecured	**853,500**	911,500	(58,000)
	861,700	1,043,520	(181,820)
Fixed-rate borrowings	**562,200**	559,000	3,200
Floating-rate borrowings	**299,500**	484,520	(185,020)
	861,700	1,043,520	(181,820)
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**501,700**	677,600	(175,900)
More than one year, but not more than two years	**255,000**	90,100	164,900)
More than two years, but not more than five years	**105,000**	275,820	(170,820)
	861,700	1,043,520	(181,820)
Less: Amount due for settlement within 12 months shown under current liabilities	**(501,700)**	(677,600)	175,900
	360,000	365,920	(5,920)

The Group's bank borrowings in 2020 and 2019 were all borrowings denominated in Renminbi. As at 31 December 2020, RMB8.20 million of the Group's borrowings were secured by the Group's land use rights and bills receivables. All remaining borrowings were credit borrowings. As at 31 December 2019, RMB132.0 million of the Group's borrowings were secured by the Group's land use rights. All remaining borrowings were credit borrowings. As at 31 December 2020 and 2019, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

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

	As at 31 December	
	2020	2019
Effective interest rate per annum:		
– Fixed-rate borrowings	**4.61% – 6.30%**	4.61% – 6.75%
– Floating-rate borrowings	**3.72% – 6.30%**	4.79% – 6.30%

As at 31 December 2020, the Group had obtained banking facilities in an aggregate amount of approximately RMB1,023.0 million (2019: RMB1,424.0 million), of which total amount of approximately RMB301.3 million (2019: RMB380.5 million) is still available for use. As at 31 December 2020, the Group had total outstanding bank borrowings of approximately RMB861.7 million (2019: RMB1,043.5 million). The Group intends to refinance the Group's bank borrowings or repay the Group's bank borrowings as and when they fall due with the Group's internally generated funds (refinancing has been achieved for bank borrowings of RMB379.4 million falling due in 2020 according to needs).

Save as disclosed in the "Financial Position" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 31 December 2020 and up to the date of this announcement. As at 31 December 2020, save as disclosed in this "Financial Position" section and apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, the Group did not have any outstanding mortgages, charges or pledges, debentures or other debt securities, term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, acceptance liabilities or acceptance credits), finance leases or any guarantees or other material contingent liabilities.

The Directors confirm that, for the year ended 31 December 2020, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2020, the Group did not experience any difficulty in obtaining bank loans and other borrowings, or any default in payment of bank loans and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

FINANCIAL RATIOS

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

	As at 31 December	
	2020	2019
Gearing ratio	**0.22x**	0.31x
Return on equity	**17.6%**	24.0%
Return on assets	**8.8%**	13.0%

Gearing Ratio

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

The Group's gearing ratio decreased in 2020, mainly due to the reduced borrowing of the Group at the year end and the increase in equity from profit of the year.

Return on Equity

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

The Group's return on equity decreased from 2019 to 2020 due to a reduction in the Group's profit.

Return on Assets

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

The Group's return on assets decreased from 2019 to 2020 mainly due to the decrease in profit of the Group.

CONTRACTUAL OBLIGATIONS AND CAPITAL EXPENDITURE

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of :		
Acquisition of property, plant and equipment	**897,930**	462,836

The Group's capital commitments for the year ended 31 December 2020 was primarily related to the construction and upgrade of the Group's coking facilities of 1.8 million tons per annum. The Group expects to fund such capital commitments principally by the Group's own financial resources, bank loans and cash generated from the Group's operations.

Other than the transactions described in the above table, as at 31 December 2020, the Group had no other material contractual commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Group did not have any material off-balance sheet arrangements as at 31 December 2020. Specifically, the Group has not entered into any derivative contracts that are indexed to the Group's shares and classified as shareholders' equity, or that are not reflected in the Group's consolidated financial statements. Furthermore, the Group does not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group does not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

CONTINGENT LIABILITIES

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Endorsed bills for settlement of payables	**2,430,853**	2,685,318
Discounted bills for raising cash	**183,633**	180,846
Outstanding endorsed and discounted bills receivables with recourse	**2,614,486**	2,866,164

Save as disclosed above and as at 31 December 2020, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group. The Company's Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2020 up to the date of this announcement.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

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

MARKET RISKS

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

Other than the Hong Kong dollar ("**HKD**") proceeds of listing (HK$9.7 million and HK$11.4 million as at 31 December 2020 and 2019 respectively) pending remittance back to China, the Group has no exposure to significant exchange risks as all its operations are within China where there are no foreign currencies transactions, assets or liabilities.

Commodity Price Risk

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

Interest Rate Risk

The Group is subject to fair value interest rate risk in relation to the Group's interest-bearing restricted bank balances, bills receivables at FVTOCI, borrowings and lease liabilities at fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to the Group's floating-rate borrowings.

As at 31 December 2020, the Group had fixed-rate borrowings in the amount of approximately RMB562.2.0 million (2019: RMB559.0 million).

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

Credit Risk

In the event that the Group's counterparties fail to perform their obligations, the Group's exposure to credit risk in relation to each class of recognized financial assets as at 31 December 2020 is the carrying amount of those assets stated in the consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities as disclosed in the consolidate financial statement.

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

The Group has significant concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 71% and 63% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2020 and 2019, respectively. The Group believes the Group's credit risks on bank balances and deposits or bills receivables are limited and there is no significant concentration of credit risk because the Group's bank deposits or bills are deposited in or contracted with reputable state-owned banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

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

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 2020			
	Weighted average interest rate	**Carrying amount** *RMB'000*	**On demand or within 6 months** *RMB'000*	**6 months to 1 year** *RMB'000*	**1 year to 5 years** *RMB'000*	**> 5 years** *RMB'000*	**Total** *RMB'000*
Borrowings	**4.61%-6.30%**	**861,700**	**309,718**	**223,489**	**380,534**	**–**	**913,741**
Lease liabilities	**5.51%-5.96%**	**9,896**	**2,164**	**907**	**5,833**	**3,202**	**12,156**
Trade and other payables	**N/A**	**1,353,851**	**1,353,851**	**–**	**–**	**–**	**1,353,851**
Amounts due to related parties	**N/A**	**1,211**	**1,211**	**–**	**–**	**–**	**1,211**
		2,226,658	**1,666,944**	**224,396**	**386,417**	**3,202**	**2,280,959**

				As at 31 December 2019			
	Weighted average interest rate	Carrying amount *RMB'000*	On demand or within 6 months *RMB'000*	6 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	> 5 years *RMB'000*	Total *RMB'000*
Borrowings	4.61%-6.75%	1,043,520	475,160	236,456	396,189	–	1,107,805
Lease payables	5.88%-5.96%	5,656	725	990	2,431	3,633	7,779
Trade and other payables	N/A	873,643	873,643	–	–	–	873,643
Amounts due to related parties	N/A	197	197	–	–	–	197
		1,923,016	1,349,725	237,446	398,620	3,633	1,989,424

NO MATERIAL ADVERSE CHANGE

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

In support of the latest environmental protection measures promulgated by the PRC government authorities and the directions of the PRC government authorities made pursuant to the plan of phasing out of coking furnaces within Henan Province with a height of 4.3 metres by the end of 2020 and, having taken into account the progress of the relevant expansion plans made by the Group, the Group has initiated the phasing-out of its 4.3m furnaces at the end of the year, and for further details, please refer to the Company's announcements dated 9 May 2019, 19 November 2020 and 23 December 2020. The Board is of the view that the phasing-out of the Group's 4.3m furnaces did not have any material adverse impact on the performance of the Group for the year ended 31 December 2020. For further details of the status of the relevant expansion plans, please refer to the section headed "Material Developments" below.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company had distributable reserves (i.e. retained profits) of RMB1,460.5 million (2019: RMB1,288.5 million).

For the year ended 31 December 2020, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the year 2020.

DIVIDEND AND DIVIDEND POLICY

On 16 October 2020, the Company declared an interim dividend for the six months ended 30 June 2020 of RMB0.10 per share (2019: an interim dividend of RMB0.10 per share) in the total amount of RMB53,542,000, which was fully paid by 30 November 2020. On 31 March 2021, the Company declared a final dividend of RMB0.20 per share in an aggregate amount of RMB107,084,000. A total dividend of RMB0.3 per share was declared for the year ended 31 December 2020 in the total amount of RMB160,626,000. The final dividend is subject to the approval of shareholders at the forthcoming annual general meeting.

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

MAJOR DEVELOPMENTS

The Group's strength in coking operations has in the past enabled the Group to extend the Group's engagement in the coking chemical value chain of the coal chemical industry through the acquisition of companies engaging in the production of upstream and downstream products in coking operations. As such, the Group actively expanded its business in benzene based chemicals, coal tar based chemicals as well as coal gas and LNG. Following the launch of the capacity expansion plan of benzene based and coal tar based chemicals as well as the capacity enhancement plan of environment protection facilities in 2018, the Group will further expand and deepen its involvement in the coking chemical value chain in 2021, including the value chain of clean energy.

In line with the Group's business strategy in expanding its business vertically and horizontally along the coking chemical value chain of the coal chemical industry, the Group has been making continuous efforts in identifying coal chemical projects with promising profit and development potentials, and through the formation of joint venture companies, steadily and effectively developing these projects.

Production Facilities

- ***Hydrogen Energy Industry Chain***

  In 2015, the Group acquired 49% of the interest in Henan Jinjiang Refinery Co., Ltd. (河南金江煉化有限責任公司) ("**Jinjiang Refinery**"), which is principally engaged in the production and sales of hydrogen, and has since then participated in the hydrogen production and sales market. Jinjiang Refinery produces hydrogen with a purity of up to 99.99% and has an annual production capacity up to 300 million cubic meters. Therefore, through Jinjiang Refinery, the Group currently has access to the extremely high-purity hydrogen required for the production of hydrogen fuel cells.

  In view of the PRC government's strategic policy in developing clean energy, and in order to grasp the opportunity of the development of hydrogen fuel cell vehicles and the relevant industry in the Henan Province, the Group has formed a joint venture with Shanghai Hyfun Energy Technology Co., Ltd. (上海氫楓能源技術有限公司) ("**Shanghai Hyfun**"), whom has extensive experience in the construction and operation of hydrogen refueling stations, as well as its research, development and technology regarding high-density hydrogen storage and transportation equipment. Leveraging on the resources and expertise of the joint venture partner, and based on the Group's foundation in the business area of production and sales of hydrogen in which the Group has already set foot on, the Group plans to further expand its business scope and take part in various major components of the hydrogen energy industry chain with an aim to gradually develop and establish a hydrogen energy industry base in the Henan Province.

  On 10 March 2021, Zhongdong Energy has received from Jiyuan Natural Resources Bureau 濟源自然資源局 the executed Land Use Rights Grant Contract 土地使用權出讓合同 in respect of the acquisition of the land use rights of the Land for a total consideration of RMB99,261,000. The Group's expansion plan involving the construction of two advanced coking furnaces (with a height of 7.65 metres with an aggregate production capacity of 1.8 million tonnes of coke per annum). With a view to implement the expansion plan, the Group is required to acquire additional land for the construction of such new furnaces.

- ***1.8 million tons Coking Facilities Upgrading Project***

  The project is mainly about upgrading the existing two coking furnaces with height of 4.3-meters to advanced coking furnaces with height of 7.65-meters and at the same time to increase the relevant annual production capacity from 1 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 will co-produce with the existing coking facilities. The environmental assessment of the project has commenced and is approved in the second quarter of 2020. The construction is expected to be completed in the third quarter of 2021 when production will commence. Total investment of the project is anticipated to be approximately RMB2,450 million. Ordering of principal equipment has started, which initial invested fund reached approximately RMB480 million. In addition, as disclosed in the Company's announcement dated 10 March 2021, the Group has acquired from Jiyuan National Resource Bureau the land use rights for the construction of the new furnaces for a total consideration of RMB99.3 million.

In respect of the year ending 31 December 2021, with the Group's 4.3m furnaces no longer being in operation, the Group's aggregate production of coke would be reduced, and, as disclosed in the Company's announcement dated 23 December 2020, this in turn, could potentially have a material adverse effect on the business and operations of the Group, but the extent of any actual impact would ultimately be dependent on (i) the timing and progress of our expansion plans, which were prepared in anticipation of the PRC government authorities' phase-out plan and their integration with the Group's existing production facilities, as well as (ii) the prevailing market prices of coke. As the overall coke production capacity within the Henan Province would also be significantly reduced with the enforcement of the phase-out plan, it is expected to exert continuous pressure on the supply of coke and result in the prevailing market prices of coke maintaining at a higher level throughout 2021.

The latest development of the Group's expansion plans include: (i) the construction of two advanced coking furnaces (with a height of 7.65 metres with an aggregate production capacity of 1.8 million tons of coke per annum) which are expected to be completed and scheduled for commercial production in the third quarter of 2021; and (ii) the formation of the joint venture for the production and sale of coke. Please refer to the relevant paragraph below for further details.

- ***Formation of Joint Venture for the Production and Sale of Coke***

As disclosed in Company's announcement dated 22 September 2020, an agreement was entered for the establishment of a joint venture with Angang Group Xinyang Steel Co., Ltd. ("安鋼集團信陽鋼鐵有限責任公司") in Xinyang City, Henan Province, the PRC. This joint venture will be principally engaged in the production and sale of coke, the production and sale of electricity with heat dissipated in the relevant production process, and the production and sale of heat energy. The Company has conditionally agreed to contribute RMB700 million to the JV Company, representing 70% of the total capital contributions. On 23 December 2020, the formation of such joint venture has received the shareholders' approval of the Company. Since formation, the joint venture company has commenced with the development of 1.6 million tons per annum coking production project.

- ***Formation of Joint Ventures for the Acquisition of a Target Logistic Company***

As disclosed in Company's announcement dated 13 April 2020, 20 May 2020 and 27 May 2020, the Group has through the formation of two joint venture companies entered into an agreement for the acquisition of 80% in a target logistic company, Liyuan Railway ("延安利源礦業鐵路運輸有限公司") which is principally engaged in the provision of multimodal transportation, warehouse and distribution services for coal products. Currently, business plans are being developed for integrating the target's business with the Group's main businesses.

Environmental Facilities

- ***180 m^3/h Wastewater Treatment Project***

  Due to the use of coke dry quenching facilities, the Group planned to invest RMB160 million in the new wastewater treatment project. Technology applied and facilities used meet the international standard, including one of the most advanced reverse osmosis technologies of Israel, with which processing capacity reached 180 m3/h. As at 31 December 2020, the Group has invested approximately RMB110 million in the project that is expected to commence operation in the third quarter of 2021.

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

NET PROCEEDS FROM THE LISTING OF THE COMPANY

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

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

Business purpose as disclosed in the prospectus	Intended use of net proceeds		Actual use of net proceeds from the Listing Date to 31 December 2019	Unutilised net proceeds as at 31 December 2019	Actual use of net proceeds from the Listing Date to 31 December 2020	Unutilised net proceeds as at 31 December 2020	Estimated timetable
	RMB'000	*%*	*RMB'000*	*RMB'000*	***RMB'000***	***RMB'000***	
LNG project – coke granules coal gas facilities	128,400	40%	128,400	–	**128,400**	**–**	**–**
LNG project – LNG production facilities	32,100	10%	32,100	–	**32,100**	**–**	**–**
Dry quenching facility for coking furnaces 1 and 2	128,400	40%	49,716	78,684	**100,674**	**27,726**	**December 2021**
Working capital and other corporate purposes	32,100	10%	32,100	–	**32,100**	**–**	**–**
	321,000	100%	242,316	78,684	**293,274**	**27,726**	

EMPLOYEES AND REMUNERATION

As at 31 December 2020, the Group had a total of 1,850 employees (2019: 1,585), including 11 senior management (2019: 11), 83 middle management (2019: 63) and 1,756 ordinary employees (2019: 1,511). For the year ended 31 December 2020, the staff cost of the Group amounted to approximately RMB143.3 million as compared to approximately RMB134.6 million for the same period last year.

The Company has established a remuneration committee which is responsible for advising the Board on the Company's policies and structures regarding remuneration packages (including non-pecuniary benefits, pension rights and compensation) of Directors and senior management.

Emoluments were within the following bands:

	Number of senior management	
	2020	2019
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**9**	9
HK$1,000,001 to HK$1,500,000	**2**	2

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

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

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 and the Articles of Association

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

Meanwhile, the Company has also adopted the Corporate Governance Code (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 reporting period, according to the actual situation and the business development needs of the Company, the Company revised the Articles in accordance with the PRC Company Law and the relevant regulations to further improve the corporate governance system. For details of resolutions on the amendments to the Articles and the relevant resolutions of the meeting, please refer to the notice of 2019 annual general meeting dated 9 April 2020, the announcement on poll results of the annual general meeting dated 25 May 2020, the notice of extraordinary general meeting dated 29 September 2020 and the announcement on poll results of the extraordinary general meeting dated 16 October 2020 of the Company published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

During the reporting period, the Company has complied with the Listing Rules and all Code Provisions to the Code, expect for the following:

As Mr. Zheng Wenhua ("**Mr. Zheng**"), an independent non-executive Director of the Company, passed away on 20 August 2020, the number of independent non-executive Director of the Company had fallen below the minimum number required under Rule 3.10(1) and 3.10A of the Listing Rules and failed to meet the composition requirements for the Remuneration Committee and Nomination Committee as required under Rule 3.25 of the Listing Rules and Code Provision A.5.1 of the Code as well as the terms of reference of the respective committees. Subsequently, the continued outbreak and spread of COVID-19 restricted the Company's ability to meet with potential candidates, thus the Company failed to appoint an additional independent non-executive director within three months (i.e. by 20 November 2020) after failing to meet the requirements under Rules 3.10(1), 3.10A and 3.25 of the Listing Rules so as to re-comply with the aforesaid requirements in accordance with Rules 3.11 and 3.27 of the Listing Rules. In this regard, the Company applied to the Stock Exchange for such waiver and an extension of time to 20 February 2021 for the Company to re-comply with such requirements which the Stock Exchange granted to the Company. For details, please refer to the announcements dated 24 August 2020 and 4 December 2020 of the Company published on the websites of Stock Exchange and the Company.

Subsequently, the Company has appointed Mr. Cao Hongbin ("**Mr. Cao**") as an independent non-executive director, the chairman of the Remuneration Committee, a member of the Nomination Committee and the Strategic Development Committee of the Company in the extraordinary general meeting held on 23 December 2020, with effect from the conclusion of the extraordinary general meeting. For details of resolutions on such appointments and the relevant resolutions of the meeting, please refer to the supplementary notice of the extraordinary general meeting dated 8 December 2020 and the announcement on poll results of the extraordinary general meeting dated 23 December 2020 of the Company published on the websites of the Hong Kong Stock Exchange and the Company. After the appointment of Mr. Cao, the Company has complied with the requirements under Rules 3.10(1), 3.10(A) and 3.25 of the Listing Rules and Code Provision A.5.1 of 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 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.

Responsibilities of Directors for Financial Statements

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

The financial statements of the Company for the year ended 31 December 2020 have been reviewed by the Audit Committee. The Directors confirm their responsibilities of preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

Purchase, Sale or Redemption of Securities of the Company

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters. The Audit Committee was established with written terms of reference in compliance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee comprises Mr. Wu Tak Lung, Mr. Hu Xiayu and Mr. Meng Zhihe.

Payment of Dividends

The Board recommended the payment of a final dividend of RMB0.20 per share for the year ended 31 December 2020 in cash to shareholders whose names appear on the register of members of the Company on 3 June 2021. The final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 25 May 2021 (the "**AGM**"). The final dividend is expected to be distributed on or before 30 June 2021.

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 HKD (calculated according to the average of the exchange rates for RMB to HKD 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 final dividend to the non-resident enterprises which hold H Shares (including the H Shares registered under the name of HKSCC Nominees Limited).

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

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

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

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

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

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

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

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

Annual General Meeting

The AGM will be held on Tuesday, 25 May 2021. 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.

To attend and vote at the Annual General Meeting

For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 25 May 2021, the Company will not process registration of transfers of the H shares (the "**H Shares**"), domestic shares (the "**Domestic Shares**") and unlisted foreign shares (the "**Unlisted Foreign Shares**") of the Company from Wednesday, 5 May 2021 to Tuesday, 25 May 2021 (both days inclusive).

To qualify for attendance and voting at the AGM, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company's H-share Registrar and Transfer Office (the "**Company's H-share Registrar**"), Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 4 May 2021. Holders of Domestic Shares and/or Unlisted Foreign Shares should contact the secretary to the board of directors of the Company (the "**Secretary to the Board**") at West First Ring Road South, Jiyuan, Henan Province, the People's Republic of China for details concerning registration of transfers of Domestic Shares and/or Unlisted Foreign Shares.

To qualify for the proposed distribution of final dividend

As disclosed above, the Board recommended the payment of a final dividend of RMB0.20 per share for the year ended 31 December 2020, which is subject to the approval of the shareholders of the Company at the AGM.

For the purposes of determining shareholders' eligibility to entitlement to the said final dividend, the register of members of the Company will be closed. The following is the expected timetable for the payment of the said final dividend, including the record date and the relevant book closure dates:

For holders of H shares of the Company

Latest time to lodge transfer documents for registration	4:30 pm on Friday, 28 May 2021
Closure of register of members	From Saturday, 29 May 2021 to Thursday, 3 June 2021 (both days inclusive)
Record date	Thursday, 3 June 2021
Final dividend payment date	On or before Wednesday, 30 June 2021

During the above closure period, no transfer of H shares will be registered. To be eligible to qualify for the final dividend, documents on transfers of H Shares, accompanied by the relevant share certificates must be lodged for registration with the Company's H-share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 28 May 2021.

For holders of Domestic Shares and Unlisted Foreign Shares of the Company

Closure of register of members	From Saturday, 29 May 2021 to Thursday, 3 June 2021 (both days inclusive)
Record date	Thursday, 3 June 2021
Final dividend payment date	On or before Wednesday, 30 June 2021

During the above closure period, no transfer of shares will be registered. Holders of Domestic Shares and/or Unlisted Foreign Shares should contact the Secretary to the Board at West First Ring Road South, Jiyuan, Henan Province, the People's Republic of China for details concerning registration of transfers of Domestic Shares and/or Unlisted Foreign Shares.

Publication of the Annual Report

The 2020 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.

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

Hong Kong, 31 March 2021

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. WANG Kaibao and Ms. YE Ting; and the independent non-executive Directors of the Company are Mr. MENG Zhihe, Mr. WU Tak Lung and Mr. CAO Hongbin.