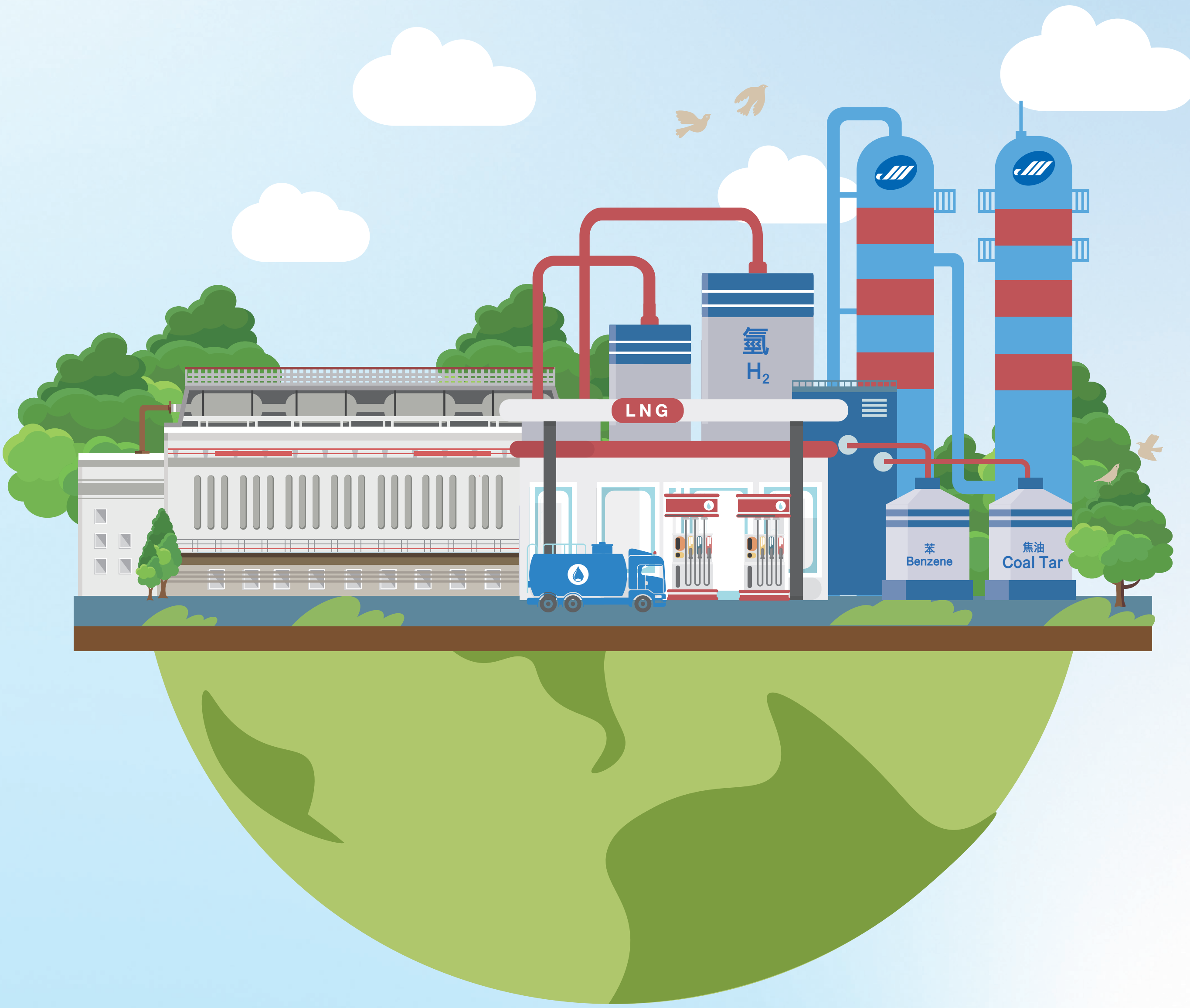
河南金馬能源股份有限公司
HENAN JINMA ENERGY COMPANY LIMITED

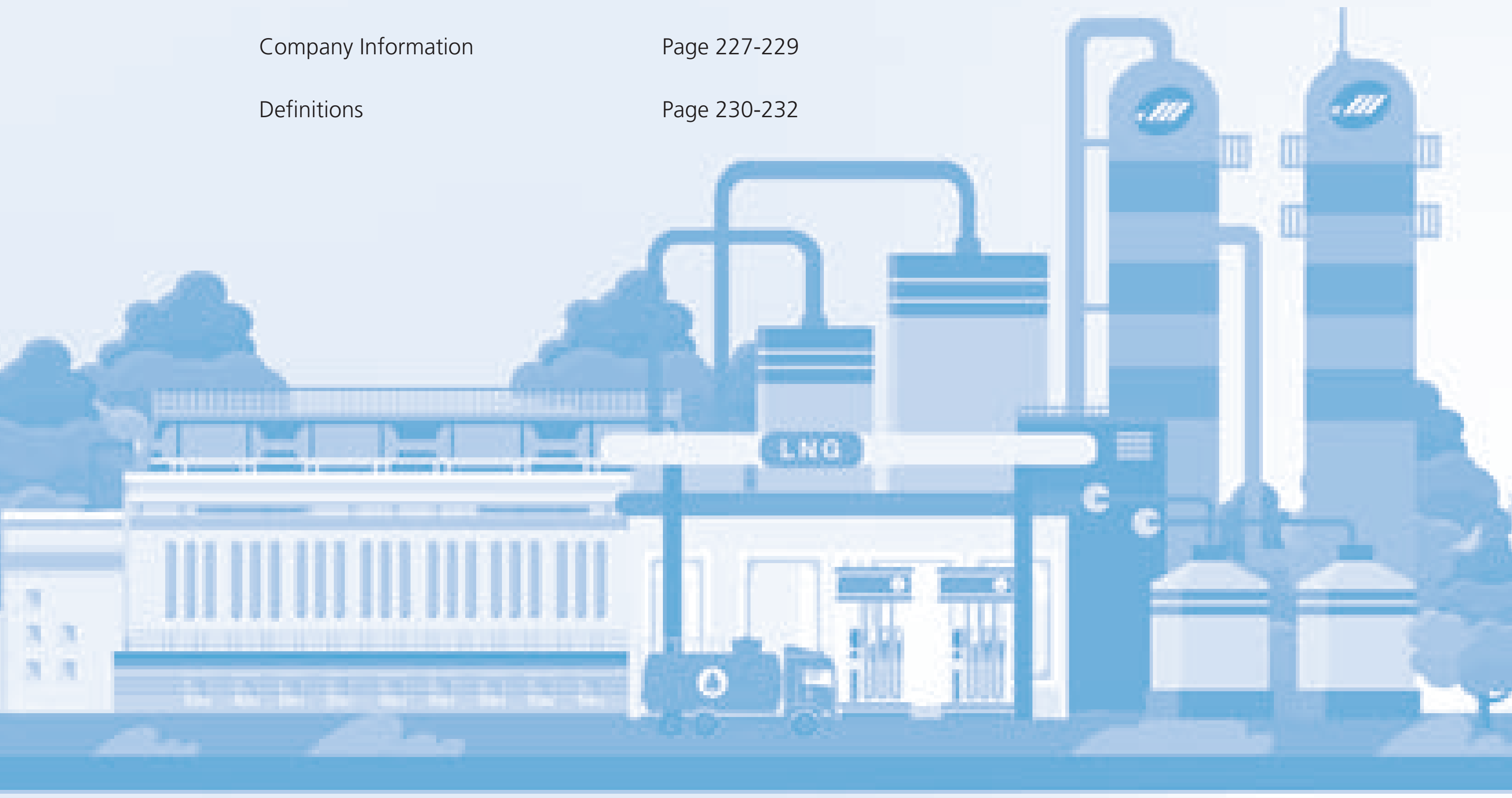
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6885

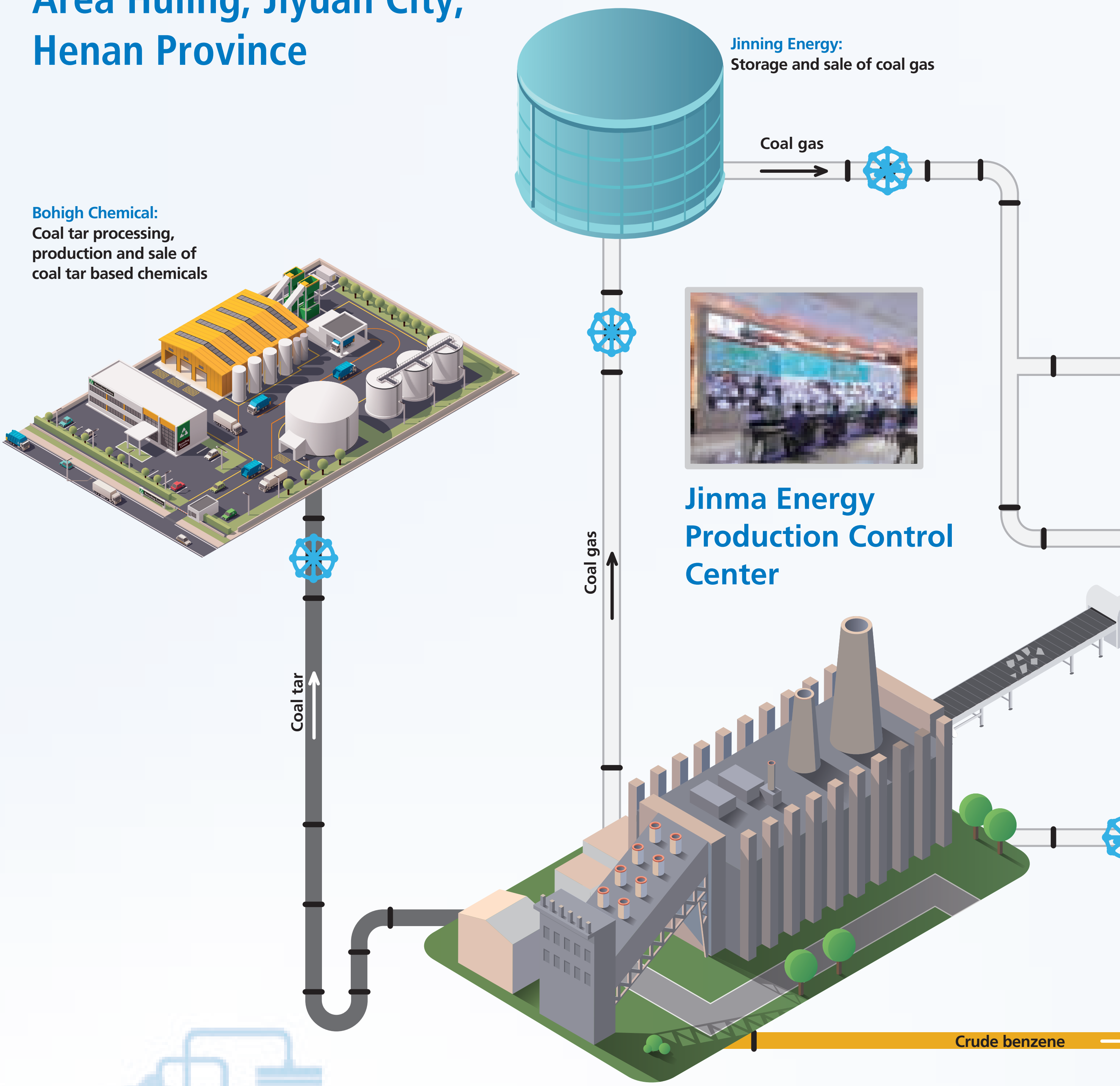
2021
ANNUAL REPORT



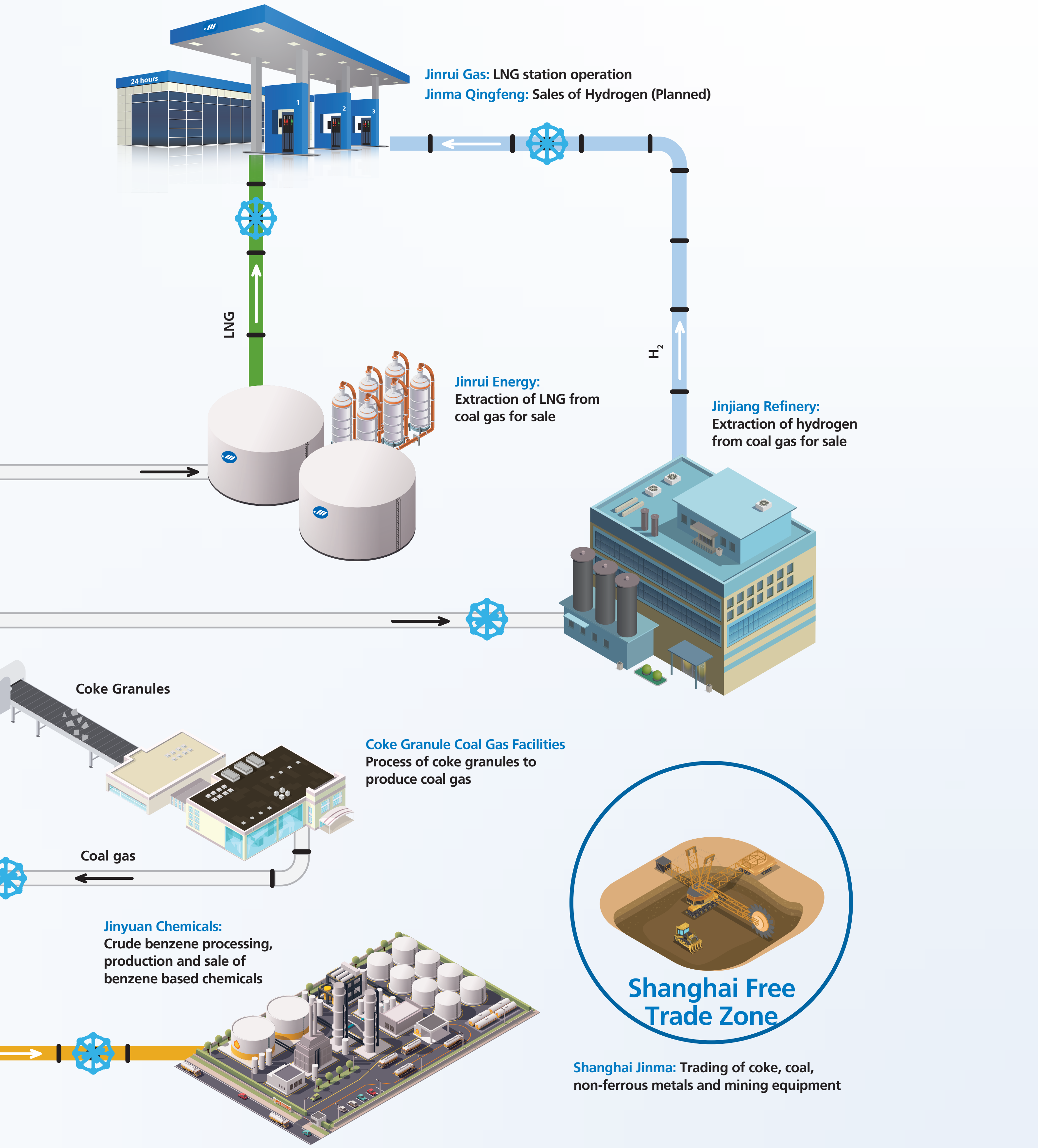
CONTENTS



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



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


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

Corporate Accolades

In 2021, the Company received again the honor of Henan Top 100 Enterprises (河南企業 100 強) and ranked 65th, the Henan Top 100 Private Enterprises (河南民營企業 100 強) and ranked 39th, and the Henan Top 100 Private Enterprises in Manufacturing Industry (河南民營企業製造業 100 強) and ranked 21st. These reflect the continuous improvement of the Company in the aspects of technological innovation, caring for staff, social charity and environmental protection.

Completion for the Full Conversion into H shares

As for the application of full conversion of domestic shares and unlisted foreign shares of the Company into H shares ("**Full Conversion**"), the Company has successfully completed the conversion on 9 July 2021. At present, the Company has a total of 535,421,000 H shares. After the Full Conversion, the Company's share price had risen to a high level this year, proving that the Full Conversion had a positive impact on the proportion and market capitalisation of the Company's tradeable H shares, the shareholding structure of the Company's H Shares had been further diversified and the Company's image and reputation had also benefited from the implementation of the Full Conversion. The Full Conversion further strengthened the relationships between the Company and its shareholders, enhanced the motivation of the Company's senior management and employees, and drove the Company's value growth and sustainable development.

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

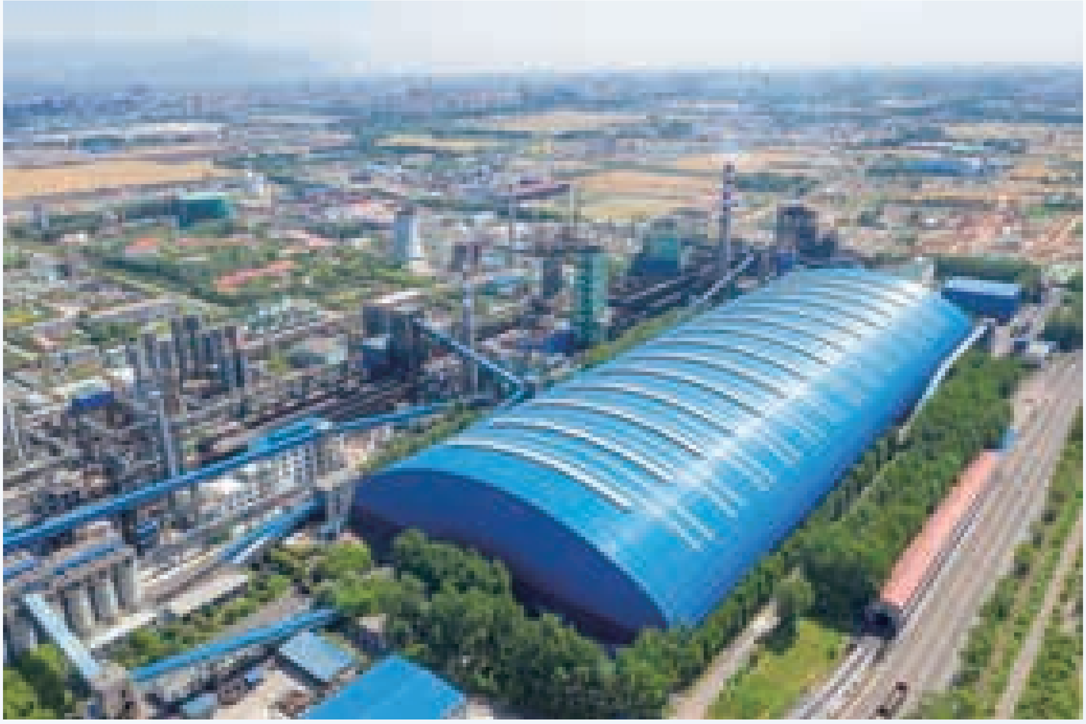
The Group's two advanced coking furnaces with height of 7.65 metres with an aggregate production capacity of 1.8 million tonnes of coke per annum have been successfully completed and have been commissioned in September and December 2021 respectively. They are expected to reach full capacity in May 2022, enhancing productivity from 1.0 million tonnes per annum to 1.8 million tonnes per annum. The new coking furnaces will be located at the same chemical industry park and co-produced with the existing coking facilities.

Coking furnaces with height of 7.65 metres

Actively promoting environmental protection

The Company was awarded the title of "**National Green Factory**" in 2021, reflecting the Company's success in building a green and low-carbon energy chemical enterprise and actively promoting clean processes and pollution-free production, which is a high recognition and acknowledgement of the Company's insistence on green development over the years.

During the year, the Company completed dry coke quenching, circulating ammonia refrigerating machine, flue gas desulphurisation and denitrification, coal yard shed and advanced wastewater treatment projects, realising zero wastewater discharge, reuse of waste heat resources and ultra-low flue gas emission.



Coal yard shed

Of which, the 180m³/h wastewater treatment project, with a cumulative investment of RMB150 million, has been put into operation. The advanced wastewater treatment unit is running smoothly and the biochemical and activated coke units have been completed and put into operation; the evaporation and crystallization unit is undergoing equipment commissioning and is expected to be put into system-wide operation in March 2022, when it will reach full capacity.

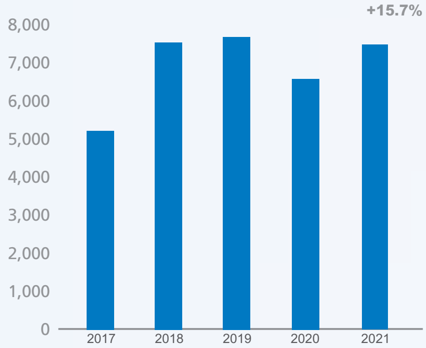
Wastewater treatment

Revenue

For the year ended 31 December

RMB million — RMB**7,398.3** million

+15.7%

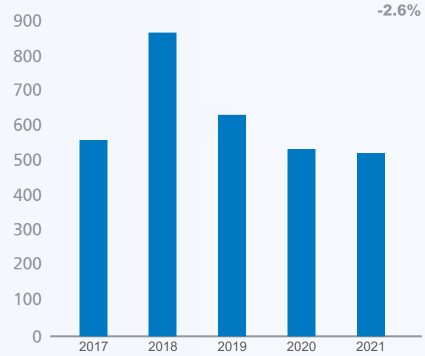


Profit for the year

For the year ended 31 December

RMB million — RMB**507.7** million

-2.6%

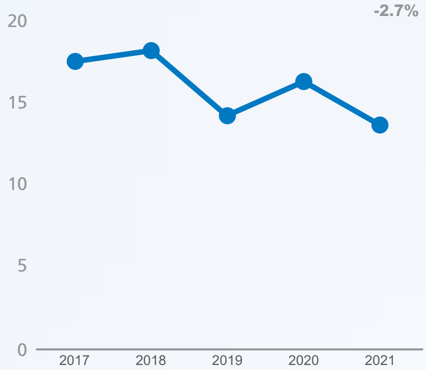


Gross profit margin

For the year ended 31 December

% — **13.7%**

-2.7%

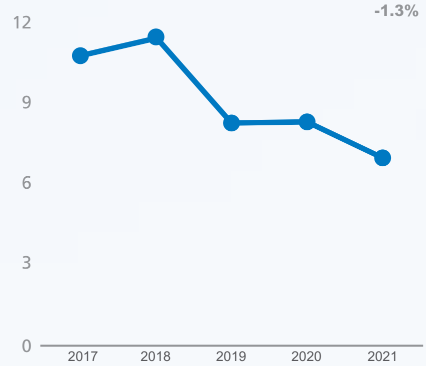


Net profit margin

For the year ended 31 December

% — **6.9%**

-1.3%

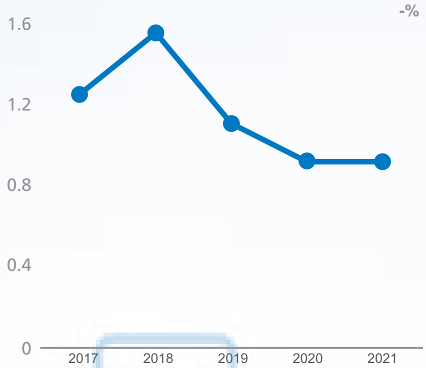


Basic earnings per share

For the year ended 31 December

RMB — RMB**0.91**

-%

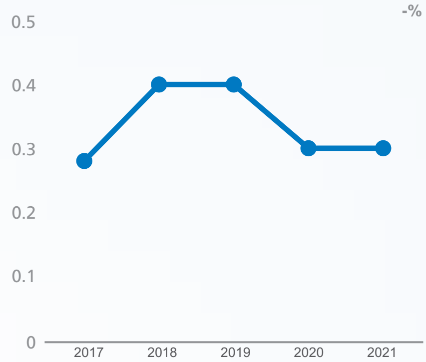


Dividend per share

For the year ended 31 December

RMB — RMB**0.30** per share

-%



Note: The above figure shows the dividend distribution of the Company after its listing, including dividends paid in 2017 to 2020, and the 2021 dividends included the paid interim dividend and the final dividend recommended by the Board.

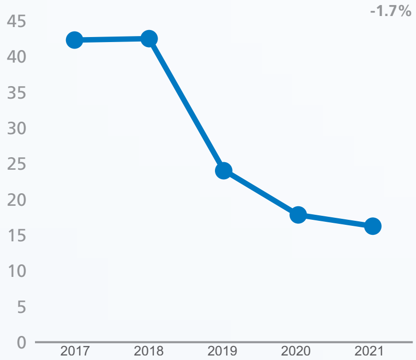
Return on equity

For the year ended 31 December

%

15.9%

-1.7%



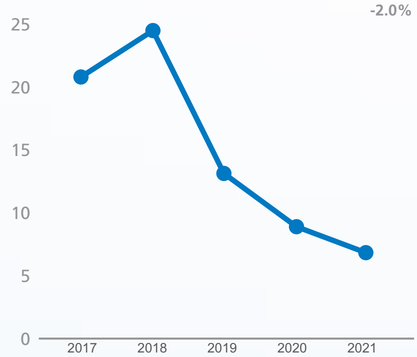
Return on assets

For the year ended 31 December

%

6.8%

-2.0%



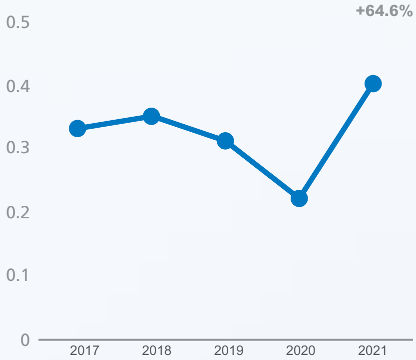
Gearing ratio

For the year ended 31 December

Times

0.42 times

+64.6%



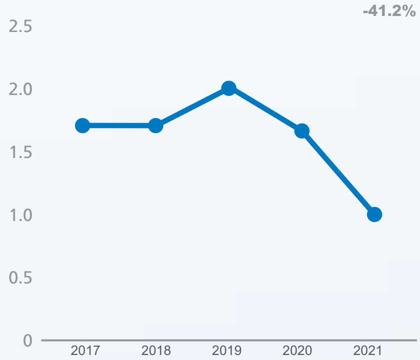
Current ratio

For the year ended 31 December

Times

1.0 times

-41.2%



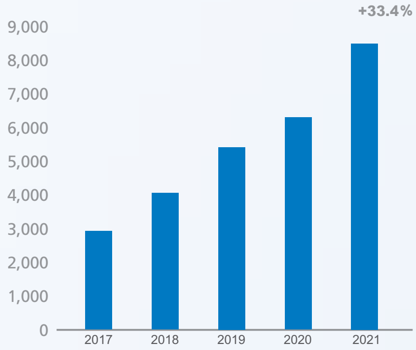
Total assets

As at 31 December

RMB million

RMB**8,525.3** million

+33.4%



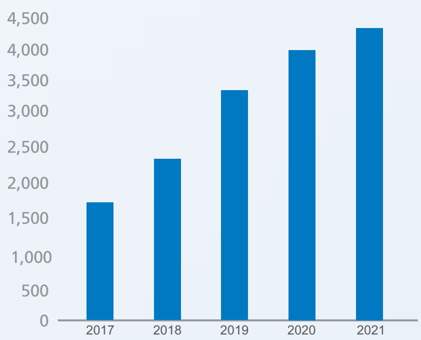
Total equity

As at 31 December

RMB million

RMB**4,304.3** million

+8.1%



I am pleased to present the annual results for the Group for the year ended 31 December 2021 (the "**Year**"), the fifth year after the listing of the Company.

In 2021, COVID-19 and its variants continued their ravage across the globe and posed a dangerous threat to the global economy seriously. However, China's economy maintained stable development, thanked to the potent measures taken by the Chinese government to prevent and control the pandemic. The average coke price of the Group increased by 59.0% as compared to that of the previous year, due to a short supply of coke resulted from the tight control over coke production capacity because of China's stringent implementation of the carbon peaking and carbon neutrality policy with a view to protect the environment. Therefore, the sales of coke still increased by 6.6%, though the Group retired two 4.3 meters high furnaces in response to China's environmental protection policy at the end of 2020, which led to a decrease about 50% to approximately 1 million tons in the coke production capacity, and the annual gross profit of the Group reached RMB918.7 million. Besides, after significant fluctuations in 2020, the international crude oil price rebounded continuously in 2021. Since the prices of the refined chemicals of the Group was pegged to the price of crude oil, the revenue and gross profit margin of such chemicals in 2021 increased steadily as compared to that of 2020, and therefore the gross operating profit margin of the Group in 2021 recorded RMB1,015.3 million, basically flat with 2020. As for the profit for the year, although there was no need to make impairment for the investment of Yilong Coal, an associate company of the Group, in 2021, some facilities were retired and scrapped upon the Group's decision made during an overall assessment on the coking facilities, as they failed to improve coking production efficiency and environmental protection performance, which ultimately resulted in a 2.6% decrease in the profit for the year to RMB507.7 million in 2021 as compared to that of 2020.

Generally, the Group's main developments in 2021 are summarized as follows:

- Despite the fact that the impact on the economy presented by the ongoing pandemic varied at home and abroad, particularly the flood in Henan caused by the once-in-a-century extreme rainstorm in July 2021, which resulted in material impact on the logistics of raw materials and products, the management team and all staff of the Company rose up to the challenges actively and flexibly, and faced danger without a tremor to ensure the production and sales of the Group deliver consistent performance and its products were sold out. In 2021, sales for the year amounted to approximately RMB7,398.3 million, and basic earnings per share remained at RMB0.91.

- The Group's plan for expansion in production of coke proceeded smoothly. To replace the two retired 4.3 meters high furnaces, two upgraded 7.65 meters high furnaces were completely constructed and commenced production in September 2021; these two furnaces have a total annual coke production capacity of 1.8 million tons and both were the state-of-the-art facilities domestically and overseas. Also, it is expected that they can realize fully normal operation in the second quarter of 2022. In addition, the joint venture established by the Company and Angang Group Xinyang Steel Co., Ltd in Henan province was constructing without a hitch an advanced heat-recovery coking furnace with an annual output of 1.6 million tons of coke; the furnace is expected to be put into operation in October 2022, and upon the completion of the furnace, the coke production capacity of the Group will reach approximately 4.4 million tons.

- Leveraging its proven track record of coking production and its construction and operation capabilities, as well as its solid business foundation in terms of supply side and demand side in the coal-coking industry chain, in March 2022, the Group entered into an agreement with Xiamen ITG Group Corp., Ltd. ("Xiamen ITG"), one of the largest importers of iron ore in China and listed on the Shanghai Stock Exchange (stock code: SH.600755), to establish a joint venture company in Xiamen, China. The Group owned 49% equity interests of the joint venture company through a capital contribution of RMB98 million. The joint venture company will make the best of the Group's rich experience in operating in the coking industry and Xiamen ITG's strengths in the supply chain management of ferrous metals. Through the supply chain management platform of the joint venture, the Group will proactively play a role in the integration of the coking industry in China while seeking opportunities to invest in the operations of the coking business, which is expected to bring the Group reasonable returns.

Looking forward, we await an early and effective prevention of and control over COVID-19 pandemic and another take-off of China's economy, which will drive the development of the Company to mark a new milestone. As usual, we will stick to our operating philosophy of "Seek Green Low-Carbon and Circular Development, Transform and Upgrade, and Quality and Efficiency Improvement (綠色低碳，循環發展，轉型升級，提質增效)", exploit the abundant resources of gas and refined chemicals obtained by the Group from the expansion of coking production capacity, and the hydrogen production capacity to develop clean energy and fine chemical materials, enter the area of emission reduction business, and foster new profit growth drivers to create better value and returns for all shareholders.

In view of the satisfactory performance and solid financial position of the Company, in order to show our gratitude to the support of all shareholders, I am pleased to announce that the Board of the Company recommended, according to the dividend policy formulated by the Company, the payment of a final dividend of RMB0.20 per share to the shareholders of the Company. Together with the interim dividend of RMB0.10 per share already paid, the dividend for 2021 amounted to RMB0.30 per share. Taking into account this dividend distribution, the Company will have distributed a total dividend of RMB1.68 per share to shareholders during the five years since its listing, representing a rate of dividend return of approximately 68% relative to the initial public offering price of HK$3.00 per share.

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

HENAN JINMA ENERGY COMPANY LIMITED
Yiu Chiu Fai
Chairman
28 April 2022

OVERVIEW

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

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

In 2021, the Group's revenue was mainly generated from the following major business segments:

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

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

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

General Economic Conditions and the Demand in Downstream Industries

The Group sells all its products in the PRC. General economic conditions of the PRC affect the market prices and demands for the Group's products, as well as the prices of coal, the primary raw material for the production of the Group's coke, refined chemicals and energy products. During economic downturns, the average selling prices of the Group's products may decrease and the Group may need to adjust the Group's purchase and sale strategies to adapt to such conditions, such as reducing the Group's purchase of raw materials or engaging in more financing activities to increase the Group's working capital. The Group's trading activities may decrease during economic downturns. When economic conditions recover, the Group may increase the selling prices of the Group's products along with the increase in market demands and raw material prices. In addition, the Group may increase the Group's prepayments for raw materials in order to secure raw material supplies. The Group's trading activities may also increase as the demands for coke, coal, coal mining equipment, nonferrous materials and natural gas increase when economic conditions recover. The market price for the Group's coke recovered substantially in 2016 and continued to remain stable from 2017 to 2019, but rose again in 2020 and continued to rise in 2021. 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.

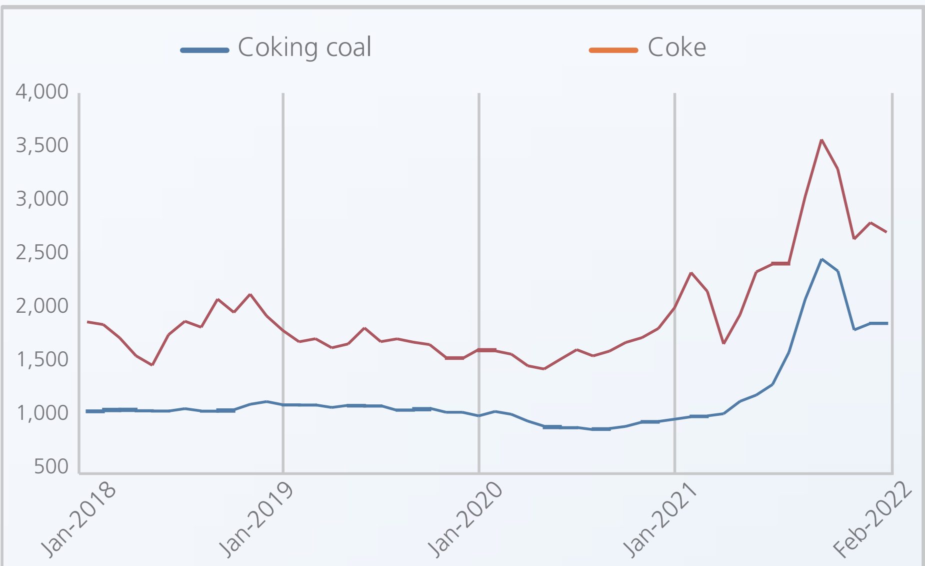
The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during 2021 and 2020 according to the Group's internal records.

	Year ended 31 December	
	2021 Average selling price[1]	2020 Average selling price[1]
	RMB/ton (except coal gas in RMB/m^3)	RMB/ton (except coal gas in RMB/m^3)
Coke	**2,575.40**	1,619.80
Coke	**2,730.00**	1,714.40
Coke breeze	**1,407.75**	805.90
Refined Chemicals		
Benzene based chemicals	**6,046.21**	3,332.70
Pure benzene	**6,200.37**	3,434.80
Toluene	**4,432.83**	3,237.70
Coal tar based chemicals	**3,886.01**	2,360.10
Coal asphalt	**4,263.64**	2,347.50
Anthracene oil	**3,360.14**	2,078.70
Industrial naphthalene	**3,442.80**	3,202.20
Energy Products		
Coal gas	**0.71**	0.71
LNG	**4,706.29**	3,058.90

(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 up the price of coal, which in turn will increase the costs of operating the Group's business.

Increases or decreases in the prices of coal may not immediately result in changes in the prices of the Group's products or vice versa. In a rising market for the Group's products, the Group may benefit from the widening spread between the prices of raw materials and the Group's products. While in a falling market for the Group's products, the Group may suffer from the narrowing spread. Following the second half of 2016 when the price spread between the Group's purchase of coal and sale of coke widened, the spread continued to expand in 2017 and sustained in 2018 and remained stable in 2019, though fell from the highest average spread in the past 5 years from 2018, and the Group's profitability remained stable throughout the periods. In the first half of 2020, coke selling price continued to drop, but substantially increased since the middle of the year, and up to the end of 2021, in which the purchasing price of coal also rose substantially, resulting in the Group's gross margin percentage of coke in 2021 was squeezed as compared with 2020. The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2018 to February 2022 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 2021 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 2021, the Group's production capacity for coke was approximately 1.0 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 200,000 tons per annum, respectively. At the same time, the Group's production capacity for coal gas was approximately 450 million m^3 per annum in 2021, 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 2021 and 2020 were approximately RMB1,800.9 million and RMB1,011.7 million, respectively. The Group's finance costs for the years ended 31 December 2021 and 2020 were approximately RMB48.3 million and RMB61.2 million, respectively, accounting for approximately 0.7% and 1.0% of the Group's total revenue for the respective periods. The Group's ability to pay the interest incurred with respect to the borrowings, or repay or refinance the Group's borrowings could have an impact on the financial position and operation results of the Group.

RESULTS OF OPERATIONS

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations		
Revenue	7,398,260	6,392,350
Cost of sales	(6,383,003)	(5,344,854)
Gross profit	1,015,257	1,047,496
Other income	43,673	43,615
Other gains and losses	(93,209)	(7,368)
Impairment losses under expected credit loss model ("**ECL**"), net of reversal	(2,907)	(39,943)
Selling and distribution expenses	(104,398)	(139,313)
Administrative expenses	(140,288)	(110,169)
Finance costs	(48,285)	(61,208)
Share of result of a joint venture	3,334	2,194
Share of result of an associate	–	(40,951)
Profit before tax	673,177	694,353
Income tax expense	(172,497)	(188,003)
Profit for the year from continuing operations	500,680	506,350
Discontinued operations		
Profit for the year from discontinued operations	7,067	14,820
Profit for the year	507,747	521,170
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Fair value (loss) gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**")	(2,291)	1,823
Total comprehensive income for the year	505,456	522,993

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Profit for the year attributable to owners of the Company:		
– from continuing operations	486,367	480,834
– from discontinued operations	155	4,638
	486,522	485,517
Profit for the year attributable to non-controlling interests:		
– from continuing operations	14,313	25,516
– from discontinued operations	6,912	10,182
	21,225	35,698
Total comprehensive income for the year attributable to:		
– Owners of the Company	485,911	487,295
– Non-controlling interests	19,545	35,698
	505,456	522,993
Total comprehensive income for the year attributable to owners of the Company:		
– from continuing operations	485,756	482,785
– from discontinued operations	155	4,510
	485,911	487,295
Earnings per share (RMB)		
From continuing and discontinued operations		
– Basic	0.91	0.91
From continuing operations		
– Basic	0.91	0.90

Consolidated Financial Information

- **Revenue and gross profit margin**

  The Group's revenue increased by approximately RMB1,005.9 million or approximately 15.7% from approximately RMB6,392.4 million in 2020 to approximately RMB7,398.3 million in 2021. The increase was mainly attributable to the substantial increase in the prices of coke and refined chemicals, while during the same period, the substantial increase in the price of coal, which is the primary raw material of various products, had led to a decrease in the gross profit margin of the Group from 16.4% in 2020 to 13.7% in 2021.

- **Other Income**

  Other income, mainly composed of interest income and government subsidy, maintained from approximately RMB43.6 million in 2020 to approximately RMB43.7 million in 2021.

- **Other gains and Losses**

  Other gains and losses substantially increased from a net loss of approximately RMB7.4 million in 2020 to a net loss of RMB93.2 million in 2021. These losses were mainly due to the Group's decision to phase out and scrap some equipment that failed to improve coking production efficiency and environmental performance during the overall coking equipment assessment.

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

  The impairment of the Group in 2020 was approximately RMB39.9 million. This was mainly due to the impairment loss of the long-term receivable due from our associate company, Huozhou Coal Power Group Hongtong Yilong Co., Ltd. ("**Yilong Coal**"), and the impairment of approximately RMB2.9 million in 2021 was mainly due to the provision for impairment losses on expected credit value of receivables.

- **Selling and Distribution Expenses**

  Selling and distribution expenses decreased to RMB104.4 million in 2021 from RMB139.3 million in 2020. The decrease was mainly due to the decline in the selling tonnage of coke, and the increase in the sales amount of coke was caused by the substantial increase in its price.

- **Administrative Expenses**

  Administrative expenses increased by approximately RMB30.1 million or approximately 27.3% from approximately RMB110.2 million in 2020 to approximately RMB140.3 million in 2021. The increase was primarily due to the staff remuneration and other administrative expenses of the subsidiaries that were newly established or commenced operation during the reporting period.

- **Finance Costs**

  Finance costs decreased by approximately RMB12.9 million or approximately 21.1% from approximately RMB61.2 million in 2020 to approximately RMB48.3 million in 2021. The decrease was mainly due to the reduction of the average interest-bearing borrowing balance by cash flow management, and the decrease in interest rates of certain short-term borrowings compared with the same period of last year, and the capitalization of bank loan interest on certain construction in progress.

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

  Share of result in a joint venture increased by approximately RMB1.1 million or approximately 52% from approximately RMB2.2 million in 2020 to approximately RMB3.3 million in 2021. The increase was mainly attributable to increase in operating profit of the joint venture due to the increase in the unit selling price and sales volume.

- **Share of Result in Associates**

  Share of result in associates substantially decreased from approximately RMB40.9 million in loss in 2020 to RMB0. This decrease was mainly due to the huge operating loss of the associate, Yilong Coal in 2020, that resulting from the fact that the Group's investment in the associate has been impaired to zero in 2020, there is no need to share its operating losses in 2021.

- **Profit Before Tax**

  As a result of the foregoing, the Group's profit before tax decreased by approximately RMB21.2 million or approximately 3.0% from approximately RMB694.4 million in 2020 to approximately RMB673.2 million in 2021. The decrease was mainly due to (i) the substantial increase of the price of coal, which is the primary raw material of each product, resulting in decrease of the Group's gross profit margin by 2.7% as compared to 2020 to 13.7% in 2021; (ii) the impairment of RMB41.0 million for the long-term equity investment in 2020 and the provision for impairment of RMB45.9 million for the long-term receivables from the associate Yilong Coal were not required in 2021; and (iii) the phasing-out and scrapping of some equipment that is not compatible in improving coking production efficiency and environmental performance.

- **Income Tax Expense**

  Income tax expense decreased by approximately RMB15.5 million or approximately 8.2% from approximately RMB188.0 million in 2020 to approximately RMB172.5 million in 2021. The decrease was primarily due to the decrease in the Group's profit for the period.

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

  Other comprehensive income in 2020 was approximately RMB1.8 million, and the comprehensive loss from the changes in fair value of the bills receivables at the end of 2021 was approximately RMB2.3 million.

- **Total Comprehensive Income for the Year**

  As a result of the foregoing, the Group's total comprehensive income decreased by approximately RMB17.5 million or approximately 3.4% from approximately RMB523.0 million in 2020 to approximately RMB505.5 million in 2021. The Group's net profit margin decreased from approximately 8.2% in 2020 to approximately 6.9% in 2021.

Business Segment Result

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

	Year ended 31 December							
	Segment revenue		Segment results		Segment gross margin		Percentage in total revenue of the Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	%	%	%	%
Coke	3,822,397	3,586,692	918,716	939,159	24.0	26.2	51.7	56.1
Refined Chemicals	1,705,980	977,628	119,175	3,504	7.0	0.4	23.1	15.3
Energy Products	299,331	441,911	(64,686)	68,558	(21.6)	15.5	4.0	6.9
Trading	1,519,077	1,348,812	61,741	42,728	4.1	3.2	20.1	21.1

In 2021, due to the strict management of coking production capacity by the Chinese government in recent years, and the demand in downstream iron and steel enterprises increased, had led to a substantial increase in the average price of coke by more than 50%, thus the revenue of the Group's main coking business was still able to record an increase of 6.6% though its coke production capacity decreased by approximately 1 million tons due to the shutdown of two coking furnaces with height of 4.3 meters at the end of 2020. However, as the price of coal, the raw material for production, also recorded a corresponding and relatively higher increase in the same period, the gross profit margin of coke decreased by 2.2% to 24.0% compared to 2020. At the same time, as the global economy began to recover from the COVID-19 outbreak, the international crude oil prices rose sharply. As the prices of Refined Chemicals products were linked to oil prices, both of their 2021 revenue and gross margin increased substantially when compared with that in 2020.

For the Energy Products segment, as the price of coal, the raw material for production of coal gas, substantially increased, with the selling price of coal gas failed to increase correspondingly, loss was caused. At the same time, the reduction in the supply of coal gas of coking furnaces caused by the shutdown of two coking furnaces with height of 4.3 meters at the end of 2020 resulted in a substantial decrease in the utilization rate of the Group's LNG production facilities, thus increasing the losses of the energy products segment further.

The Trading segment's revenue and gross margin in 2021 increased compared with that in 2020, mainly due to the stable growth of the coke products' trading business despite the substantial increase of coke prices.

FINANCIAL POSITION

Financial Resources

In 2021, 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 2021.

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

Cash Flow

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000 (restated)
Net cash from operating activities	**1,114,951**	1,142,191
Net cash used in investing activities	**(2,756,470)**	(1,296,069)
Net cash from (used in) financing activities	**863,502**	(189,312)
Net decrease in cash and cash equivalents	**(778,017)**	(343,190)
Cash and cash equivalents at the beginning of the year	**1,355,149**	1,697,816
Effect of foreign exchange rate changes	**(181)**	523
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**576,951**	1,355,149

- **Cash Flow from Operating Activities**

  The Group's net cash from operating activities of approximately RMB1,115.0 million for 2021 was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB959.3 million; (ii) increase in trade and other payables of approximately RMB628.6 million; (iii) decrease in amounts due from related parties of approximately RMB113.2 million; (iv) decrease in bills receivables and financial assets of approximately RMB83.7 million; and (v) increase in contract liabilities of approximately RMB51.7 million. Yet the net cash inflow from operating activities are partially offset by (vi) decrease in inventories of approximately RMB106.1 million; (vii) increase in trade and other receivables of approximately RMB261.9 million; (viii) increase in amounts due from a shareholder of approximately RMB162.1 million; and (ix) income tax paid of approximately RMB190.4 million.

- **Cash Flow from Investing Activities**

  The Group's net cash used in investing activities of approximately RMB2,756.5 million for 2021 was primarily due to (i) acquisition of property, plant and equipment or payment for right-of-use assets or other non-current assets of approximately RMB2,428.4 million; (ii) payment of approximately RMB259.1 million in relation to acquisition projects; (iii) net placement of approximately RMB310.7 million to restricted bank balances and yet, partially offset by (iv) interest received of approximately RMB17.6 million; (v) dividend received from a joint venture of approximately RMB4.9 million; (vi) net proceeds of approximately RMB197.8 million in relation to disposal of subsidiaries/business; and (vii) net proceeds from disposal of financial assets at FVTPL of approximately RMB18.3 million.

- **Cash Flow from Financing Activities**

  The Group's net cash from financing activities of approximately RMB863.5 million in 2021 was primarily due to (i) net increase in bank and other borrowings of approximately RMB819.2 million; (ii) net proceeds from capital contributions from non-controlling shareholders of subsidiaries of approximately RMB290.8 million, yet partially offset by (iii) payment of dividends of approximately RMB183.3 million; and (iv) interest expenses of approximately RMB61.2 million.

Liabilities

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

	As at 31 December		
	2021	2020	Increase/ (decrease)
	RMB'000	RMB'000 (restated)	RMB'000
Bank borrowings	**1,800,863**	1,011,700	789,163
Secured	**753,429**	8,200	745,229
Unsecured	**1,047,434**	1,003,500	43,934
	1,800,863	1,011,700	789,163
Fixed-rate borrowings	**575,500**	709,200	(133,700)
Floating-rate borrowings	**1,225,363**	302,500	922,863
	1,800,863	1,011,700	789,163
Carrying amount repayable: (based on scheduled payment terms)			
Within one year	**972,434**	651,700	320,734
More than one year, but not more than two years	**285,000**	255,000	30,000
More than two years, but not more than five years	**543,429**	105,000	438,429
	1,800,863	1,011,700	789,163
Less: Amount due for settlement within 12 months shown under current liabilities	**(972,434)**	(651,700)	(320,734)
Amount due for settlement after 12 months shown under non-current liabilities	**828,429**	360,000	468,429

The Group's bank borrowings in 2021 and 2020 were all borrowings denominated in Renminbi. As at 31 December 2021, RMB753 million of the Group's borrowings were secured by the Group's property, plant and equipment, land use rights and bills receivables. All remaining borrowings were credit borrowings. For further details, please refer to Note 43 of the "Consolidated Financial Statements" in this annual report. As at 31 December 2020, RMB8.2 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 2021 and 2020, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

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

	As at 31 December	
	2021	2020
Effective interest rate per annum:		
– Fixed-rate borrowings	**4.25% – 6.30%**	4.61% – 6.30%
– Floating-rate borrowings	**3.56% – 5.46%**	3.72 % – 6.30%

As at 31 December 2021, the Group had obtained banking facilities in an aggregate amount of approximately RMB2,776.0 million (2020: RMB1,023.0 million), of which total amount of approximately RMB2,010.9 million (2020: RMB301.3 million) is still available for use. As at 31 December 2021, the Group had total outstanding bank borrowings of approximately RMB1,800.9 million (2020: RMB1,011.7 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 RMB587.5 million falling due in 2021 according to needs).

Save as disclosed in this "Financial Position" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 31 December 2021 and up to the date of this announcement. As at 31 December 2021, 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 2021, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2021, 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	
	2021	2020
Gearing ratio	**0.42x**	0.25x
Return on equity	**15.9%**	17.6%
Return on assets	**6.8%**	8.8%

Gearing Ratio

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

The Group's gearing ratio increased in 2021, mainly due to the increased borrowing of the Group at the year end from the consolidation of a non-wholly owned subsidiary with coke production facilities.

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 in 2021 due to a reduction in the Group's profit.

Return on Assets

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

The Group's return on assets decreased in 2021 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	
	2021	2020
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**1,802,512**	897,930

The Group's capital commitments for the year ended 31 December 2021 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 2021, 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 2021. Specifically, the Group has not entered into any derivative contracts that are indexed to the Group's shares and classified as shareholders' equity, or that are not reflected in the Group's audited consolidated financial statements. Furthermore, the Group does not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group does not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

CONTINGENT LIABILITIES

The Group (i) endorsed certain bills receivables for the settlement of trade and other payables; and (ii) discounted certain bills receivables to banks for raising of cash. In the opinion of the Directors, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is low because all endorsed and discounted bills receivables are issued and guaranteed by 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	
	2021	2020
	RMB'000	RMB'000
Endorsed bills for settlement of payables	**2,608,690**	2,430,853
Discounted bills for raising cash	**293,325**	183,633
Outstanding endorsed and discounted bills receivables with recourse	**2,902,015**	2,614,486

Save as disclosed above and as of 31 December 2021, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group. The Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2021 up to the date of this announcement.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

Save as described under the section headed "Major Developments" in this announcement, 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 2021, 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$7.5 million and HK$9.7 million as at 31 December 2021 and 2020 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 2021, the Group had fixed-rate borrowings in the amount of approximately RMB575.5 million (2020: RMB709.2 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 2021 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 81% and 71% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2021 and 2020, 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 2021, both long-term and short-term borrowing facilities of the Group have increased.

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 2021

	Weighted average interest rate	Carrying amount	On demand or within 6 months	6 months to 1 year	1 year to 5 years	> 5 years	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	3.56%-6.30%	1,800,863	379,988	671,380	906,944	–	1,958,312
Lease liabilities	4.50%-5.96%	5,012	1,228	713	1,624	3,027	6,592
Trade and other payables	N/A	2,155,479	2,155,479	–	–	–	2,155,479
Amounts due to related parties	N/A	113	113	–	–	–	113
		3,961,467	2,536,808	672,093	908,568	3,027	4,120,496

As at 31 December 2020

	Weighted average interest rate	Carrying amount	On demand or within 6 months	6 months to 1 year	1 year to 5 years	> 5 years	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	4.61%-6.30%	1,011,700	409,718	273,489	380,534	–	1,063,741
Lease payables	5.51%-5.96%	9,896	2,164	907	5,883	3,202	12,156
Trade and other payables	N/A	1,209,652	1,209,652	–	–	–	1,209,652
Amounts due to related parties	N/A	1,211	1,211	–	–	–	1,211
		2,232,459	1,622,745	274,396	386,417	3,202	2,286,760

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.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company had distributable reserves (i.e. retained profits) of RMB1,770.5 million (2020: RMB1,471.8 million). For the year ended 31 December 2021, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the year 2021.

DIVIDEND AND DIVIDEND POLICY

On 15 October 2021, the Company declared an interim dividend for the six months ended 30 June 2021 of RMB0.10 per share (2020: an interim dividend of RMB0.10 per share) in the total amount of RMB53,542,000, which was fully paid by 30 November 2021. On 21 March 2022, the Company declared a final dividend of RMB0.20 per share in an aggregate amount of RMB107,084,000. A total dividend of RMB0.30 per share was declared for the year ended 31 December 2021 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 has actively expanded its business in benzene based chemicals, coal tar based chemicals as well as coal gas and LNG in recent years. 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 2022, 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 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 Company 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**"). For more details, please refer to the announcement issued by the Company on 28 January 2021. Both sides of the joint venture have negotiated and drawn up the organizational structure, management systems and business planning of the joint venture company, and preliminarily communicated the construction scheme of the hydrogen refueling stations after field investigation.

- **1.8 million tons per annum Coking Facilities Upgrading Project**
  The project is mainly about upgrading the existing two coking furnaces with height of 4.3 meters to advanced coking furnaces with height of 7.65 meters and at the same time to increase the relevant annual production capacity from 1 million tons to 1.8 million tons. The total investment of the project has been RMB2.3 billion. Main compliance procedures of the project have been basically completed, and the project construction has entered the conclusion stage. The construction of two 7.65-meter coking furnaces has been successfully completed and put into operation in September and December 2021, respectively, and it is estimated that they can reach full operation in the second quarter of 2022.

- **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 into between the Company and Angang Group Xinyang Steel Co., Ltd.(安鋼集團信陽鋼鐵有限責任公司) for the establishment of a joint venture company in Xinyang City, Henan Province, the PRC. This joint venture company 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 project currently has completed an accumulated investment of nearly RMB1.5 billion. Approval for environmental assessment, energy assessment and other procedures have been obtained. The construction of the project is conducted in an orderly manner as planned. The phase I coking furnace is expected to commence operation in October 2022. The foundation construction of the power generation system is fully completed. Phase II coking furnace is now under civil construction, and it is expected to fully commence operation in the second quarter of 2023.

Environmental Facilities

- **180 m^3/h Wastewater Treatment Project**
  The technology and facilities deployed in the new wastewater treatment project are of international standard, including one of the world's most advanced reverse osmosis technologies of Israel, and with which processing capacity reached 180 m^3/h. As of 31 December 2021, the Group has invested approximately RMB150 million, in which the advanced treatment unit operates stably, the biochemical and active carbon units have been completed to commence operation, and the evaporation crystallization unit is in process of equipment commissioning. System-wide operation is expected in March 2022.

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

DISPOSAL OF 35% EQUITY INTEREST IN THE LOGISTICS SUBSIDIARY AND THE TRADING COMPANY

In view of the PRC government's strategic policy in developing the nationwide railway network, the Group originally established Yan'an Jinneng Railway Logistics Technology Co., Ltd. (延安金能鐵路物流科技有限公司, the "**Logistics Subsidiary**") and Yan'an Energy Railway Sales Co., Ltd. (延安能源鐵路運銷有限公司, the "**Trading Company**"), with an intention to leverage on the resources and expertise of the joint venture partners and further diversify into and deepen the Group's business development in respect of the logistics business of coal and coking products. However, having considered the time and resources required to be further invested for the development and integration of the Group logistics business, and in view of the PRC government's recent strategic policy in developing clean energy, the Board is of the view that it would be more beneficial to the Company and its shareholders a whole for the Group to focus on its main operations of coke production and to diversify into the national hydrogen energy market and hydrogen energy value chain, which is expected to generate reasonable returns for the Group. In light of the above, the Group decided to dispose 35% equity interests in the Logistics Subsidiary and Trading Company. For details, please refer to the announcement issued by the Company on 18 October 2021. The said disposals were completed in 2021. The total audited loss on the disposal of these investments amounted to approximately RMB10.4 million.

UPDATES AND THE CHANGE IN USE OF 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 2021 and 31 December 2020 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 2020	Unutilised net proceeds as at 31 December 2020	**Actual use of net proceeds from the Listing Date to 31 December 2021**	**Unutilised net proceeds as at 31 December 2021**
	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%	100,674	27,726	**110,750**	**17,650**
Working capital and other general corporate purposes	32,100	10%	32,100	–	**32,100**	**–**
	321,000	100%	293,274	27,726	**303,350**	**17,650**

In respect of the development of the dry quenching facility for coking furnaces 1 and 2 as disclosed in the above table, the Company wishes to inform its shareholders that such project has in fact been completed as planned, and all outstanding payments in respect thereto had been settlement by the Group by the end of year 2021. However, as a result of the Group's successful expenditure management and control in respect of the project, a sum of RMB17,650,000 remained unutilised. Given that the project has already been completed and there is no longer any payment commitments on the part of the Group in respect thereto, the Board has resolved to re-allocate the unutilised sum of RMB17,650,000 as general working capital of the Group to enable the Group to deploy such financial resources efficiently. The Board considers that the above re-allocation of proceeds is in the best interest of the Company and shareholders as a whole and will not bring any material adverse effect on the existing business and operations of the Group.

EMPLOYEES AND REMUNERATION

As at 31 December 2021, the Group had a total of 2,253 employees (2020: 1,850), including 11 senior management (2020: 11), 103 middle management (2020: 83) and 2,139 ordinary employees (2020: 1,756). For the year ended 31 December 2020, the staff cost of the Group amounted to approximately RMB207.8 million as compared to approximately RMB136.9 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	
	2021	2020
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**6**	9
HK$1,000,001 to HK$1,500,000	**3**	2
HK$1,500,001 to HK$2,000,000	**2**	0

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.

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 Company Law of the PRC, and other relevant laws and regulations of the PRC. These Articles are the code of conduct for the Company, regulating the organization and behaviour of the Company, the rights and obligations shared between the Company and its shareholders, and between and among the Company's shareholders.

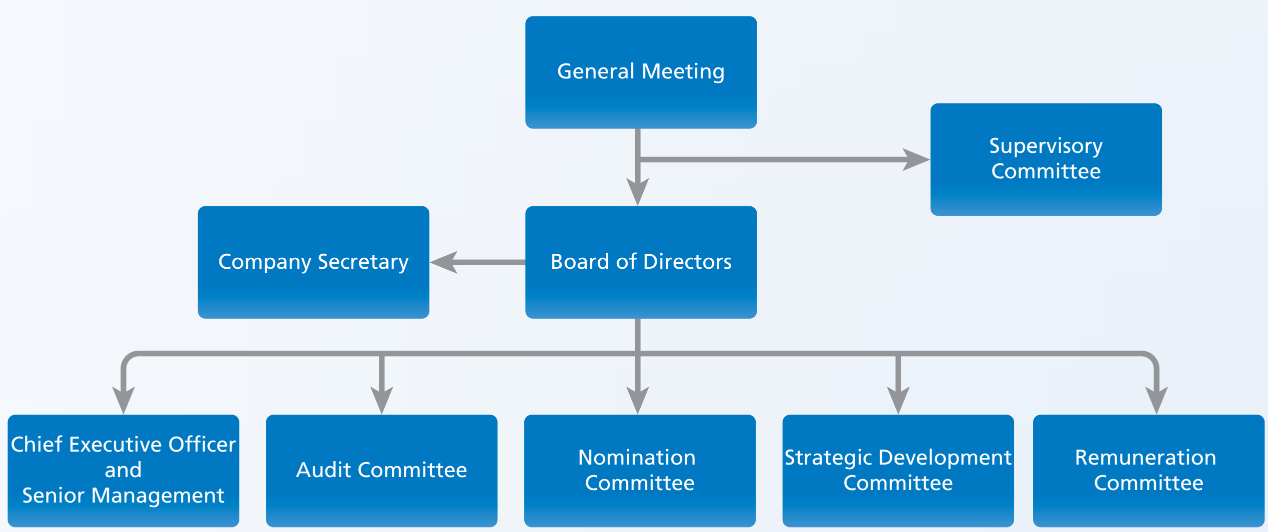
Meanwhile, the Company has also adopted the Corporate Governance Code (the "**Code**") effective for the year ended 31 December 2021 as set out in Appendix 14 to the Listing Rules, and formulated a series of rules (such as Internal Audit Rules, Internal Control Evaluation Rules, Compliance Management 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. This report will further clarify how the Company applies the principles set out in the Code.

During the reporting period, according to the actual situation and the business development needs of the Company, the Company revised the Articles in accordance with the Company Law and the relevant regulations to further improve the corporate governance system. For details of resolutions on the amendments to the Articles and the relevant resolutions of the meeting, please refer to the notice of extraordinary general meeting dated 10 September 2021 and the announcement on poll results of the extraordinary general meeting dated 15 October 2021 of the Company published on the websites of the Hong Kong Stock Exchange and the Company.

During the reporting period, the Company has complied with the Listing Rules and all Code Provisions to the Code.

Corporate Governance Functions

The corporate governance structure of the Company is as follows:



The Board is responsible for performing corporate governance functions. During 2021, the Board has performed the following responsibilities in relation to its corporate governance functions (for details, please refer to the summary of the main work performed by the Board in 2021 in this report (Page 35)):

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

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules and the company secretary has also issued to all Directors and Supervisors a compliance notice of suspending trading during the 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.

Board of Directors

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

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

Non-executive Directors
Mr. Hu Xiayu (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao

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

For the biographies of all Directors, please refer to the section headed "Directors, Supervisors and Senior Management" of this annual report (Pages 107 to 114).

The Board held 4 meetings and passed 9 written resolutions during the year ended 31 December 2021. The attendance of each Director of the Company at board meetings and general meetings held in for 2021 are as follows:

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

Note:

1. The relevant Director appointed an alternate Director to attend one of the relevant Board meetings on his behalf.

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

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

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

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

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

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

The Board comprises three non-executive Directors, namely Mr. Hu Xiayu, Ms. Ye Ting and Mr. Wang Kaibao, whose terms of office are effective from 15 May 2019, 18 October 2019 and 25 May 2020 to the end of the annual general meeting for the year ending 31 December 2021, both dates inclusive, respectively.

The Board comprises three independent non-executive Directors, accounting for one-third of the members of the Board. The three independent non-executive Directors are experts in coking, economics and accounting respectively and have appropriate professional qualifications. For the biographical details of each of the Directors, please refer to the section headed "Directors, Supervisors and Senior Management" of this annual report (Pages 107 to 114). Among them, Mr. Wu Tak Lung, chairman of the Audit Committee, has the appropriate accounting and financial management expertise and experience, with his term of office effective from 15 May 2019. The terms of Mr. Meng Zhihe and Mr. Cao Hongbin became effective from 25 May 2020 and 23 December 2020, respectively. The terms of office of three independent non-executive Directors will end at the conclusion of the annual general meeting for the year ending 31 December 2021.

All three independent non-executive Directors have submitted written confirmations to the Company for their independence. For details, please refer to the section headed "Directors' Report" of this annual report (Page 93).

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

Save for entering into service contracts and except as otherwise disclosed in this annual report, none of the Directors, Supervisors and their connected entities had any material transactions, arrangements or contracts with the Company directly or indirectly in 2021.

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

A summary of the main work performed by the Board in 2021 is as follows:

- approved the working report of the Board and annual results announcement for 2020 of the Company;
- reviewed the auditor's report and annual report for 2020 of the Company;
- approved the interim report and interim results announcement for 2021 of the Company;
- considered and proposed the payment of the final dividend for 2020 and the interim dividend for 2021;
- approved the amendments to the Articles of Association of the Company;
- approved the usage of the proceeds raised from listing of the H Shares;
- considered and proposed the re-appointment of auditor; and
- approved the agenda of the convening of general meetings.

The Company places considerable emphasis on training and the continuous professional development of Directors, and considers that personal development primarily relies on working experiences and requires various supplementary training. In 2021, the Company has encouraged Directors to participate in e-learning programs, and has periodically provided information on the relevant director training programs which had been published on the website of the Hong Kong Stock Exchange. The Company has also engaged the Hong Kong Institute of Directors to provide corporate training for its Directors. In these training programs, our directors have enhanced their knowledge and skills to ensure they are fully informed and qualified for performing their duties in the Board of Directors. In accordance with the records maintained by the Company, as at 31 December 2021, all Directors have received the training in relation to continuous professional development in accordance with the Code provisions.

The participation by each Director in online training programs and continuous professional development for the year ended 31 December 2021 is set out below:

	Topic				
Directors	New rules of SEHK on ESG related matters (Source: HKEX)	Risk management and internal control: Audit Committee and internal audit function (Source: HKEX)	Anti-Corruption Programme – A Guide for Listed Companies (Source: Independent Commission Against Corruption of Hong Kong)	Guidance on Climate Disclosures (Source: HKEX)	Highlights of recent updates to Listing Rules and regulations (organized by The Hong Kong Institute of Directors)
Executive Directors					
Mr. Yiu Chiu Fai	√	√	√	√	√
Mr. Wang Mingzhong	√	√	√	√	√
Mr. Li Tianxi	√	√	√	√	√
Non-executive Directors					
Mr. Hu Xiayu	√	√	√	√	√
Ms. Ye Ting	√	√	√	√	√
Mr. Wang Kaibao	√	√	√	√	√
Independent non-executive Directors					
Mr. Wu Tak Lung	√	√	√	√	√
Mr. Meng Zhihe	√	√	√	√	√
Mr. Cao Hongbin	√	√	√	√	√

Audit Committee

The Board has established the Audit Committee.

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

The Audit Committee held three meetings during the year ended 31 December 2021. A list of the members and the attendance of each of its members at its meetings during 2021 are as follows:

Directors	**Attendance at Audit Committee's meetings**
Mr. Wu Tak Lung (chairman) (Independent non-executive Director)	3/3
Mr. Hu Xiayu (Non-executive Director)	2/3
Mr. Meng Zhihe (Independent non-executive Director)	3/3

A summary of the main work performed by the Audit Committee in 2021 is as follows:

- reviewed the audited financial statements for 2020 and the unaudited condensed consolidated interim financial statements for 2021 of the Company;
- reviewed the interim report for 2021 of the Company;
- reviewed the report on the 2020 audit plan;
- reviewed letters from external auditors to the management;
- monitored and reviewed the adequacy and effectiveness, follow-up actions and implementation of the risk management, internal audit function and internal control system of the Group;
- reviewed and monitored the independence and objectivity of external auditors; and
- advised the Board on re-appointment of external auditors.

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2021.

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

Remuneration Committee

The Board has established the Remuneration Committee.

The Remuneration Committee primarily advises the Board on the remuneration policy and structure of the Directors and the management of the Company, and the establishment of a formal and transparent procedure for developing remuneration policy, and make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The Remuneration Committee also reviews compensation matters relating to the resignation of Directors or senior management.

The Remuneration Committee held one meeting during the year ended 31 December 2021. A list of the members and the attendance of each of its members at its meeting during 2021 are as follows:

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

During the above meeting held in 2021, the Remuneration Committee discussed and considered the remuneration policy and structure of the Directors and the management of the Company, as well as the performance bonus of senior management for the year of 2020 and their remuneration for 2021.

Nomination Committee

The Board has established the Nomination Committee.

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

The Nomination Committee held one meeting during the year ended 31 December 2021. A list of the members and the attendance of each of its members at its meeting during 2021 are as follows:

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

A summary of main work performed by the Nomination Committee in 2021 is as follows:

- assessed the independence of the independent non-executive Directors;
- reviewed the structure, size and composition of the Board;
- agreed to and approved the composition of the Board and management of the Company; and
- approved and adopted the nomination policy of Directors of the Company.

The Company has developed and adopted the Board Diversity Policy to enhance the performance of the Board of the Company. When recommending candidates to join the Board, the Nomination Committee will consider the candidates according to objective conditions, and will take due consideration of the benefits of diversity among the Board members. The committee conducts discussions each year and agree on the measurable objectives for board diversity, and will recommend to the Board relevant objectives for adoption.

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

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

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

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

- the chairman of the Nomination Committee shall convene a Nomination Committee meeting and invite the Board members to nominate candidates (if any) for consideration before the meeting. The Nomination Committee may also nominate candidates from other different sources (such as professional societies, professional headhunting companies, recommendations by the Shareholders or management, internal promotion, etc.);

- the Nomination Committee shall recommend candidates for consideration and approval by the Board, with reasons for consideration and recommendation provided to the Board;

- the Board recommends candidates to stand for election at a general meeting;

- the Company will issue a circular to shareholders to provide information on candidates nominated by the Board for election at a general meeting. The names, resumes (including eligibility and related experience), independence, proposed emoluments and other information of the candidates will be set out in the circular to the shareholders in accordance with the applicable laws, rules and regulations;

- if the Shareholders wish to recommend a person to be elected as a Director of the Company at a general meeting, they may refer to the Procedures for a Member to Propose a Person for Election as a Director which has been uploaded to the Company's website for the relevant procedures; and

- the election of Board members shall be proposed as ordinary resolutions at a general meeting, and should be passed by more than one-half of the voting rights held by shareholders (including proxies) attending the general meeting.

Strategic Development Committee

The Board has established the Strategic Development Committee.

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

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

Directors

Mr. Hu Xiayu (chairman) (Non-executive Director)
Mr. Li Tianxi (Executive Director)
Mr. Cao Hongbin (Independent non-executive Director)

Auditor's Remuneration

The auditor of the Company is Deloitte Touche Tohmatsu ("**Deloitte**"). The Directors do not have any opinion to the contrary on the selection and appointment of Deloitte as the auditor. For the year ended 31 December 2021, the remuneration of Deloitte and its related parties for audit service was RMB2.01 million and non-audit services was RMB0.27 million.

Responsibilities of Directors and Auditor for Financial Statements

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

The financial statements of the Company for the year ended 31 December 2021 have been reviewed by the Audit Committee and audited by the external auditor, Deloitte. The Directors confirm their responsibilities for preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

For the statement of the auditor about its reporting responsibilities on the financial statements, please refer to the section headed "Independent Auditor's Report and Consolidated Financial Statements" in this annual report (Pages 115 to 226).

Company Secretary

The company secretary of the Company is Mr. Wong Hok Leung. For his biographical details, please refer to the section headed "Directors, Supervisors and Senior Management" in this annual report (Page 114). The company secretary attended relevant professional training for not less than 15 hours in 2021.

Shareholders' Rights

Pursuant to Article 60 of the Articles, shareholders holding 10% or more of the Company's outstanding shares carrying voting rights may request in writing that an extraordinary general meeting be convened. Please refer to Article 82 of the Articles for the detailed procedure regarding such shareholder's request for convening an extraordinary general meeting.

Shareholders may at any time put enquiries to the Board. Such enquiries may be made by any of the following means:

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

Pursuant to Article 62 of the Articles, when the Company convenes the annual general meeting, shareholders who hold in aggregate 3% or more of voting shares of the Company shall be entitled to propose a new proposal in writing to the Company. The Company shall include proposals falling within the scope of power of the shareholders' general meeting into the agenda of such meeting.

Amendments to Articles

During the reporting period, according to the actual situation and the business development needs of the Company, the Company revised the Articles in accordance with the Company Law of the PRC and the relevant regulations to further improve the corporate governance system. For details of resolutions on the amendments to the Articles and the relevant resolutions of the meeting, please refer to the notice of extraordinary general meeting dated 10 September 2021 and the announcement on poll results of the extraordinary general meeting dated 15 October 2021 of the Company published on the websites of the Hong Kong Stock Exchange and the Company.

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

Risk Management and Internal Control

The Board confirms its responsibility for the Group's risk management and internal control systems. The Audit Committee is authorized by the Board to oversee the Group's risk management and internal control systems. Such systems are established to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

Risk management and internal control procedures

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

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

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

- **Risk management procedures**

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

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

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

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

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

- **Internal control measures**

  The Company establishes and clearly defines internal control organizational bodies and their responsibilities. The Board is the governing body of internal control, responsible for establishing sound internal control system and its effective implementation, and also responsible for reviewing the effectiveness of the internal control system design, supervising the internal evaluation status of internal control, as well as coordinating internal control audit and other relevant matters. The Corporate Governance Department of the Company is the centralized management department for internal control system operation, responsible for organizing the establishment, daily maintenance and supervision of internal control system. The Audit Department of the Company is the centralized management department for internal control system evaluation, responsible for organizing evaluation of internal control system. All departments of the Company are internal control execution departments, responsible for implementing management rules and business processes within their scope of responsibilities, as well as internal supervision of the status of such implementations.

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

- **Inside information disclosure**

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

Opinions of the Audit Committee

The Audit Committee reviews the risk management and internal control systems of the Company annually. In 2021, based on the management's assessment, the Audit Committee reviewed and firmly believed that there was no event that led the Audit Committee to believe that the Company's risk management and internal control systems (covering finance, operations, compliance and all other material controls) were inadequate and no significant control failings or weaknesses were identified during the reporting period, and there is an ongoing process to identify, assess and manage the significant risks facing the Company. The Audit Committee considered that the Company's risk management and internal control systems were adequate and effective. The Audit Committee also considered that the Company's processes for financial reporting and Listing Rule compliance were effective.

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

Report description

This is the Group's Environmental, Social and Governance report, covering the Group's overall performance in two main aspects (i.e.,environmental and social) during operation of its main businesses (production and sale of coke, and the processing and sale of coking byproducts), from 1 January 2021 to 31 December 2021 (the "Reporting Period").

For the Group's governance strategies, please refer to the section headed "Corporate Governance Report" of this annual report (Pages 31 to 43).

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

Reporting principles for the report :

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

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

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

Stakeholder Engagement and Contact Information

The Group maintains close contact with its stakeholders (for instance, investors, shareholders, regulatory bodies, employees, customers and suppliers, etc.) and management and collects their views, conducts materiality assessment, and identifies and includes important environmental and social policies concerning the Group into this report.

The Group welcomes stakeholders to express their views on the environmental, social and governance principles and performance of the Group. Please provide your suggestions via email at paulwong@hnjmny.com.

Statement of the Board on ESG Governance

The Company has stringently complied with the disclosure requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules and provided explanations on the indicators that are not applicable to the Group. In 2021, the Board of the Company further improved the ESG governance system and promoted the continuous improvement of the Company's ESG standards. This report provides detailed disclosure of the progress and effectiveness of the Company's ESG work in 2021 and was considered and approved by the Board prior to disclosure. The Board of Directors and all Directors of the Company warrant that the information contained in this report does not contain false record, misrepresentations, or major omissions, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of its contents. At the implementation level, the ESG working group, which is composed of several ESG-related functional departments, is responsible for the implementation of the relevant policies and objectives. In 2021, the ESG working group set the Group's environmental objectives, which were reviewed and approved by the Board. The ESG working group also discussed the ESG materiality issues and environmental objectives for 2021, and monitored and managed the related matters, to promote continuous improvement of ESG performance.

Responsibility Management

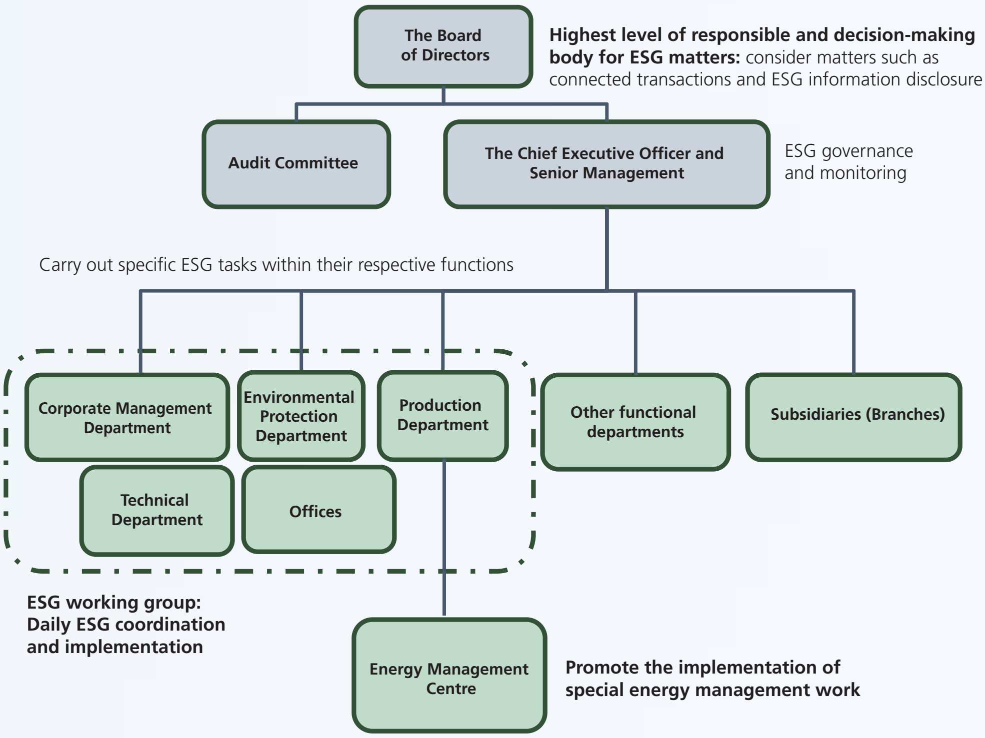
In 2021, the Company proactively fulfilled its social responsibility duties and took measures such as setting up a Board-based ESG management system and responding to and satisfying the requirements of the stakeholders to boost the integration of the concept of sustainable development into our business operation in every regard.

■ ESG Management System

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

The Chief Executive Officer and senior management are responsible for oversees the commitment and performance of key ESG issues, assesses the Company's ESG-related risks, periodically monitors the formulation of the Company's ESG management policy, ESG strategy and ESG-related objectives, and periodically reports to the Board of the Company on ESG matters and progress. In addition, the Audit Committee of the Board attaches importance to ESG matters and periodically considers the annual ESG report and connected transactions and information disclosure matters of the Company, and submits the same to the Board for consideration and approval.

The ESG working group, consisting of a linkage of the departments primarily responsible for ESG issues-the External Investment Department, the Production Department and the Environmental Protection Department, is responsible for daily ESG coordination and implementation, and periodically reports to the Chief Executive Officer and senior management; departments of the headquarter and the subsidiaries (branches) are responsible for implementation of the ESG work according to their own businesses and functions, and cooperate with the annual ESG information disclosure and reporting at each year when necessary.



ESG Governance Framework

Environmental Risk Management

Protecting the ecological environment and addressing climate change are the key to implement the ESG concept and achieve sustainable development. In compliance with the relevant national laws and regulations on environmental protection, following the latest national policies and the requirements of the HKEx's Environmental, Social and Governance Reporting Guide, and taking into account the results of the identification of substantive issues and its own operational reality, the Company formulates and discloses its environmental objectives for 2021-2025, provides an outlook on its performance in carbon emission reduction, pollution prevention and control, energy saving, etc., and uses the environmental objectives as a yardstick for sustainable development to drive continuous improvement in management. The ESG working group periodically reviews and monitors the implementation of environmental objectives and reports to the Board. In addition, the Group has established and continuously improved its energy management system through a dedicated Energy Management Centre to achieve efficient utilization and saving of energy, water and other resources.

Communications with Stakeholders

The Group has established diversified communication channels with stakeholders and maintained normal communication. In 2021, in the process of preparing the ESG report, the Company conducted a survey on the stakeholders by issuing questionnaires, collecting the expectations and demands of the stakeholders, including governments, shareholders, customers, partners, employees and communities, using the results of the survey as an important basis for information disclosure strategies. A substantive analysis was performed in conjunction with the issues to determine the focus of disclosure in this report.

Stakeholder	Communication Channels	Topics of Concern
Investors/Shareholders	• Regular reports and information disclosure • Shareholders' meeting • Investors' surveys • Presentation on business results • Roadshow on business results • Teleconference	• Continuous yield of value returns • Corporate governance and risk management • Exercise of the rights to know and participation in decision-making
Government and Regulatory Agencies	• Daily communications • Information bulletin • Public-private-partnerships • Governmental review	• Complying with laws and disciplines • Paying taxes according to laws • Supporting economic development • Protection of intellectual properties • Safe production
Customers	• Daily services and communications • Customer's satisfaction surveys • Portal websites • Customer service hotline	• Stable product quality • Response guarantee for services and feedbacks
Supply Chain	• Win-win by co-operation • Seeking development together	• Good co-operation • Smooth communication channels • Careful implementation of cooperation agreements
Business Partners	• Project cooperation • Daily business communication • Establishment of industrial leagues • Online service platform	• Growing together • Sharing customer base with business partners • Operating in compliance with laws

Stakeholder	Communication Channels	Topics of Concern
Experts	• Green and low-carbon development • Industrial transformation and upgrading • Quality products	• Promoting the construction of green factories • Application of low-carbon development technology • Product upgrading
Employees	• Regular meetings • Employee trainings • Employee club • Portal websites	• Safeguarding employees' legitimate rights and interests • Promoting career development and skills upgrading • Balancing work and life • Occupational health and safety
Environment	• Periodic reporting and environmental information disclosure • Environmental protection promotion activities	• Pollution control • Energy saving and reduction of consumption • Low-carbon environmental protection transformation
Community	• Volunteer services • Charity events	• Community public service • Charity education • Rural revitalization

Identification of Material Topics

With respect to topics concerning the environment, social, and governance, the Company, in accordance with Appendix 27 "Environmental, Social and Governance Reporting Guide" of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and based on the stakeholder communication and practices of the Company, evaluated and screened important environmental, social, and governance matters concerning business of the Company from the perspective of importance of the topics to the stakeholders and to the environment and society to form a matrix of material topics, as the focus of ESG of the Company and the basis of disclosure.

Topic Defining and Selecting

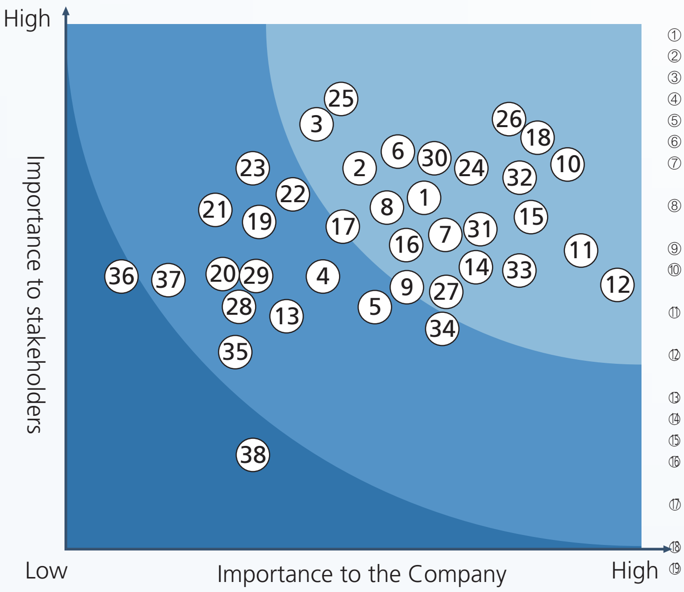
In accordance with domestic and overseas industry policies and standards, benchmarking peers' reports and based on stakeholders' focus, screened 38 topics for survey of stakeholders by the analysis and judgement of experts.

Questionnaire

Conducted a survey on the stakeholders and collected 307 valid questionnaires.

Questionnaire Analysis and Comprehensive evaluation

Prioritized material topics for each type of stakeholders based on feedback from the questionnaires Conducted material analysis according to opinions of experts and stakeholders to form a matrix of material topics.



1. Outstanding performance
2. Operation compliance
3. Corporate governance
4. Anti-corruption
5. ESG governance
6. Communication with stakeholders
7. Peak carbon dioxide emissions and carbon neutrality
8. Setting environmental goals and improving environmental management
9. Developing clean energy
10. Reducing pollution emissions during production
11. Enhancing utilisation efficiency of energy resources
12. Reducing carbon emissions to combat climate change
13. Environment and biodiversity preservation
14. Construction of safety culture
15. Investment in safe production
16. Training on occupational health and safety
17. Measure on occupational health and safety
18. Work Safety Incidence
19. Occurrence rate of occupation diseases
20. Fair procurement
21. Review on HSE management system of supply chain
22. Supply chain environment and social risk management
23. Green procurement
24. Product quality management
25. Defective product processing
26. Customer service quality
27. Protecting rights and interests of customers
28. Intellectual property
29. Technological innovation
30. Equal employment
31. Regulation of employment
32. Protecting rights and interests of employees
33. Employee training and development
34. Caring for employees
35. Rural revitalization
36. Helping fight against COVID-19 pandemic
37. Charity donation
38. Employees' volunteer services

Compliance Management

The Group stringently complies with relevant laws and regulations, including the Criminal Law of the PRC《中華人民共和國刑法》, the Company Law of the PRC《中華人民共和國公司法》and the Interim Provisions on Banning Commercial Bribery《關於禁止商業賄賂行為的暫定規定》. In 2021, the Group continued to follow the national requirement regarding anti-corruption, firmly reinforced the responsibility of anti-corruption, proactively conducted internal and external audits and formulated rules for whistleblowing and complaints to provide a clear channel for whistleblowing. In order to raise employees' awareness in anti-corruption, the Group conducted multi-levelled probity education, which achieved good results.

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

- **Conducting probity supervision and inspection:** The Group established a disciplinary inspection committee as a permanent agency for anti-corruption work, and formulated the Notice on Enhancing the Construction of Corruption-free Conducts, building a harmonious, honest and civilized working atmosphere by anti-corruption education and investigation, rectification of acts in violation of regulations, etc.;

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

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

- **Carrying out anti-corruption education:** The Group deepened the anti-corruption themed education, including special training activities on legal knowledges, by calling on employees of different functions and levels to participate in the relevant activities, so as to enrich their legal knowledges and improve their awareness of compliance. The Group also organised a signature campaign to show commitment for anti-corruption to create a good atmosphere of probity and uprightness for work and entrepreneurship;

- **Keeping whistle-blowing channels open:** The Group informed employees of the whistle-blowing channels such as letter boxes, mailboxes and telephones, encouraging and supporting employees to report according to the law; and formulated the Whistleblower Protection and Awards Rules《舉報人保護及獎勵規定》, to ensure that employees can exercise their whistle-blowing rights following the principle of confidentiality for whistleblowers, reward for meritorious whistle-blowing and non-infringement of the legitimate rights and interests of whistleblowers.

Data of Anti-corruption Training in 2021

Indicators of anti-corruption training	Unit	2021
Number of anti-corruption trainings by rank		
Directors	Time	1
Management	Time	3
Employees	Time	3
Number of people involved in anti-corruption trainings by rank		
Directors	Person-time	12
Management	Person-time	60
Directors	Person-time	6,228

1. Strengthening Environmental Management

In active response to the national goal of carbon peaking and carbon neutrality, the Group stringently complied with laws, regulations and standards, including the Environmental Protection Law of the PRC《中華人民共和國環境保護法》, the Atmospheric Pollution Prevention and Control Law of the PRC《中華人民共和國大氣污染防治法》, the Water Pollution Prevention and Control Law of the PRC《中華人民共和國水污染防治法》, the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes《中華人民共和國固體廢物污染環境防治法》, the Emission Standard of Pollutants for Coking Chemical Industry《煉焦化學工業污染物排放標準》, and the Emission Standard of Air Pollutants for Industrial Kiln and Furnace DB41/1066 – 2020《工業爐窯大氣污染物排放標準 DB41/1066 – 2020》. Aiming at developing into a "high-efficiency clean energy chemical enterprise", taking the environmental system as a guarantee, and using technological innovation as a driving force, the Group gradually enhanced its capacity for sustainable development, strengthened its emissions management comprehensively, reduced pollutant emissions and promoted resources saving, recycle and reuse. The Group also actively optimized the energy consumption structure and promoted the use of clean and efficient energy to achieve efficient, clean, low-carbon and circular green development.

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

1.1 Resource utilization

Achieving effective resource utilisation is key to resource conservation for corporates. The Group actively complies with the Energy Saving Law of the People's Republic of China《中華人民共和國節約能源法》and the Clean Production Promotion Law of the People's Republic of China《中華人民共和國清潔生產促進法》. With the aim of "saving energy and reducing emission, protecting the environment and realizing sustainable development" for its resource management, the Group precisely identified and analyzed the energy structure and flow, continuously improved the energy management system, and promoted resource conservation and resource utilization efficiency through green production, green office and other initiatives.

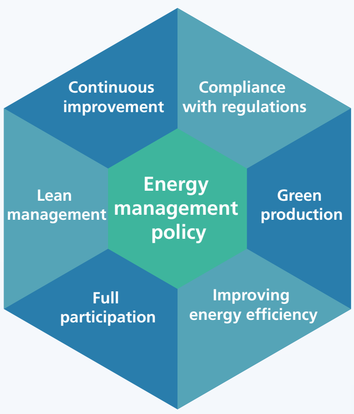
Resource Management Objective: 2021-2025

Energy consumption	Process energy consumption per unit product of coke≤110kgce/t
Water consumption	Fresh water consumption per unit product of coke≤1.18m3/t

Energy Management System

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

Energy management policy



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

Key steps in energy management

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

Case: Successfully obtaining the energy management system certification

ISO 50001:2018 energy management system certification is a cutting-edge standard issued by the International Organization for Standardization (ISO), which focuses on reducing energy consumption, improving energy utilization efficiency and global climate change agenda. In order to establish, implement, maintain and improve the energy management system, continuously reduce energy consumption and improve energy utilization efficiency, the Group vigorously and actively assumed environmental responsibility and efficiently utilized energy. In 2021, it successfully passed the ISO50001:2018 energy management system certification audit again and obtained the certificate, and its energy management capability reached a new level.

Case: Winning the title of "National Green Factory"

Since always, the Group has been aiming at" building a green and low-carbon energy chemical enterprise" and accelerating the reduction of the green manufacturing system. In 2021, the Group met the standards and specifications of national green factories in respect of intensive land use, innocuity of raw materials, clean production, recycling of wastes and low-carbon energy, and was awarded the title of" national green factory" by the Department of Industry and Information Technology of Henan Province, and the green development was highly recognized by relevant parties.

Measures of energy saving and consumption reduction

With equal emphasis on saving energy in respect of technology and management, the Group insisted on management and technological innovation, optimized energy structure and types and recycled secondary energy to improve energy utilization efficiency and reduce production cost. Meanwhile, the Group improved energy utilization efficiency by accelerating technological transformation, continuously developing toward an energy-saving enterprise.

Green production

- Formulate policies and systems such as Domestic Water Management Regulations, and have the energy management center monitor and make statistics of water usage across the Group on a daily basis. According to the actual water usage and the Industrial and Urban Domestic Water Quota and other regulations, the Group conducts quota management in respect of domestic water consumption by each water-consuming unit to promote the rational use of water resources.
- Launch an energy-saving and emission-reduction campaign across the Group, formulate quantitative indicators of energy saving and emission reduction for different production departments and branches (subsidiaries), and take measures such as strengthening management and improving process to reduce material consumption or increase output, and reduce consumption of resources such as water, electricity, steam and gas.

Green office

- Formulate and implement the Office Supplies Management Regulations to better save office supplies such as paper, pens and printers and reduce waste.
- Formulate and implement the Regulations on the Management of Computers and Air Conditioning to strengthen the management of electrical equipment such as computers and air conditioners, and promote energy conservation and consumption reduction.
- Gradually improve and upgrade the automated office facilities, with the computer utilization rate of management posts reaching 100%, and promote paperless work in respect of administrative examination and approval, document handling and management of meetings and meeting affairs. By the end of 2021, OA system has covered all the personnel of the group company.
- Prevent constant water running and lighting. Use water-saving sprinklers to water the plants and turn off the tap as well as indoor lights once the person leaves, and keep the air conditioning temperature in summer not lower than 26℃

Green commuting

- Every year, 145,000 employees are transported by our scheduled bus, which reduces more than 140,000 employees' trips by private car and saves about 112,000 liters of gasoline, effectively promoting energy efficiency and energy conservation.
- Communicate with our employees about their use of scheduled bus in advance and combine their needs to arrange scheduled buses reasonably, reducing the number of use of cars by 1/2 compared with last year.
- Check and approve the travel fuel consumption limit standard of scheduled bus to avoid long-term speeding and idling in place, reducing the fuel consumption of vehicles by 1/5 compared with the last year.
- Save about three tons of water every day by setting up a car washer.

Case: Taking multiple measures to promote water conservation

Changing from self-supplied oxygen to air separation oxygen supply for chemical acid-making system

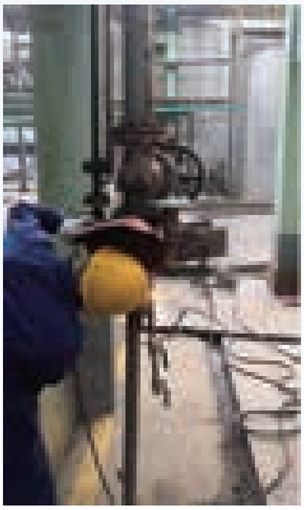
The purity of the oxygen used in the incinerator of the chemical acid-making system was approximately 80%, which was produced by the gas oxygen enrichment unit through the variable pressure adsorption by adsorption column, and then mixed with the air fed by the mixed flow blower into the incinerator for combustion. As the oxygen enrichment unit was driven by an 80KW motor with two roots blowers, the electricity consumption was high, and the pressure of the oxygen supply fluctuated significantly, which affected the full combustion and reaction of the medium in the incinerator. To actively improve these problems, the Company changed the oxygen supply to the chemical acid-making system from an oxygen enrichment unit to air separation for pure oxygen. The pure oxygen pipeline was equipped with flame arresters, shut-off valves and safety valves, and an SIS system has been introduced to ensure the safety of oxygen supply. The pressure of the air separation oxygen was constant, with a purity close to 100% and a high combustion reaction efficiency. After the improvement, 7 million kWh of electricity and 3,650 tons of demineralized water can be saved every year, the service life of the blowers is extended, and the noise is eliminated, which can save a total expense of nearly RMB4 million.

Frequency conversion renovation of new wastewater treatment plant

The clear water pumps 1#, 2# and 3# in the advanced treatment section of newly established wastewater treatment plant were originally operated in the mode of industrial frequency, under which the operator shall control the volume of water by regulating the valve, resulting in relatively high level of electricity consumption. The Company actively conducted frequency conversion renovation of the three clear water pumps by making use of the old power distribution cabinet and converter disassembled from the phase I coking furnace, after transforming into variable frequency control, it was measured that the running current was reduced by 13A, which can save 50,000kWh of electricity annually.

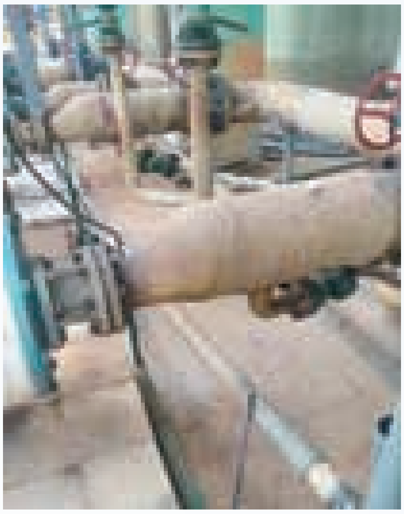
Application of new remote data transmission technologies

The water for the production of the Company is supplied by the Zenan Reservoir. To improve the quality and efficiency of water supply from the reservoir, the Company remotely transmitted the signals of pump running, stop and fault to the monitoring screen, and switched the pump from the original fixed-frequency control to variable frequency control, so that the controller can remotely regulate the operating power of the pump with variable frequency according to the liquid level of the firewater reservoir, to realize the stable operation of the pump for a long time, which fundamentally achieved the unattended operation, reduced electricity consumption while ensuring the supply of production water.



Replacing the water of mist catcher in acid removal tower

The flushing water of mist catcher in acid removal tower was changed from fire water to ammonia distillation wastewater, which saved fire water and reduced the amount of residual ammonia water



Making the cooling water recovery pipeline

In the acid-making section, the cooling water recovery pipeline was made to recycle the cooling water from each pump in the purification process, saving more than 8,000 tons of water every year

Data on use of resources from 2019 to 2021

Type of resources	Unit	2021	2020	2019
Diesel	ton	522	966.45	1,054.51
Gasoline	ton	17.22	57.35	73.11
Net purchase of electricity	1,000 kwh	218,001.20	316,968.47	222,916.73
Net purchase of thermal power	GJ	74,994.78	48,124.14	51,057.10
Integrated energy consumption	Ton of standard coal	304,062.89	395,961.92	440,601.74
Intensity of integrated energy consumption	Ton of standard coal/RMB10,000	0.41	0.56	0.62
Total volume of freshwater consumption	Million Ton	1.3	3.10	2.58
Intensity of freshwater consumption	ton/RMB10,000	1.76	4.35	3.64
Recycling rate of water for industrial use	%	98	98	98
Packaging	ton	Nil	Nil	Nil

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

1.2 Emissions Management

The Group attaches great importance to environment protection and adheres to the principle of "control increment and reduce inventory". It reduced emissions of greenhouse gas and discharge of wastewater, air pollutants and solid wastes and harmful substances and further enhanced resources utilisation rate through technological innovation and strengthened management. The Group continues to promote shifting its development mode from uniflow of "resources – products – pollutant emissions" to recycling of "resources – products – renewable resources" and ultimately achieves the goal of "production with high efficiency, products being cleansed and doing no harm to the environment". In 2021, with a sound organisational structure in environmental management, the Group further enhanced the environmental management rules, implemented technological process innovation, formally phased out the 4.3m coking furnaces and adopted more technologically advanced coking furnaces with lower pollutant emissions for commercial production, in order to achieve energy savings and emissions reduction from the sources, minimize the effects on the environment and promote resources saving and recycling.

Emissions Management Goals: 2021-2025

Air pollutants	Implementation of ultra-low emission standards • Particulates $<$ 10mg/m^3 • Sulfur dioxide emissions from coke dry quenching $<$ 45g/m^3 • Sulfur dioxide emissions from coal loading $<$ 70mg/m^3 • Sulfur dioxide emissions from coke oven stacks $<$ 20g/m^3 • Nitrogen oxides $<$ 80mg/m^3
Wastewater	Zero discharge of production and domestic wastewater
Solid wastes	100% disposal of solid and hazardous waste

Environmental Management System	■ **Establish the Environmental Management Committee:** To optimize the organisational structure for environmental management, with the Environmental Management Committee acting as the top management body, routine management provided by the Environmental Protection Department, technical support provided by the Technical Department, and each workstation assigned with a full-time or part-time environmental officer. The responsibilities of all level of positions are specific and the objectives are clear, and ensure the operation of system continues to improve by establishment of an appraisal and incentive system ■ **Optimise the environmental management rules:** The Company implements such rules as Management procedures on Exhaust and Dust Emissions, Management Procedures on Solid Waste, Management Procedures on Noise Pollution, Emission Standard of Pollutants for Coking Chemical Industry, Sewage Emission Management System, Implementation Rules for Regulation of Drainage outside the Production Plants, and Emission Standards of Air Pollutants for Industrial Kiln and Furnace DB41/1066-2020 ■ **Dynamically identify and assess environmental factors:** The Company launches dynamic identification and assessment of environmental factors according to changes in the operating activities, facilities and environment, and formulates effective control measures on assessed major environmental factors according to the principle of elimination, reduction and control ■ **Strengthen supervision and inspection:** The Company organises regular inspections on key pollution control facilities' operations, issues Notice of Rectification with Time Limit for identified problems, and follows up on the implementation to ensure rectification is done and achieve closed-loop management; conducts comprehensive monitoring on key links to prevent environmental pollution incidents ■ **Launch environmental protection promotion and education activities:** The Company launches education activities on environmental protection for employees through environment-related seminars, company publications and notice boards to improve the overall environmental awareness of employees

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

Wastewater Management	Domestic Wastewater	• The domestic wastewater enters the Company's water circulation system for recycling upon purification by the domestic wastewater treatment station and comprehensive wastewater treatment station
	Production Wastewater	• Purify all the wastewater from the Company through facilities such as phenolic and cyanic wastewater treatment station, advanced wastewater treatment station and comprehensive wastewater treatment station to ensure no discharge of wastewater and realize "zero" discharge of wastewater
	Ancillary Treatment Facilities	• Improve sewage collection and treatment capacity, build ancillary pipe networks and facilities, promote initial rainwater collection, and realize harmless and resourceful use of sludge • Build a set of reclaimed water reuse device with a treatment capacity of 250m³/h, transport all the domestic sewage from administrative area including restaurants, initial rainwater, domestic sewage from the production area and part of sewage from water circulation to the reclaimed water reuse device for treatment, with the sediments in the sewage sent to the coal yard for coal blending, with an annual reuse capacity of 1.8 million m³
Solid Waste Management	Hazardous Waste	• Tar residue, biochemical sludge, sludge of gas-making water circulation system and other wastes are sent to the coal yard for coal blending, without falling to the ground during the whole process, ensuring 100% comprehensive utilization rate • Engage qualified entities to treat hazardous wastes that cannot be utilised in accordance with the laws and regulations • The entire process of hazardous solid waste from generation to treatment and utilization is monitored by an IoT video surveillance system and recorded in a complete ledger for statistics and monitoring
	Non-hazardous Waste	• The dust emissions from storage and production processes are effectively reduced through facilities such as coal yard enclosed shed, coke yard enclosed shed, car receiving pit enclosed shed, transfer enclosed corridor and dust removal station • The dust removal ash from the dust removal station is sent to the coal yard for coal blending, without falling to the ground during the whole process, ensuring 100% comprehensive utilization rate • Except for part of the coke pellet gas slag used for internal paving of the Company, other enterprises are engaged for treatment in the form of paving and brick burning • The entire process of non-hazardous solid waste from generation to utilization is recorded in a complete ledger for statistics and monitoring
Noise Management	Management Method	• Enhance noise emissions under certain standards by measures such as addition of noise reduction equipment, construction of noise equipment plant, tree planting and reasonable layout

Case: A new model of green container transportation

On August 2021, the first batch of 20-foot container trains of the Group were put into operation in the special railway line for container business of Jinma Energy. The coke is put in the container for transportation, which reduces the link of repeated cargo handling and realizes the" point-to-point"," door-to-door" clean and green transportation where coke will not fall to the ground during the whole process.

Emissions performance from 2019 to 2021

Type of Emissions	Unit	2021	2020	2019
Total emissions volume of SO_2	Ton	**19.08**	38.29	56.90
Intensity of SO_2 emissions	Kg/RMB10,000	**0.03**	0.05	0.08
Total emission volume of nitrogen oxides	Ton	**143.58**	201.46	358.16
Intensity of nitrogen oxides emissions	Kg/RMB10,000	**0.19**	0.28	0.51
Total emission volume of particulates	Ton	**21.32**	22.36	46.11
Intensity of particulate emissions	Kg/RMB10,000	**0.03**	0.03	0.07
Total emission volume of greenhouse gases	tCO_2e	**268,918.76**	448,435.06	509,428.55
Total emission volume of direct greenhouse gases	tCO_2e	**241,148.82**	254,057.31	360,772.71
Total emission volume of indirect greenhouse gases	tCO_2e	**27,769.94**	194,377.75	148,655.83
Intensity of greenhouse gases emissions	$KgCO_2e$/RMB10,000	**0.36**	0.63	0.71
Total discharge volume of sewage	Ton	**0.00**	0.00	0.00
Intensity of sewage discharge	Ton/RMB10,000	**0.00**	0.00	0.00
Production volume of hazardous wastes	Ton	**50,435.89**	94,397.33	103,822.31
Intensity of hazardous waste production	Kg/RMB10,000	**0.07**	0.13	0.15
Hazardous waste handling rate	%	**100.00**	100.00	100.00
Emission volume of hazardous waste	Ton	**0.00**	0.00	0.00
Production volume of non-hazardous wastes	Ton	**9,320.82**	348.86	293.41
Intensity of non-hazardous waste production	Kg/RMB10,000	**0.01**	5.0×10^{-4}	4.0×10^{-4}
Non-hazardous waste handling rate	%	**100.00**	100.00	100.00

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

1.3 Tackling climate change

Tackling climate change is an important part of sustainable development and risk management. The Group attaches great importance to the environmental impact of greenhouse gases generated in production process and implements energy saving and emission reduction transformation by continuous optimisation of energy structure, strengthening of dual-control of greenhouse gases and pollutants treatment. At the same time, the Group continues to proceed with implementation of hydrogen industry and promote the development of coking chemistry and hydrogen energy fusion, and continues to optimise the industrial structure, build green energy base and base for hydrogen energy supply, and implements multiple measures to tackle the risk of transformation and physical risks arising from climate change, and actively contributes to the goal of achieving carbon peaking and carbon neutrality.

GHG Target: 2021-2025

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

Tackling Transformation Risks

- Leveraging its own advantages, the Group promotes the development of coking chemical and hydrogen energy fusion through the purification of hydrogen by-product gas, and actively transforms to develop clean energy;
- Expand the hydrogen production and drive upstream and downstream green low-carbon development through upstream and downstream industry chain projects such as hydrogen energy vehicles, heavy trucks and fuel cells.

Tackling Physical Risks

- Develop and implement the Special Weather Response System, the Storm Drainage System, etc. to prevent and control risks related to lightning, rain and snow and other special weather to ensure safe production;
- Formulate the Zenan Reservoir Flood Control and Emergency Plan to improve the comprehensive ability to command of reservoir safety accident treatment and the rapid response ability of emergency rescue, so as to ensure the safe operation of Zenan Reservoir.

Case: Strengthening cooperation to establish a hydrogen energy industry base

Hydrogen energy is one of the most potential clean energy, and the development and utilization of hydrogen energy is a major strategic direction of current global industrial innovation and energy transformation. On 28 January 2021, the establishment signing ceremony of 河南金馬氫楓氫能源有限責任公司(Henan Jinma Qingfeng Hydrogen Energy Co., Ltd.) and Henan Hydrogen Heavy Truck Commercialization Operation Seminar was successfully held in Zhengzhou, Henan Province. At the meeting, Qingfeng Energy and Jinma Energy jointly took the first step of strategic cooperation and jointly established Henan Jinma Qingfeng Hydrogen Energy Co., Ltd. According to the agreement signed by both parties, both parties will make use of their respective advantages to carry out in-depth cooperation on cooperation in hydrogen business and investment and operation of hydrogen refueling stations, which will not only solve the problem of hydrogen supply in Henan area and even the periphery in the future, but also greatly reduce the large amount of greenhouse gases emitted from fossil fuel combustion.

1.4 Protection of Environment and Natural Resources

The Group strictly complied with the Environmental Protection Law of the PRC and actively took up its responsibilities in environment protection. The Group has fully considered the potential impact on environment and natural resources during the project construction and operation by keeping away from the environmental sensitive areas and important water resources and reducing the occupation of agricultural and forest land. The Group has also conducted ecological monitoring of the changes in environmental sensitive areas in industrial park and has formulated effective emergency plan for environmental risks to reduce environmental pollution and protect ecological environment with responsible attitude and behaviour.

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

- Strictly implement "six 100%" for construction projects, complete enclosure of construction areas, 100% wet cleaning being used as coverage of exposed soil, complete coverage of construction materials, reduce fume generated from welding with fume collector and complete coverage of transport vehicles such as construction trucks;

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

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

- Invest to construct and expand reservoirs, and collect surface water such as rainwater for production use, so as to reduce groundwater usage during project operation;

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

Case: Carrying out greening actions to beautify the working environment

Creating a beautiful office landscape will not only enhance the corporate image, but also increase the sense of belongings and enthusiasm of employees. In 2021, the Group carried out greening work in an orderly manner based on the objective environment of each factory area. In the office buildings, gates and other areas of each factory area, a total of 5,527 phacelia trees, 18,390 Photinia fraseri seedlings, 80 Ginkgo biloba trees, 200 Ligustrum lucidum trees, 5 Gleditsia sinensis trees and 1 Toona sinensis tree, as well as 3,300 square meters of lawn were planted. Through this greening action, the living and working environment of workers has been further beautified, the microclimate of the factory area has been adjusted to effectively reduce the dust and the noise, and improve the air quality.

2. Caring for Employees' Growth

Employees are valuable wealth of a corporation and its continuous development is built on the growth and development of its employees. The Group consistently protected the rights and interests of its employees, established sound career development system and training mechanism, emphasised equal employment and forbade forced labour in all forms, proactively cared for employees and solved practical difficulties for employees, integrated the growth needs of employees into the whole development process and endeavoured to build harmonious and win-win labour relations and grow strong together.

2.1 Equal employment

The Group stringently complies with relevant laws and regulations, including the Labour Law of the PRC《中華人民共和國勞動法》, the Labour Contract Law of the PRC《中華人民共和國勞動合同法》, the Provisions on the Prohibition of Using Child Labour《禁止使用童工規定》, and protects the rights and interests of employees in various aspects including employment, dismissal, promotion, hours of work, holiday, salary and welfare, diversity, anti-discrimination and equal opportunities. The Group strictly reviews and verifies the information of job applicants during the employee recruitment process every year. If child labor, forced labor and other situations are found, the relevant personnel will be promptly dismissed, and strict compliance with relevant laws and regulations, self-examination and self-correction will be carried out in the daily management. The Group forbids behaviour of employing child labour and enforcing forced labour in all forms.

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

Employment Data in 2021

Employment Indicator	Unit	2021
Total Employees	Persons	2,253
By Gender		
Male employees	Persons	1,825
Female employees	Persons	428
By Title		
Functional business	Persons	222
Professional technology	Persons	178
Skills operation	Persons	1,853
By Employment type		
Full-time employees (contract)	Persons	2,253
Part-time employees (labor dispatch, temporary workers)	Persons	0
By Age		
Under 30 years old	Persons	611
31-40 years old	Persons	1,017
40-50 years old	Persons	536
Above 51 years old	Persons	89
By Region		
Within Henan Province	Persons	2,246
Outside Henan Province	Persons	7

Turnover Indicator	Unit	2021
Annual turnover rate of full-time employees	%	10.25
By Gender		
Turnover rate of full-time male employees	%	9.68
Turnover rate of full-time female employees	%	0.58
By Age		
Turnover rate of employees under 30 years old	%	3.15
Turnover rate of employees who are 31-40 years old	%	5.15
Turnover rate of employees who are 40-50 years old	%	1.78
Turnover rate of employees over 51 years old	%	0.18
By Region		
Turnover rate of employees within Henan Province	%	10.25
Turnover rate of employees outside Henan Province	%	0

2.2 Protecting rights and interests of employees

Employees are essential to the development of the Group. Through fair and standard recruitment and dismissal system, scientific and reasonable working hours and remuneration system, open and transparent assessment and promotion mechanism, clear and concise rules on attendance and vacation, equal opportunity, diversity and anti-discrimination and democratic communication, the Group protects the rights and interests of employees.

Fair and standard recruitment	• Implementing the Regulations on Management of Recruitment of Employees and the Regulations on Management of Resignation of Employees, publishing recruitment information through channels such as local recruitment websites and WeChat Official account and recruiting employees through recruitment websides, with clearly defined recruitment and dismissal conditions and a fair and standardized employer-employee relationship
Remuneration and benefits	• Establishing a scientific and reasonable working hours and remuneration system which offers competitive remuneration to employees; at the same time, the Company also pays basic social insurance premium according to law for employees, such as pensions, medical treatments, unemployment, work-related injuries, and birth etc., and establishes employee welfare systems such as housing provident funds
Assessment and promotion	• The employee assessment and promotion mechanism is open and transparent, to ensure that each employee is fairly assessed and reasonably promoted during his/her tenure
Attendance and vacation	• The Company formulates clear and concise rules on attendance and vacation. The Company provides marriage leave, bereavement leave, maternity leave and sick leave according to relevant national regulations, with basic salary paid, to fully protect the employees' rights to have rest and vacation
Equal working environment	• Emphasizing on building a diversified team, with relevant policies and measures regarding equal opportunity, diversity and anti-discrimination (in the case of employing people with disability) in force. The Company provides equal and fair opportunity for each employee and forbids discrimination against gender and disability
Strengthen democratic communication	• Implementing the system of employee representatives meeting to consider major decisions of the Group and significant issues relevant to the personal interests of employees, such as bonus, allocation plans of income and welfare distribution, and to evaluate work reports presented by leaders of the Group at the annual employee representatives meeting • Promoting the transparency of factory affairs through various media and in various forms, such as organizing quarterly experience symposium for employee representatives, monthly meeting on factory affairs and weekly meeting on production scheduling, while at the same time updating information on factory affairs in the open column for factory affairs and in internal monthly bulletins, widening the channels for democratic decisions, democratic management and democratic supervision by employees, and listening to opinions and suggestions from employees • Protecting the rights of information, participation and supervision for employees and enhancing the coordination and communication between the enterprise and employees

2.3 Development and Training

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

Improving Basic Knowledge

- In order to improve the knowledge structure of various types of employees, internal basic training is organized, including safety training, introduction of cutting-edge technology and advanced management, pre-employment training for new employees, and four sections of basic industry knowledge to effectively improve the overall quality of the cadres and employees.

Enhancing Management Capabilities

- In order to enhance management communication awareness and improve teamwork ability, a series of trainings are conducted for senior, middle and reserve cadres, team leaders and other employee categories on before and during the service, team management, risk control and other dimensions to support the enhancement of the Company's overall management ability.

Promoting Management System

- In order to actively respond to the latest policy requirements, laws and regulations, trainings in four dimensions of energy management, green manufacturing, integration of informatization and industrialization, risk and potential hazards, and HSE management system certification are organized to promote the improvement of safety management and clean production.

Enhancing Technical Skills

- In order to match the position requirements of different functions such as safety management, finance, administration and foreign investment, and to improve the professional level of employees in each department, training is carried out in different categories in respects of professional skills of instrumentation, office automation and equipment maintenance and repair, so as to effectively improve the business skills of cadres and employees.

Qualification Assessment Review

- In order to enhance the awareness of safety responsibility of employees and improve the management level of safety managers, the trainings are organized for the qualification review of the main person in charge and safety managers, the qualification review of special operators, title assessment and vocational qualification to promote the improvement of the safety awareness of employees and ensure that they are licensed to work.

Training data of employees from 2019 to 2021

Indicator	Unit	2021	2020	2019
Total number of employee trainings	Times	**18**	16	12
Total number of employees	Persons	**7,000**	5,000	3,000
Total expenditure on training	RMB ten thousand	**80**	60	35
Percentage of employees trained	%	**100**	100	100
Percentage of male employees trained	%	**88**	86	80
Percentage of female employees trained	%	**15**	14	20
Percentage of ordinary employees trained	%	**80**	60	92.5
Percentage of middle employees trained	%	**50**	30	6
Percentage of senior employees trained	%	**10**	10	1.5
Average hours of training for male employees	Hours	**55**	50	40
Average hours of training for female employees	Hours	**55**	50	40
Average hours of training for ordinary employees	Hours	**55**	50	40
Average hours of training for middle employees	Hours	**55**	50	24
Average hours of training for senior employees	Hours	**52**	50	16

Case: "Tsinghua University Management Ability Enhancement Workshop" jointly organized by the university and enterprise

In order to further improve the overall quality of the leaders and cadres, we cultivate their comprehensive ability of "being able to speak, write and work" in all aspects, so as to create a leadership team with strong political beliefs, comprehensive theoretical knowledge, excellent management ability, diligence, innovation and excellent conduct within the whole group, to better adapt to the fast, efficient and long-term development strategy of the Company. The Group cooperated with Tsinghua University to hold the "Tsinghua University Management Ability Enhancement Workshop" to provide trainings on management enhancement for leaders and cadres, enabling them to continuously improve their comprehensive management ability and practical ability to analyze and solve problems, so that they can give full play to their abilities in respective positions and make greater contributions to the development of the Company.

2.4 Employee care

We attach great importance to the work and life of employees as well as humanistic care and proactively conduct caring activities. Through expressing care and concerns towards employees and their families, establishment of scholarship to encourage children of employees to complete their studies, conduct of high temperature caring activities to care for the work and life of employees, and proactively solve practical difficulties for employees to improve sense of belongings and happiness of employees.

- **Logistic security**

  – Developed and implemented management policies and systems such as the Comprehensive Service Management System for Logistics and Regulations for Restaurant Management to provide better services and security for employees' food, clothing, housing and transportation.

Laundry service	Haircutting Service	Restaurant Service
• Provided weekly laundry service for employees and established strict laundry operation procedures to guarantee laundry quality	• Standardized the management of the Company's haircutting room to provide employees with warm, courteous and thoughtful haircutting services	• Improved restaurant safety and hygiene management, clarified rules and regulations, and created a good dining environment for employees

- **Work care**

  – **Diversified activities:** Organized knowledge seminars on topics such as health knowledge and anti-fraud to popularize health and anti-fraud knowledge among employees; organized rest and recuperation activities to enable employees to relax in the mountains and waters after work; held the "Moral Role Model Story Tour" to enrich the cultural life of employees; carried out summer cooling activities to protect the health rights of employees;

  – **Caring for female employees:** Established a female worker committee, paid attention to the expectations and demands of female employees, organized regular health check-ups for female employees every year; established baby-care rooms equipped with comfortable sofas, refrigerators, washstands and other necessary supporting facilities, cared for the life and work of female employees in their menstrual periods, and provided a good environment for breastfeeding during their working hours;

  – **Helping employees in difficulty:** Implemented the Assistance Measures for the Mutual Aid Funds of Henan Jinma Energy Company Limited (《河南金馬能源股份有限公司互助基金管理辦法》) and the Administrative Measures for the Scholarships of Henan Jinma Energy Company Limited (《河南金馬能源股份有限公司獎學金實施辦法》) and other assistance systems to solve special difficulties for employees or families suffering major diseases, natural disasters, accidents, etc. Conducted consolatory activities for important festivals such as the Spring Festival to help the children of families with difficulties to complete their studies; in 2021, offered holiday consolation to 388 parents (aged 70 or above) of employees, amounting to RMB76,200.


Rest and recuperation activities for cadres and employees


Scene of health knowledge lecture


Baby-care rooms


Consolation to workers in difficulty

3. Focus on Health and Safety

Production safety is our foundation of sustainable development. The Group strictly abides by the Work Safety Law of the PRC《中華人民共和國安全生產法》, the Law of the PRC on the Prevention and Control of Occupational Diseases《(中華人民共和國職業病防治法》, the Regulations on Safety Management of Dangerous Chemicals《危險化學品安全管理條例》 and the Regulations on Safety Production in Henan Province《河南省安全生產條例》 and other safety-related laws and regulations. Adhering to the safety concept of "safety is the soul of corporate life", it consolidated basis of management, fulfilled the responsibility of the main body of production safety, improved the safety production responsibility system and signed the target responsibility letters of safety production in accordance with the safety production responsibility system, upgraded safety management systems, and standardized safety management requirements. At the same time, employee health and life safety are given top priority, employees' occupational health is attached importance to, and safety awareness is increased through various methods such as regular safety training to enhance level of production safety management comprehensively.

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

3.1 Management on Safety Operation

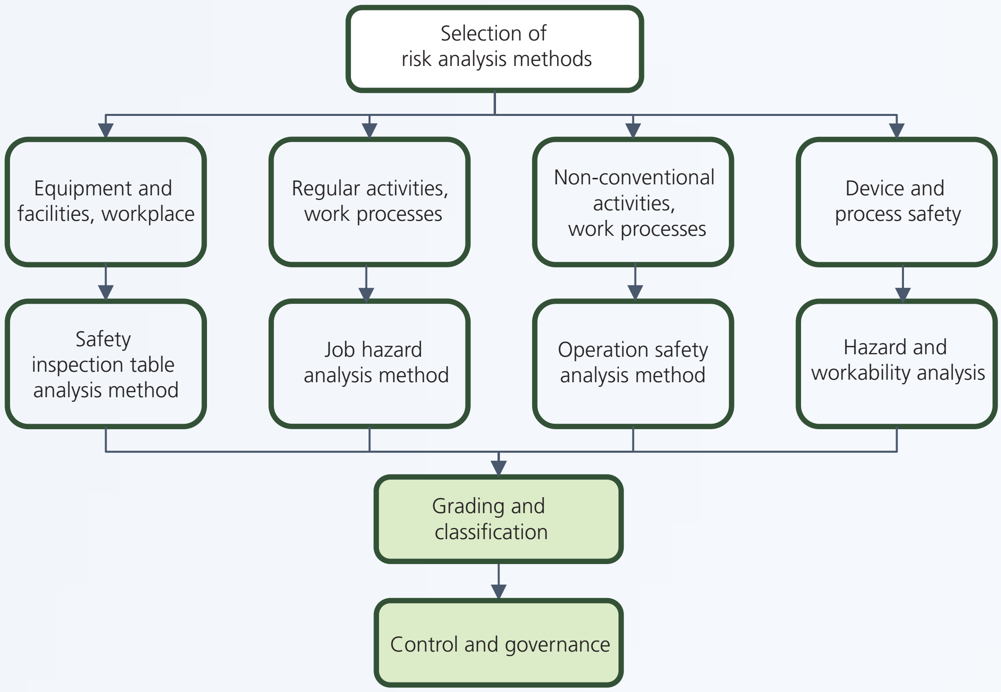
Adhering to the work policy of safety first, prevention-oriented and comprehensive management (安全第一、預防為主、綜合治理), with "safety production standardization" as the focal point and "dual prevention mechanism" as the means of implementation, the Group has established a sound safety production management system, established a concept of safe development and consciousness of red lines, enhanced the priority of work safety efforts and reinforced duty fulfilment and accountability, in order to achieve essential safety management and promote continuous improvement on performance of work safety management with risk control as the core.

- **Establish a sound safety responsibility management system:** The Group has established a safety production committee composed of company leaders and responsible persons of various functions, clarified the specific duties of the safety production committee, and regularly conducted safety-related special meetings to study and deploy safety management work to resolve difficult problems in safety management. At the same time, we implement safety objective management and promote the implementation of safety management by signing safety responsibility letters;

- **Formulate a sound safety management system:** The Group has formulated various management system and manuals such as the Safety Production Responsibility System of All Employees (《全員安全生產責任制度》), the Safety Operation Management System (《安全作業管理制度》), the System for Self-evaluation Management of Safety Standardisation (《安全標準化自評管理制度》), the Special Equipment Safety Management System (《特種設備安全管理制度》), the Safety Inspection Management System (《安全檢查管理制度》), and the Safety Mutual Inspection Management System (《安全互查管理制度》), thereby building a comprehensive and sound safety management system with rules to follow and establish a long-effect mechanism for production safety;

- **Strengthen the efficient operation of safety production standardisation work:** The Group has continuously strengthened safety production standardisation, adopted PDCA dynamic circulation mode and conducted self-assessment, self-rectification and self-improvement in accordance with the production safety standardisation requirements, in order to form a long-effect mechanism for safety production with continuous improvement in safety performance;

- **Establish risk hierarchical management and control and potential hazards investigation and management system:** The Group has established an adequate risk hierarchical management and control and potential hazards investigation and management system, which dynamically identifies and evaluates the risk of operating areas, facilities, equipment, and personnel operations that have a greater impact on safety, and formulated targeted preventive measures from engineering technology, education and training, management measures, individual protection and emergency response, etc., and built a firewall to prevent security incidents;



- **Consolidate the management of special operation:** Stringent management on job tickets, strengthen supervision and inspection of special operation sites to consolidate safety measures and contingency proposals for special operations to mitigate risks arising from special operations;

- **Strengthen the management of construction safety:** Adhere to management from the sources and strict screening of construction team, with supervision and management of various aspects such as their qualifications and licenses, safety management system, the deployment of safety personnel, safety training, and implementation of safety measures at construction sites to ensure construction safety;

- **Consolidate safety inspections:** Establish a three-in-one safety inspection mechanism of "professional safety inspections, daily inspections and seasonal comprehensive inspections". By carrying out internal self-examination and mutual investigation activities, starting from various links such as equipment and facilities, instrumentation, emergency disposal, operational activities and personnel knowledge and skills, timely track and rectify problems found to achieve closed-loop management;

- **Establish an emergency response system and emergency command platform:** Establish a comprehensive emergency management system and response mechanism, compile the Comprehensive Emergency Plan (《綜合應急預案》), the Special Emergency Plan (《專項應急預案》) and the On-site Disposal Plan (《現場處置方案》) and emergency handling cards. At the same time, operate the emergency command platform online, which, through simulated drills, can forecast the potential risk of equipment operation and inspect the usefulness of comprehensive plans, project plans, site handling plans and emergency handing cards, in order to enhance the actual capability of emergency handlings continuously.

The Group was awarded the Grade II Work Safety Standardization Certification 《安全生產標準化二級企業證書》 in 2021, taking a new step in safety management

Work-related Injury Data in 2019-2021

Indicator	Unit	2021	2020	2019
Deaths of full-time employees who died from work-related injuries	Persons	**0**	0	0
Percentage of full-time employees who died from work-related injuries	%	**0**	0	0
Days of work lost due to work-related injuries (days lost per 200,000 work hours)	Days	**80**	\	\

3.2 Safety education and training

The Group attaches great importance to safety education and training. In response to safety risks and potential hazards during production and operation, we adopt the online and offline integrated approach to conduct diversified safety education and training to improve safety awareness, quality and skills of all employees.

During the Reporting Period, the Group carried out 153 safety education trainings, the total number of safety education participants reached 39,479, with 73 people holding registered safety engineer certificates.

- **Implement three-level safety education:** The Group implements plant-level, workshop-level, and team-level three-level safety education for new employees, transfers, and returning employees, and conducts assessment on our employees, to improve the quality of safety personnel;

- **Carry out special job training:** For positions involving special job types, the Group regularly organizes professional safety education and training in operating skills, and can only work after obtaining a special operation permit after passing the assessment;

- **Prepare training manual:** strengthen the study of "turning danger into safety", and prepare the Handbook on the Five Knows, Five Skills and Five Cans for Production System Jobs (five knows: know process technology, know hazard characteristics, know equipment principles, know regulations and standards, and know system requirements; five skills: skill in production operation, skill in abnormality analysis, skill in equipment patrol inspection, skill in risk identification, and skill in emergency disposal; five cans: can observe process discipline, can observe safety discipline, can observe labor discipline, can stop others from violating rules and regulations, and can resist illegal commands), laying the foundation and providing guidance for safe production and standardized operation;

- **Develop online platform for safety learning:** The Company has developed an online platform for safety learning, which facilitates employees to obtain the latest safety information, regulations and case interpretation in a timely manner, and incorporates online training and learning into safety assessment;

- **Carry out safety culture education:** Make full use of the theme promotion month and activity day such as "Safety Production Month" and "119 Fire Services Day", to conduct publicity and education activities such as themed seminars, alert of news incidents and production emergency drills and trainings; open up small topics on safety knowledge, and disseminate knowledge of safety regulations and case warnings through multiple medias such as safety bulletin boards, newspapers, and Ding Talk; ask employees to sign the commitment of safety, and conduct activities such as "sending warming messages" in order to enhance employees' awareness of production safety.

Cases: "Production Safety Month" activities to promote safety development

In June 2021, it marked the 20th national" Production Safety Month". The Group has earnestly implemented its safety responsibilities and actively carried out the "Production Safety Month" activities. During the period, the Group organized diversified activities, such as training on turning danger into safety, special training on fire fighting, safety awareness training, and "one joint, multiple special inspections", creating a strong atmosphere of "caring for others is caring for yourself, caring for safety is protecting yourself".

3.3 Occupational Health Management

The Group strictly complies with the relevant laws and regulations including the Occupational Disease Prevention and Control Law of the PRC (《中華人民共和國職業病防治法》) and Workplace Occupational Health Supervision and Management Regulations (《工作場所職業衛生監督管理規定》), and always adheres to the philosophy of "health and safety first" and always follows the policy of the "putting prevention first, combining of prevention and control". The Group further improved the occupational health and safety management system, strengthened prevention and control measures for occupational disease hazards to ensure the occupational health of employees.

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

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

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

- **Occupational hazard factors monitoring management:** The Company has carried out testing of occupational hazard influence factors that may arise from the production process on a regular basis, set up key control points for key jobs, classify and carry out prevention and control of occupational hazard influence. Install gas detectors and other equipment in specific areas, and hire professional third-party institutions to test the function, alarm error, response time, etc. of the equipment to ensure that the detectors function well and that the workplace hazards can be monitored in real time;

Key control points for dust	Key control points for toxics	Key control points for noise	Key control points for high temperature

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

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

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

4. Adhere to Responsible Operations

In accordance with the overall idea of "achieving green and low-carbon recycling development, and promoting transformation and upgrading to enhance quality and efficiency", the Group adjusts and optimizes the product mix, enhances the added value of products, extends the industrial chain, explores room for further development of products to enhance its overall competitiveness. In 2021, the Group was ranked the 21st of Henan Top 100 Private Enterprises in the Manufacturing Industry (河南民營企業製造業 100 強) and the 39th of Henan Top 100 Private Enterprises (河南民營企業 100 強).

4.1 Quality Products

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

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

Comprehensive Quality Management System

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

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

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

- **Regulate the management of defective products:** Formulate the Defective Products Management Rules《不合格品管理規定》and take graded measures to deal with the defective products, such as reworking, concession acceptance, scrapping or downgraded use to ensure that products and raw materials that do not meet standards are controlled. As coke is a bulk industrial product, any objection to the quality of the product can be resolved by using with other high-quality coke, price reduction and other solutions, rather than a recall, thus the recall procedure is not applicable to the Group;

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

- **Customer privacy protection:** We have professional business personnel responsible for customer docking and communication, and ensure that all business personnel have strong personal qualities to guarantee the security of customer information and data; we have regular discussions on information security at monthly security meetings, weekly meetings, etc.

Improvement of Quality Management

- **Continuous improvement:** Focusing on current urgent and difficult problems of safety, production, equipment, environmental protection, and quality, the Group organizes employees to put forward "improvement proposals" based on their own responsibilities. The proposals may be themed on improving management, improving safety production capacity, quality assurance capacity, environmental protection capacity and other aspects that contribute to the progress of the enterprise. The proposals are evaluated and scored according to the Benchmark Table for Grading of Proposal Outcomes, and projects that achieved satisfactory results will be rewarded;

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

4.2 Innovation in science and technology and intellectual property protection

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

During the Reporting Period, the Group invested RMB34,863,500 in research and development, with 65 R&D personnel and 26 patents granted.

■ Innovation in science and technology

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

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

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

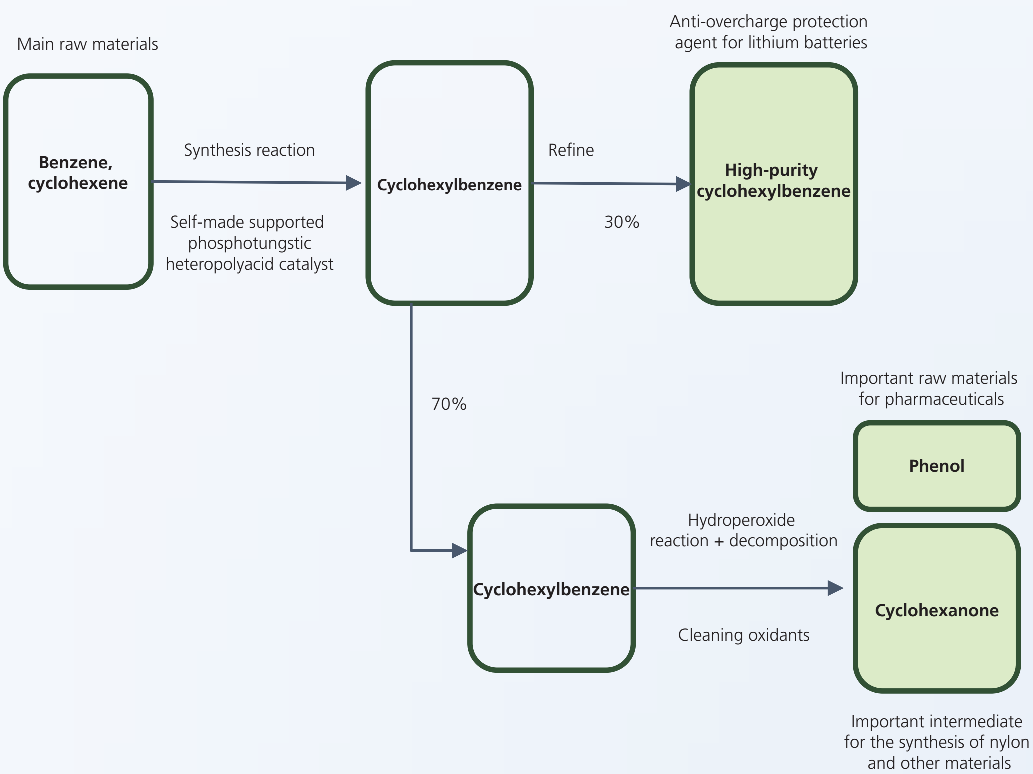
The Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals was approved by the Development and Reform Commission of Henan Province. The Company invested RMB10 million to build the laboratory. The laboratory continued to play the role of a scientific research platform in 2021 to support innovative R&D and technology enhancement.

Testing of coal quality and optimization of proportioning

In cooperation with Tsinghua University, the Company has developed the "Coal Quality On-line Detection Technology and Proportioning Optimization Control System for Coke Oven Based on Laser-Induced Breakdown Spectroscopy". The technology and the system are mainly used for implementing data measurement of coal quality and improving the accuracy of coal blending, so as to improve the quality of coking coal, increase the output of coking chemical products, increase the output of coking gas, reduce the use of high-quality coal and reduce the coking cost on the premise of ensuring the quality of coke. It is a provincial advanced engineering laboratory with advanced equipment, strong R&D strength and high-end talents. With the goal of improving the quality of coking coal and reducing pollutant emissions, the laboratory has established bilateral and multi-party cooperative relations with well-known universities and enterprises to jointly promote scientific and technological innovation.

Fine processing of chemical products

In order to improve the processing technology of coking by-products and promote clean production, we cooperate with the School of Chemical Engineering and Energy of Zhengzhou University to develop high value-added coal-based fine chemicals and functional materials. During the processing, we prepare our own patented supported phosphotungstic heteropolyacid catalyst to synthesize cyclohexylbenzene, of which 30% is used to refine high-purity cyclohexylbenzene and the remaining 70% is subject to hydroperoxide reaction with cleaning oxidants (e.g. oxygen, hydrogen peroxide) to produce phenol and cyclohexanone for sale, adding value to the chemical products and reducing the negative impact of chemical processing on the environment.



■ Intellectual property and privacy protection

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

In 2021, a total of 26 utility model patents were granted to the Group.

4.3 Supply chain responsibility management

The Group adheres to the principle of fair procurement and strictly monitors the fairness of the process in choosing our supplier and continues to promote the establishment of procurement standard and informatization construction, continuously enhances supply chain management, constantly optimizes the supply chain management system, and improves supplier management rules to implement supplier rating management, conducts supplier training and other activities and incorporates environmental and safety risk factors into assessment and evaluation of suppliers, so as to ensure the procurement process complies with the regulations and is transparent, fair and just.

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

- **Implementing supplier rating management:** The Group divides raw and auxiliary materials and equipment into key materials, important materials and general materials based on their importance to the production and operation of the Company, and establishes a corresponding list of qualified suppliers;

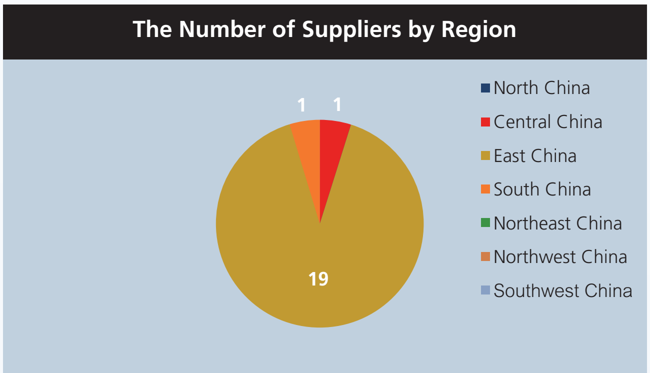
- **Carrying out social risk assessment of suppliers:** The Group formulated an assessment policy for suppliers, established a supplier evaluation team comprised of relevant functional departments to implement dynamic evaluation management of suppliers and required suppliers to comply with all applicable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

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

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

Supplier Data in 2021

Indicator	Unit	2021
Number of annual audited suppliers		21
Annual supplier assessment rate	%	100
Percentage of supply chain ESG audits	%	100



5. Giving back to Society

The Group has always adhered to the corporate culture concept of "be loyal internally, be honest externally, and be responsible toward the society", and has been actively practicing social responsibility around the goal of "common prosperity is greater than individual prosperity". While developing and growing, the Group has taken the initiative to devote itself to various charitable causes such as rural revitalization and charitable schooling around poverty alleviation, poverty relief, education and elderly care, interpreting its dedication with the fervent heart and great affection of the enterprise. During the Reporting Period, the Group donated RMB3.1 million to society, which fully demonstrated the mission and commitment of a private enterprise in the new era.

The Group was recognized and evaluated by various key stakeholders for its outstanding performance in public charity and community contribution. In 2021, the Group was honored as "Advanced Unit in Precise Poverty Alleviation of 'Private Enterprises Helping Poor Villages' ", "Advanced Unit of Charity Donation" and "Advanced Unit of Trade Union System for Consumer Poverty Alleviation".

Helping to revitalize the rural areas

- The Group contributed RMB1.5 million to support the development of weaving industry in Guanyang New Village, Lilin Town, to create the handiwork brand of "Guanyang Coarse Cloth";
- The Group has twinned with Wangwu Town of Jiyuan City to carry out the "Golden Farming" poverty alleviation program, helping Wangwu Town develop golden chicken, golden wheat, golden fruit and other related poverty alleviation industries, so that poor households can increase a stable source of income at home, to ensure stable investment, stable income and stable poverty alleviation for poor households; as of the end of 2021, the Group had repurchased eggs and flour worth nearly RMB2 million from Wangwu Town. By helping poor households develop "Golden Farming" products, poor households can increase a stable source of income at home, to ensure stable investment, stable income and stable poverty alleviation for poor households;
- The Group donated RMB50,000 for the construction of drinking water wells in Nandu Village to help local villagers to enjoy clean drinking water.

Active love and respect for the elderly

- The Group made a visit to 493 elderly people in the surrounding villages such as Wanghu, Nandu, Zenan and Zebei during the Spring Festival, involving an amount of RMB59,000;
- The Group made holiday visits to 511 people aged over 70 in Wanghu, Nandu, Zenan, Zebei and other surrounding villages on the Double Ninth Festival, involving an amount of RMB51,000.

Charity for education with passion

- For 10 consecutive years, the Group has sponsored 500 college students through the "10-Year Plan in Charity Education" ("慈善助學十年規劃") and distributed nearly RMB10 million in donations;
- The Group sponsored a total of 315 children of employees and undergraduate students in the surrounding areas with a total amount of RMB1.672 million;
- The Group donated a total amount of RMB1 million to support the neighboring schools to improve their hardware facilities and environment;
- The Group donated RMB1.6 million to the Fund for Outstanding Teacher Awards of Jiyuan No.1 Middle School for 8 consecutive years.

Visit to the elderly in the surrounding villages during the Spring Festival

Case: Supporting Rural Revitalization and Developing Specialty Industry

In 2021, The Group formed pairs with Guanyang New Village, Lilin Town to jointly promote the rural revitalization and the construction of a beautiful village. Guanyang New Village is an immigrant village for construction of the Hydraulic Complex in Xiaolangdi of the Yellow River and has been relocated from Dayu Town (大峪鎮) to Lilin Town in 1997. In the process of exploring the industrial development, Guanyang New Village decided to inherit and promote the traditional weaving technology, innovate and develop the agricultural culture, to create the handiwork brand of" Guanyang Coarse Cloth". After learning about the situation of Guanyang New Village, the Group invested RMB1.5 million special fund in Guanyang New Village to improve the development of the weaving industry of the village. With the support of the Group, Guanyang New Village will set up a cooperative as soon as possible to organize scattered families through the way of "cooperative + farmers", to perform centralized management, centralized production, centralized packaging and centralized sales, so as to make a concerted effort to build a distinctive brand. After the implementation of the project, it is expected that 20,000 coarse cloth sheets can be produced annually, with an output value of RMB6 million, which will drive more than 300 people to participate in production and processing, increase the income of the collective economy of the surrounding six villages, and further consolidate the foundation of rural revitalization industry.

Onsite visit to Guanyang New Village, Lilin Town

Scene of rural revitalization donation

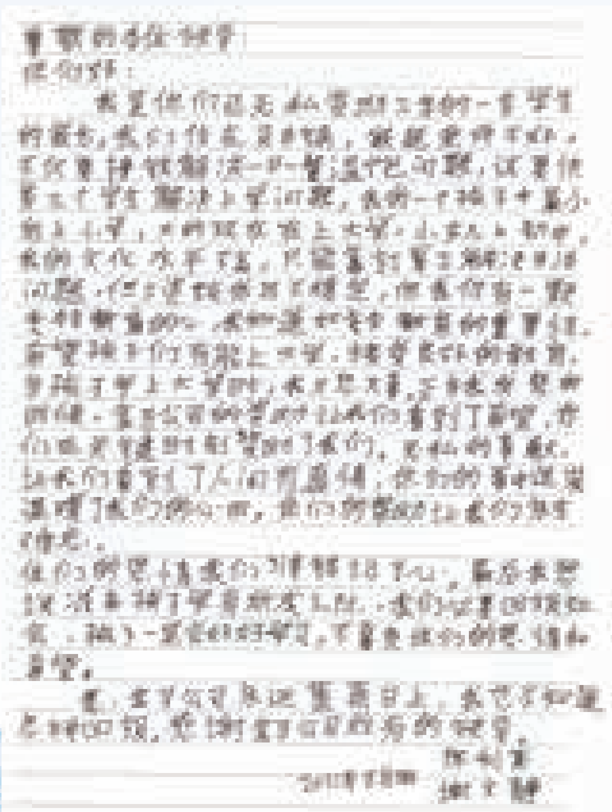
Case: Charity Education to Give Warmth to Students

Planning to support students in difficulty

It is also the responsibility and mission of a company to interrupt the intergenerational transmission of poverty, achieve poverty alleviation in education, and cultivate more talents for the country. In 2012, after learning that many children from poor families could not afford the fees for going to college, the Group launched the "10-Year Plan in Charity Education" and set 18 August every year as the "Charity Education Day" to provide precise financial support for students in need to go to college. As of 18 August 2021, the Group has sponsored 500 college students and distributed nearly RMB10 million in donations.

Wang Xiaoxiao is one of the college students with financial difficulties sponsored by Jinma Energy. In 2016, she graduated from Northeastern University and chose to work at Jinma Energy, using what she learned to repay the company's kindness. What is even more touching is that Wang Xiaoxiao started to sponsor a student from a poor family in Jiyuan No. 1 Middle School in 2018, bringing new hope with love. After ten years, "Charity Education Plan of Jinma Energy" has become one of the public welfare brands with the earliest action, the most practical action, the most donations, the greatest influence and the widest coverage in the field of social poverty alleviation in Jiyuan.

While implementing the 10-Year Plan in Education, the Group has many other acts of kindness in aiding education in different fields and for different targets. In response to the needs of the children of the Group's employees and students from the surrounding villages who have been admitted to undergraduate colleges and universities, the Group has sponsored a total of 315 university students by the end of 2021, involving a total amount of RMB1.672 million.



Thank-you letter from parents of former sponsored students

Upgrading the hardware facilities of rural schools

Hardware facilities in rural schools are of great importance to rural students. Since 2011, the Group has been successively providing financial support to neighboring schools to help them improve their teaching conditions and strengthen their infrastructure, so that all classrooms have multimedia teaching, all teachers and students have access to hot water in winter, and the school environment has been significantly improved.

Rewarding outstanding teachers with donations

Teachers are an important force in the development of rural education. Since 2013, the Group has donated a total of RMB1.8 million to the Fund for Outstanding Teacher Awards of Jiyuan No.1 Middle School for nine consecutive years, which has driven other large and medium-sized enterprises in Jiyuan to donate nearly RMB10 million to education and support the building of rural teacher teams.

The Board of Henan Jinma Energy Co., Ltd. hereby presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Principal activities

The Group is a leading coke producer and processor of coking by-products in the coking chemical industry in Henan province. The Group operates a vertically integrated business model along the coking chemical value chain from coke production to the processing of coking byproducts into refined chemicals and energy products. The Group is committed to optimal resource utilization and environmentally responsible production throughout the production cycle. The Group has adopted a number of environmentally responsible measures to alleviate the impact of operations of the Group on the environment.

Discussion and analysis of the business of the Group, significant factors affecting the results and financial position of the Group and financial ratios of the Group are provided in the section headed "Management Discussion and Analysis" of this annual report (pages 10 to 30). The Group's environmental policies and performance are provided in the in the section headed "Environmental, Social and Governance Report" of this annual report (pages 44 to 85). In addition, description of the principal risks and uncertainties faced by the Group, the future development of the Group and details regarding the Group's relationships with its key stakeholders are provided in the section headed "Management Discussion and Analysis" (pages 10 to 30), "Corporate Governance Report" (pages 31 to 43), "Environmental, Social and Governance Report" (pages 44 to 85) and this section (pages 86 to 103) of this annual report. The particulars of important events that have occurred since the end of reporting period are provided in the section headed "Management Discussion and Analysis" of this annual report (pages 10 to 30).

Five-year Financial Summary

Summaries of the results, assets and liabilities of the Group for the past five financial years (extracted from the audited financial statements published by the Group for 2017 to 2021) are set out as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000 (restated)	RMB'000	RMB'000	RMB'000
Revenue	**7,398,260**	6,392,350	7,571,945	7,451,793	5,137,652
Cost of sales	**(6,383,003)**	(5,344,854)	(6,490,863)	(6,090,402)	(4,232,808)
Gross profit	**1,015,257**	1,047,496	1,081,082	1,361,391	904,844
Other income	**43,673**	43,615	45,784	8,883	6,885
Other gains and losses	**(93,209)**	(7,368)	(7,748)	(898)	(8,964)
Impairment losses, net of reversal	**(2,907)**	(39,943)	2,737	(12,513)	–
Selling and distribution expenses	**(104,398)**	(139,313)	(143,250)	(83,008)	(35,111)
Administrative expenses	**(140,288)**	(110,169)	(100,449)	(93,465)	(65,419)
Finance costs	**(48,285)**	(61,208)	(54,265)	(48,300)	(50,799)
Listing expenses	**–**	–	–	–	(15,930)
Share of result in a joint venture	**3,334**	2,194	3,949	4,614	3,418
Share of result in associates	**–**	(40,951)	(240)	(192)	(77)
Profit before tax	**673,177**	694,353	827,600	1,136,512	738,847
Income tax expense	**(172,497)**	(188,003)	(208,353)	(284,280)	(191,011)
Profit for the year from continuing operations	**500,680**	506,350	619,247	852,232	547,836
Profit for the year from discontinued operations	**7,067**	14,820	–	–	–
Other comprehensive (expenses)/ income for the year	**(2,291)**	1,823	914	(1,884)	–
Total comprehensive income for the year	**505,456**	522,993	620,161	850,348	547,836
Total comprehensive income attributable to:					
—Owners of the Company	**485,911**	487,295	588,116	830,524	532,330
—Non-controlling interests	**19,545**	35,698	32,045	19,824	15,506
	505,456	522,993	620,161	850,348	547,836
Earnings per share (RMB)					
From continuing and discontinued operations					
– Basic	**0.91**	0.91	1.10	1.55	1.24
From continuing operations					
– Basic	**0.91**	0.90	1.10	1.55	1.24

Selected historical consolidated assets and liabilities data

	As at 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000 (restated)	RMB'000	RMB'000	RMB'000
Non-current assets	**5,186,072**	2,947,248	2,099,797	1,683,316	1,405,050
Current assets	**3,339,269**	3,443,781	3,387,264	2,391,446	1,557,276
Current liabilities	**3,326,323**	1,993,737	1,681,226	1,421,017	894,491
Net current assets	**12,946**	1,450,044	1,706,038	970,429	662,785
Total assets less current liabilities	**5,199,018**	4,397,292	3,805,835	2,653,745	2,067,835
Equity attributable to owners of the Company	**3,225,413**	2,900,128	2,627,001	2,279,625	1,634,116
Total equity	**4,304,287**	3,980,493	3,392,225	2,377,459	1,728,326
Non-current liabilities	**894,731**	416,799	413,610	276,286	339,509
	5,199,018	4,397,292	3,805,835	2,653,745	2,067,835

Payment of Dividends

The Board of Directors of the Company has resolved to recommend the payment of a final dividend in respect of the year ended 31 December 2021 of RMB0.20 per share in cash to shareholders whose names appear on the register of members of the Company on 1 June 2022.

The relevant resolutions are subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be convened on 23 May 2022. The final dividend is expected to be distributed on or before 29 July 2022.

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税法》and relevant requirements, the Company will withhold and pay enterprise income tax at the tax rate of 10% when distributing final dividend to the non-resident enterprises which hold H Shares (including the H Shares registered under the name of HKSCC Nominees Limited).

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

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

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

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

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

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

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

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

Key customers and suppliers

For the year ended 31 December 2021, the total revenue from top 5 customers of the Group and the revenue from the largest customer of the Group accounted for 62.5% and 21.8% (2020: 58.1% and 17.1%), respectively, of the total revenue of the Group. The largest and the second largest customers are the Company's substantial shareholders or their subsidiaries, and such revenue was generated from the sales of coke of the Group and no collectability problem upon due.

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

During the year ended 31 December 2021, the aggregate amount of purchase attributable to the Group's top five suppliers and the purchase amount attributable to the largest supplier of the Group accounted for 30.9% and 9.3% (2020: 34.4% and 14.9%), respectively, of the total purchase amount of the Group.

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

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

Subsidiaries, associates and joint ventures

Details of key subsidiaries, associates and joint ventures of the Group are provided in Note 20, Note 23 and Note 22 to the consolidated financial statements.

Reserves and distributable reserves

Details of movements in the reserves of the Company during the year are provided in Note 50 to the consolidated financial statements. On 31 December 2021, distributable reserves (i.e. retained profits) of the Company amounted to RMB1,760.2 million (2020: RMB1,461.4 million (restated)).

Donations

During 2021, the Group made a total of RMB3.1 million (2020: RMB4.3 million) of charitable donations, details of which are provided in the section headed "Environmental, Social and Governance Report" of this annual report (page 80).

Purchase, sale or redemption of securities of the Company

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Pre-emptive rights

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

Compliance with relevant laws and regulations

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

Directors and Supervisors

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

Executive Directors:

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

Non-executive Directors:

Mr. Hu Xiayu (胡夏雨) *(Deputy Chairman)*
Mr. Wang Kaibao (汪開保)
Ms. Ye Ting (葉婷)

Independent Non-executive Directors:

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

Supervisors:

Mr. Wong Tsz Leung (黃梓良)
Ms. Li Lijuan (李麗娟)
Mr. Zhou Tao, David (周韜)
Ms. Tian Fangyuan (田方遠)
Ms. Hao Yali (郝亞莉)
Mr. Fan Xiaozhu (范小柱) *(appointed on 23 April 2021)*
Mr. Zhang Wujun (張武軍) *(resigned on 23 April 2021)*

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

For the biographical details of the Directors, Supervisors and the senior management of the Company, please refer to the section headed "Directors, Supervisors and Senior Management" of this annual report (pages 107 to 114).

Interests of Directors, Supervisors and Chief Executive in Securities

As at 31 December 2021, the interests and short positions (if any) of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") were as follows:

Name	Nature of Interest	Class of securities	Number of Shares held (Note 1)	Approximate percentage of shareholding in the total share capital of the Company (Note 2)
Mr. Yiu Chiu Fai	Interest in controlled corporation (Note 3)	H shares	162,000,000 (L)	30.26%
	Beneficial owner	H shares	1,528,000 (L)	0.29%

Notes:

1. The Letter "L" denotes the person's long position in such Shares.
2. The calculation is based on the total number of 535,421,000 Shares in issue of which all are H shares.
3. Mr. Yiu Chiu Fai (an executive Director) is the legal and beneficial owner of the entire issued share capital of Golden Star. Golden Star, in turn, holds 96.3% of the issued share capital of Jinma Coking, and Jinma HK is wholly owned by Jinma Coking. Accordingly, Mr. Yiu is deemed to be interested in Jinma HK's interest held by Jinma Coking by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors, Supervisors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Directors and Supervisors in Transactions, Arrangements or Contracts

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

Non-competition undertaking

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

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

Arrangement to Purchase Shares or Debentures

At no time during the year 2021 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during 2021 and until the date of this annual report.

Permitted Indemnity Provision

The Company has taken out appropriate insurance coverage for Directors', Supervisors' and chief executive's liabilities in respect of legal actions against its Directors, Supervisors and chief executive arising out of corporate activities. The level of the coverage is reviewed annually. In 2021, no permitted indemnity provision was in force for the benefit of the Company's Directors, Supervisors and the chief executive.

Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 December 2021 and remain so as at the date of this annual report.

Connected Transactions

On 18 October 2021, Shaanxi Jinma (a subsidiary of the Company) (as vendor), Yan'an Nengtong Logistics Co., Ltd (延安能通物流有限公司) (as purchaser) and Yan'an Jinneng Railway Logistics Technology Co., Ltd. (延安金能鐵路物流科技有限公司, the "**Logistics Subsidiary**") (as target company) entered into an equity transfer agreement, pursuant to which Shaanxi Jinma has conditionally agreed to sell, and Yan'an Nengtong has conditionally agreed to purchase, 51% of the entire equity interest in the Logistics Subsidiary at a consideration of RMB204 million (the "**Logistics Subsidiary Disposal**"). The Disposal was completed in 2021. Before completion of the Logistics Subsidiary Disposal, the Logistics Subsidiary was held as to 51%, 35%, 9% and 5% by Shaanxi Jinma, Yan'an Energy Products Distribution Co., Ltd. (延安能源產品經銷有限責任公司) ("**Yan'an Energy**"), Yan'an Liyuan Logistics Co., Ltd. (延安利源物流有限公司) ("**Liyuan Logistics**") and Yan'an Nengtong, respectively. Following the completion of the Logistics Subsidiary Disposal, the Group does not have any interest in the Logistics Subsidiary, and the Logistics Subsidiary together with its subsidiary ceased to be the subsidiaries of the Company.

On 18 October 2021, Shanghai Jinma (a subsidiary of the Company) (as vendor), Yan'an Nengtong (as purchaser) and Yan'an Energy Railway Sales Co., Ltd. (延安能源鐵路運銷有限公司, the "**Trading Company**") (as target company) entered into an equity transfer agreement, pursuant to which Shanghai Jinma has conditionally agreed to sell, and Yan'an Nengtong has conditionally agreed to purchase, 35% of the entire equity interest in the Trading Company at a consideration of RMB1.75 million (the "**Trading Company Disposal**"). The Trading Company Disposal was completed in 2021. Before completion of the Trading Company Disposal, the Trading Company is held as to 51%, 35% and 14% by Yan'an Energy, Shanghai Jinma and Liyuan Logistics. Following the completion of the Trading Company Disposal, the Group does not have any interests in the Trading Company.

In view of the PRC government's strategic policy in developing the nationwide railway network, the Group originally established the Logistics Subsidiary and the Trading Company, with an intention to leverage on the resources and expertise of the joint venture partners and further diversify into and deepen the Group's business development in respect of the logistics business of coal and coking products. However, having considered the time and resources required to be further invested for the development and integration of the Group logistics business, and in view of the PRC government's recent strategic policy in developing clean energy, the Board is of the view that it would be more beneficial to the Company and its shareholders a whole for the Group to focus on its main operations of coke production and to diversify into the national hydrogen energy market and hydrogen energy value chain, which is expected to generate reasonable returns for the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yan'an Nengtong is wholly-owned by an individual named Bai Xineng (白席能). Further, Bai Xineng (白席能) and Bai Rong (白蓉) were holders of approximately 87.33% and 12.67% interest in Liyuan Logistics, respectively, and Liyuan Logistics was, in turn, a substantial shareholder of Yan'an Liyuan Minerals Railway Logistics Co., Ltd. (延安利源礦業鐵路運輸有限公司), a non-wholly subsidiary of the Company. Accordingly, Yan'an Nengtong, being an associate of Bai Xineng (白席能), is a subsidiary-level connected person of the Company under Chapter 14A of the Listing Rules. Therefore, each of the Logistics Subsidiary Disposal and the Trading Company Disposal constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

For further details of the Logistics Subsidiary Disposal and the Trading Company Disposal, please refer to the announcement of the Company dated 18 October 2021.

Continuing Connected Transactions

For the year ended 31 December 2021, the Group conducted the following continuing connected transactions in respect of its business, details of which are disclosed in compliance with the requirements under Chapter 14A of the Listing Rules:

Name of Connected Person	Relationship with the Group	Nature of Transaction	Annual Cap for 2021 RMB'000	Actual Transaction Amount for 2021 RMB'000
Maanshan Steel	Maanshan Steel is interested in 26.89% of the total number of shares in issue of the Company and is one of the substantial shareholders of the Company.	Sale of coke	1,170,000	767,199
Jiangxi PXSteel	Jiangxi PXSteel is interested in 10.09% of the total number of shares in issue of the Company and is one of the substantial shareholders of the Company.	Sale of coke	2,255,000	1,899,091

Name of Connected Person	Relationship with the Group	Nature of Transaction	Annual Cap for 2021 RMB'000	Actual Transaction Amount for 2021 RMB'000
Zenith Steel	Holder of approximately 22.27% of the equity interest in Shenzhen Jinma (a subsidiary of the Company)	Sale of coke	1,548,000	1,246,176
Xuzhou Oriental	Held as to approximately 30.66% by Mr. Wei Dechao (魏德朝), one of the directors of the Shenzhen Jinma (a subsidiary of the Company)	Sale of coke and coal	1,404,000	154,702
Shanghai Luxiang	Holder of approximately 93.33% of the equity interest in ZT Logistics, which is in turn a holder of approximately 22.27% of the equity interest in Shenzhen Jinma (a subsidiary of the Company)	Purchase of coal	369,000	–

Name of Counterparty	Relationship with the Group	Nature of Transaction	Annual Cap for 2021 RMB'000	Actual Transaction Amount for 2021 RMB'000
Yugang Coking	Yugang Coking was held as to 88.03% by Golden Fair Chemicals (Holding) Limited which was in turn held as to 65.92% by a substantial shareholder of Jinning Energy, a member of the Group. Jinning Energy is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules and therefore Yugang Coking does not constitute a connected person of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yugang Coking and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.	Purchase of coal tar	70,800	70,070
		Purchase of crude benzene	30,000	28,982
		Purchase of coal gas	32,000	27,906
		Sale of coal	150,000	63,454

Sale of Coke to Maanshan Steel Group

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

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

Through the transactions contemplated under the Maanshan Steel Framework Agreement, the Group will continue to sell coke to Maanshan Steel and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Maanshan Steel Framework Agreement. With respect to the sales amount, the 2021 annual cap for such continuing connected transactions was RMB1,170.0 million, and the actual annual transaction amount for the year ended 31 December 2021 was RMB767.2 million.

Sale of Coke to Jiangxi PXSteel Group

Pursuant to the framework agreement entered into between the Company and Jiangxi PXSteel on 23 August 2019 (as supplemented by the supplemental agreement dated 19 November 2021) (the "**Jiangxi PXSteel Framework Agreement**"), it was agreed that the Group shall sell coke to Jiangxi PXSteel for a term commencing from 1 January 2020 to 31 December 2022.

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

Through the transactions contemplated under the Jiangxi PXSteel Framework Agreement, the Group will continue to sell coke to Jiangxi PXSteel and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Jiangxi PXSteel Framework Agreement. With respect to the sales amount, the 2021 annual cap for such continuing connected transactions was RMB2,255.0 million, and the actual annual transaction amount for the year ended 31 December 2021 was RMB1,899.1 million.

Sale of coke to Zenith Steel Group

Pursuant to the framework agreement (the "**Agreement**") entered into between the Company and Zenith Steel dated 17 June 2019, it was agreed that the Group could sell coke to Zenith Steel and its associates (the "**Zenith Steel Group**") during the term from 21 May 2019 to 31 December 2021.

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

Through the transactions under the Agreement, the Group considered that the Group will sell coke to Zenith Steel Group and record predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company from the transactions. With respect to the sales amount, the cap for such continuing connected transactions for 2021 was RMB1,548.0 million, and the actual annual transaction amount for the year ended 31 December 2021 was RMB1,246.2 million.

For further details of the renewal of framework agreement with Zenith Steel Group, please refer to the announcement of the Company dated 29 December 2021.

Sale of coke and coal to Xuzhou Oriental Group

Pursuant to the framework agreement (the "**Agreement**") entered into between the Company and Xuzhou Oriental dated 17 June 2019, it was agreed that the Group could sell coke and coal to Xuzhou Oriental and its associates (the "**Xuzhou Oriental Group**") during the term from 21 May 2019 to 31 December 2021.

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

Through the transactions contemplated under the Agreement, the Group considered that the Group will continue to sell coke and/or coal to Xuzhou Oriental Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the cap for such continuing connected transactions for 2021 was RMB1,404.0 million, and the actual annual transaction amount for the year ended 31 December 2021 was RMB154.7 million.

For further details of the renewal of framework agreement with Xuzhou Oriental Group, please refer to the announcement of the Company dated 29 December 2021.

Purchase of coal from Shanghai Luxiang Group

Pursuant to the framework agreement (the "**Agreement**") entered into between the Company and Shanghai Luxiang dated 17 June 2019, it was agreed that the Group could purchase coal from the Shanghai Luxiang and its associates (the "**Shanghai Luxiang Group**") during the term from 21 May 2019 to 31 December 2021.

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

Through the transactions contemplated under the Agreement, the Group considered that the Group will continue acquire such raw materials for the Group's processing business from sources that facilitate transportation and have been able to produce products of stable quality at prevailing market price. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the cap for such continuing connected transactions for 2021 was RMB369.0 million, and the actual annual transaction amount for the year ended 31 December 2021 was nil.

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

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

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

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

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

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

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

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

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

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

  Through the transactions contemplated under the Coal Tar Purchase Framework Agreement, the Crude Benzene Purchase Framework Agreement and the Coal Gas Purchase Framework Agreement (collectively, the "**Yugang Purchase Framework Agreements**"), the Group considered that the Group will continue to acquire such raw materials for the Group's processing business from sources that facilitate transportation and have been able to produce products of stable quality at prevailing market price. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Yugang Purchase Framework Agreements. With respect to the purchase amount, the 2021 annual caps for such continuing connected transactions in relation to coal tar, crude benzene and coal gas were RMB70.8 million, RMB30.0 million and RMB32.0 million, respectively, and the actual annual transaction amounts for the year ended 31 December 2021 were RMB70.1 million, RMB29.0 million and RMB27.9 million, respectively.

- **Sale of Coal to Yugang Coking**

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

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

  Shanghai Jinma is principally engaged in the trading of coal and coal equipment and has been in cooperation with a number of customers in its coal trading business, and Yugang Coking has been one of its major customers since 2013. Other than generating revenue, trading of coal also allows the Group to enhance its cost advantage from bulk purchase of coal. Furthermore, the Company's Directors considered that through the transactions contemplated under the Yugang Sale Framework Agreement, the Group will continue to sell coal to Yugang Coking, a coke production enterprise with stable operation and demand for coal, and generate stable and predictable revenue. Hence, the Company's Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue performing the transactions under the Yugang Sale Framework Agreement. With respect to the sales amount, the 2021 annual cap for such continuing connected transactions was RMB150.0 million, and the actual annual transaction amount for the year ended 31 December 2021 was RMB63.5 million.

Opinions of Independent Non-executive Directors and Auditor

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above at the meeting of the Board held on 21 March 2022 and confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or on terms no less favourable than those entered into by independent third parties with the Group; and (iii) pursuant to the relevant agreements governing these transactions, and the terms of the agreements were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

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

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

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

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

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

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

Interests of Substantial Shareholders in Securities

As at 31 December 2021, so far as is known to the Directors, the following parties (other than a Director, Supervisor or Chief Executive Officer) were directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Nature of Interest	Class of Securities	Number of Shares Held (Note 1)	Approximate percentage of shareholding in the total Share Capital of the Company (Note 2)
Jinma HK	Beneficial owner	H shares	162,000,000(L)	30.26%
Jinma Coking	Interests in controlled corporation (Note 3)	H shares	162,000,000(L)	30.26%
Golden Star	Interests in controlled corporation (Note 4)	H shares	162,000,000(L)	30.26%
Ms. Lam Yuk Wai	Interest of spouse (Note 5)	H shares	163,528,000(L)	30.54%
Maanshan Steel	Beneficial owner (Note 6)	H shares	144,000,000(L)	26.89%
Magang (Group) Holdings Co., Ltd.	Interests in controlled corporation (Note 6)	H shares	144,000,000(L)	26.89%
Jiangxi PXSteel	Beneficial owner	H shares	54,000,000(L)	10.09%
Jiangxi Fangda Steel Group Co., Ltd.	Interests in controlled corporation (Note 7)	H shares	54,000,000(L)	10.09%
Liaoning Fangda Group Industrial Co., Ltd.	Interests in controlled corporation (Note 7)	H shares	54,000,000(L)	10.09%
Beijing Fangda International Enterprise Investment Co., Ltd.	Interests in controlled corporation (Note 8)	H shares	54,000,000(L)	10.09%
Mr. Fang Wei	Interests in controlled corporation (Note 9)	H shares	54,000,000(L)	10.09%
Jinma Xingye	Beneficial owner	H shares	40,000,000(L)	7.47%
Mr. Wang Lijie	Interests in controlled corporation (Note 10)	H shares	40,000,000(L)	7.47%
Ms. Zheng Jing	Interest of spouse (Note 11)	H shares	40,000,000(L)	7.47%

Notes:

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

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

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

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

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

6. Magang (Group) Holdings Co., Ltd., whose actual controller was the State-owned Assets Supervision and Administration Commission of the State Council (being the holder of 51% of the interest in Magang (Group) Holdings Co., Ltd. through its 100% controlled China Baowu Steel Group Corporation Limited), is the holding company of Maanshan Steel and holds approximately 36.97% of the shares of Maanshan Steel. Accordingly, Magang (Group) Holdings Co., Ltd. is deemed to be interested in Maanshan Steel's interest in the Company by virtue of the SFO.

7. As per their confirmations, while Jiangxi Fangda Steel Group Co., Ltd. ("**Fangda Group**") is directly interested in approximately 51.90% of Jiangxi PXSteel, Fangda Group is the holding company. Accordingly, Fangda Group is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO. And while Liaoning Fangda Group Industrial Co., Ltd. ("**Liaoning Fangda**") is directly and indirectly interested in approximately 60.46% of Jiangxi PXSteel, Liaoning Fangda is the holding company. Accordingly, Liaoning Fangda is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO.

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

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

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

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

Save as disclosed above, there was no other interest recorded in the register that was required to be kept under Section 336 of the SFO as at 31 December 2021.

Sufficiency of Public Float

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

Provision of Financial Subsidiaries and Guarantees for Associates or Subsidiaries

For the year ended 31 December 2021, financial guarantees were provided for banking facilities of RMB30.0 million to Jinyuan Chemicals, a wholly-owned subsidiary of the Company.

Employees and Remuneration Policy

Employees are the Group's important asset. As at 31 December 2021, the Group employed about 2,253 employees, with an average turnover of less than 6.7% over the past three years, reflecting the competitive remuneration and benefits provided by the Group to its employees.

The Group has established a remuneration committee to review the remuneration policy for all Directors and the management of the Group based on the Group's overall operating results, individual performance and comparison of market practices. The Group has made full contributions to social insurance (including pension scheme, medical insurance, work injury insurance, unemployment insurance and maternity insurance) and housing provident funds for its employees in accordance with the relevant PRC labour laws and regulations. Other relevant information is provided in Note 37 Retirement Benefit Costs to the "Consolidated Financial Statements".

Details of Directors' remuneration for 2021 are provided in Note 15 to the "Consolidated Financial Statements" in this annual report.

Pension Schemes

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

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

Auditor

The consolidated financial statements for the year ended 31 December 2021 have been audited by Deloitte Touche Tohmatsu ("**Deloitte**") who will retire from the office of auditor at the forthcoming annual general meeting of the Company and, being eligible, will offer itself for re-election. Since the Listing Date and up to the date of this annual report, the Company has not changed its auditor.

On behalf of the Board of Directors

Yiu Chiu Fai
Chairman

Hong Kong
21 March 2022

In 2021, all members of the Supervisory Committee of Henan Jinma Energy Company Limited (hereinafter referred to as the "Company") had performed their duties prudently and earnestly in accordance with the requirements of the Company Law, Securities Law, Articles of Association, Rules of Procedures for Supervisory Committee Meetings, and relevant laws and regulations, and independently exercised their official powers according to law, to ensure the standardized operation of the Company and protect the interests of the Company and investors. The Supervisory Committee had exercised supervision over the operating plans of the Company, the use of proceeds, related party transactions, production and operation of the Company, financial situation, duty performance of the Directors and senior management of the Company and the operations of its subsidiaries, thereby promoting the standardized operation and sound development of the Company.

I. Basic Assessment on the Operation, Management Behaviour and Results of the Company in 2021

In 2021, the Supervisory Committee of the Company earnestly performed its supervision duty in strict accordance with the requirements of the Company Law, Articles of Association, Rules of Procedures for Supervisory Committee Meetings, and relevant laws and regulations, to effectively safeguard the interest of the Company as well as the rights and interests of the minority shareholders. The Supervisory Committee attended the Board meetings and the general meetings of shareholders of 2021 and is of the view that the Board had implemented resolutions of the general meetings of shareholders conscientiously and had performed obligations of honesty faithfully without any actions which were detrimental to the interests of the Company and the shareholders. All resolutions of the general meetings of shareholders and the Board had complied with the laws and regulations such as the Company Law and the requirements of the Articles of Association. The Supervisory Committee supervised the Company's production and operating activities during its term of office and is of the view that the Company's management had performed its obligations faithfully and had duly executed all the resolutions of the Board without any misconduct during its operation.

II. The Meetings of the Supervisory Committee

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

On 31 March 2021, the fourth meeting of the Second Session of the Supervisory Committee was held, out of the six Supervisors who were eligible to attend the meeting, six Supervisors were present at the meeting. The meeting was convened in compliance with the requirements of the Company Law and Articles of Association. The meeting had considered and approved the following resolutions: 2020 Annual Supervisory Committee's Report of Henan Jinma Energy Company Limited, the Annual Results Announcement 2020 for Henan Jinma Energy Company Limited, the Resolution on the Distribution of the Final Cash Dividends for the Year 2020, and the Report on the Use of Proceeds from Public Offering of Overseas Listed Foreign Shares (H Shares) of Henan Jinma Energy Company Limited.

On 23 April 2021, the fifth meeting (extraordinary) of the Second Session of the Supervisory Committee was held in the form of written meeting. The meeting was convened in compliance with the requirements of the Company Law and Articles of Association. The meeting had considered and approved the following resolutions: the Audit Report 2020 for Henan Jinma Energy Company Limited, and the Annual Report 2020 for Henan Jinma Energy Company Limited.

III. Supervision Opinions of the Supervisory Committee on Relevant Matters of the Company in 2021:

(I) Operating the Company according to law

During the reporting period, the members of the Supervisory Committee participated in the discussion on major operating decisions and the formulation of operating policies of the Company by attending the Board meetings and the general meetings of shareholders this year, and supervised the operation of the Company in accordance with laws. The Supervisory Committee believes that all major decision-making procedures of the Company in 2021 are in compliance with the Company Law and the Articles of Association; the decision-making procedures of the Company are lawful in the course of its operation and a relatively sound internal control system is established. The Directors and managers of the Company did not violate any laws, regulations, the Articles of Association or damage the interests of the Company when performing their duties. The Supervisory Committee of the Company has no objection to the supervision matters for 2021.

(II) Financial conditions of the Company

During the reporting period, the Supervisory Committee of the Company conducted supervision and inspection over the Company's financial conditions for the year 2021 by hearing the report of the financial department, reviewing and inspecting the Company's information of financial statements and financial conditions. The Supervisory Committee is of the view that the Company has a sound financial internal control system with standardized financial operation, and there is no false record, misrepresentations, or major omissions.

(III) Related party transactions

During the reporting period, the Supervisory Committee conducted supervision and inspection over the related party transactions of the Company in 2021, and is of the view that the decision-making procedures of the related party transactions of the Company were in compliance with the requirements of relevant laws, regulations and rules under the Articles of Association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In the course of considering the related party transactions by the Board of the Company, the approval process was conducted in accordance with laws and regulations in a fair and reasonable manner, and was not detrimental to the interests of the minority shareholders.

IV. Comprehensive Opinions of the Supervisory Committee on the Circumstances of the Company in 2021

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

(II) During the reporting period, the Supervisory Committee reviewed the Board's self-evaluation report on the internal control of the Company in 2021 and the construction and operation of the internal control system of the Company, and considered that: the Company has established and improved a relatively reasonable and sound internal control system in accordance with the requirements of relevant laws and regulations and put it into practice effectively in business activities, which in general is in compliance with the relevant requirements of regulatory authorities. The internal control evaluation report issued by the Board of the Company truly and objectively reflects the construction and operation of the internal control system of the Company.

V. Supervisory Committee's Outlook of Work in 2022

In 2022, the Supervisory Committee will continue to perform its duties faithfully and diligently and further facilitate the refinement of the corporate governance structure and the regulated operation of management of the Company, establishing a good and credible corporate image. In 2022, the Supervisory Committee will continuously strengthen the supervision over the Directors and senior management, urge the Company to further improve the governance structure and enhance the governance level pursuant to the requirements of the law and regulations; the Supervisory Committee will timely master and take the initiative to focus on the Company's major decisions as well as supervise and enhance the legality in the various decision-making process through attending the Company's board meetings and general meeting of shareholders with or without voting rights, thereby safeguarding and protecting the interest of shareholders; the Supervisory Committee will further strengthen the implementation of the internal control system and the supervision and inspection of the enterprise by supervising and inspecting the Company's finances as well as supervising and inspecting the production and operation of the Company, so as to prevent operational risks and promote the healthy and stable development of the Company.

DIRECTORS

The Board currently consists of nine Directors, of whom three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The term of office of all Directors (of the current session of the Board) shall end at the conclusion of the annual general meeting for the year ended 31 December 2021, and the Directors may be appointed for consecutive terms. The Board shall be responsible for and shall have general power to manage and develop the Company's business.

Executive Directors

Mr. Yiu Chiu Fai (饒朝暉), aged 53, was appointed as an executive Director and the chairman of the Board of the Company in July 2016. Mr. Yiu is also a director of Jinma HK, Jinma Coking and Golden Star, all of which are companies controlled by Mr. Yiu. Mr. Yiu joined the Group in May 2006 as a Director of the Company's predecessor. As chairman of the Board, Mr. Yiu is mainly responsible for leading the Board to formulate corporate and operational strategies and make major corporate and operational decisions of the Group.

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

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

Mr. Wang Mingzhong (王明忠), aged 58, was appointed as the Chief Executive Officer and an executive Director of the Company in July 2016. Mr. Wang is also a director of Jinma Xingye, a Substantial Shareholder of the Company. Mr. Wang joined the Group as a Director of the Company's predecessor since its establishment in February 2003 and has served as the general manager of the Company (and the Company's predecessor) since April 2003. He is mainly responsible for formulating development and operational strategies and the overall daily business operation and management of the Group.

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

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

Mr. Li Tianxi (李天喜), aged 57, was appointed as an executive Director of the Company in December 2016. Mr. Li is currently the Company's executive deputy general manager and chief engineer, and also an executive director of Bohigh Chemical, a subsidiary of the Company. Mr. Li is also a director of Jinma Xingye, the Company's Substantial Shareholder. Mr. Li joined the Group in April 2003 as the Company's executive deputy general manager, chief engineer and the secretary to the Board. He is mainly responsible for the technological, environmental and construction developments of the Group.

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

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

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

Non-executive Directors

Mr. Hu Xiayu (胡夏雨), aged 59, was appointed as a non-executive Director of the Company in July 2016, and appointed as the deputy chairman of the Board in June 2018. Mr. Hu joined the Group as a Director of the Company's predecessor in May 2014. Mr. Hu is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

Mr. Hu joined Maanshan Steel (and its predecessor) since July 1983 and served in various positions, including, the head of the quality control center, head of the new product development center and the Director of the iron-making technology division in Maanshan Steel. Since April 2016, Mr. Hu was appointed as the head of the raw fuels center and general manager of procurement center of Maanshan Steel.

Mr. Hu graduated from the metallurgy engineering program from Maanshan Iron and Steel Institute* (馬鞍山鋼鐵學院) in July 1983 and graduated from the postgraduate business administration program from Party School of Anhui Committee of C.P.C.* (中共安徽省委黨校) in July 2005.

Mr. Wang Kaibao (汪開保), aged 50, was appointed as a non-executive Director of the Company in May 2020. Mr. Wang is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

Mr. Wang joined the coking factory headquarters of Maanshan Iron & Steel Company Limited* (馬鞍山鋼鐵股份有限公司) in February 2018 and is currently the Party committee secretary, the factory director and the chief engineer of the coking factory headquarters of Maanshan Iron & Steel Company Limited*. Mr. Wang previously worked in various positions for the coal-coking company of Maanshan Iron & Steel Company Limited* (馬鞍山鋼鐵股份有限公司煤焦化公司) from August 1996 to February 2018, including positions such as the deputy manager and the chief engineer from March 2015 to February 2018.

Mr. Wang graduated from Wuhan Metallurgy University of Science and Technology* (武漢冶金科技大學) (now known as Wuhan University of Science and Technology* (武漢科技大學)) with a bachelor's degree in coal chemical technology in July 1996. Mr. Wang is qualified as a senior engineer.

Ms. Ye Ting (葉婷), aged 35, was appointed as a non-executive Director of the Company in October 2019. Ms. Ye is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

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

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

Independent non-executive Directors

Mr. Wu Tak Lung (吳德龍), aged 56, was appointed as an independent non-executive Director of the Company in September 2017. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group. Mr. Wu currently serves as an independent non-executive director of Sinomax Group Limited (stock code: 1418), Kam Hing International Holdings Limited (stock code: 2307), Zhongguancun Science-Tech Leasing Co., Ltd. (stock code:1601), Minth Group Limited (stock code: 425) and Sinopharm Group Co., Ltd. (stock code: 1099).

During the past three years, Mr. Wu served as an independent non-executive director of China Machinery Engineering Corporation, and Beijing Media Corporation Limited, a company listed in Hong Kong (stock code: 1000) and an independent director of Olympic Circuit Technology Co., Ltd., a company listed in Shanghai (stock code: 603920). On 10 February 2022, the Listing Committee of the Hong Kong Stock Exchange issued a statement in which, among others, certain members and former members of the board of Beijing Media Corporation Limited have been criticized, details of which in respect of Mr. Wu (as a former independent non-executive director of such company) are set out in the Company's announcement dated 14 February 2022. Mr. Wu has worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years.

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

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

Mr. Meng Zhihe (孟至和), aged 67, was appointed as an independent non-executive Director of the Company in May 2020. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group.

Mr. Meng is currently the vice president and secretary-general of Tsinghua University Association of Senior Scientists and Technicians* (清華大學老科學技術工作者協會). Mr. Meng held various positions in Tsinghua University Corporation* (清華大學企業集團) (now known as Tsinghua Holdings Co., Ltd.* (清華控股有限公司)) from 1997 to 2003, including the secretary to the board of directors, the assistant to the chief executive and the director of the chief executive's office, the head of investment development department and the head of corporate management department. He was the chief financial officer of School of Continuing Education, Tsinghua University* (清華大學繼續教育學院) from 2003 to 2006. Mr. Meng was the associate dean of School of Continuing Education, Tsinghua University* from 2006 to 2015.

Mr. Meng graduated from Tsinghua University with a bachelor's degree in engineering in 1983 and obtained a master's degree in engineering from Tsinghua University in 1986. He is qualified as a senior engineer.

Mr. Cao Hongbin (曹紅彬), aged 54, was appointed as an independent non-executive Director of the Company in December 2020. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group.

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

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

SUPERVISORS

The Supervisory Committee of the Company currently consists of six Supervisors, of whom two are shareholder representatives, two are external Supervisors and two are employee representatives. Shareholder representative Supervisors and external Supervisors are elected by the Shareholders and employee representative Supervisors are elected by employee representatives. The supervisors of this session of the Supervisory Committee were appointed for a term to the conclusion of the annual general meeting for the year ended 31 December 2021, and may be appointed for consecutive terms. Mr. Fan Xiaozhu was appointed as the employee representative Supervisor on 23 April 2021, in place of Mr. Zhang Wujun who resigned, for a term from 23 April 2021 to the conclusion of the annual general meeting for the year ended 31 December 2021. The Supervisory Committee is responsible for overseeing the Board and senior management in discharging their responsibilities and reviewing financial statements of the Group.

Mr. Wong Tsz Leung (黃梓良), aged 58, was appointed as a shareholder representative Supervisor of the Company in July 2016 and was elected as the chairman of the Supervisory Committee of the Company in July 2016. Mr. Wong joined the Group in February 2012 as a Supervisor of the Company's predecessor. Mr. Wong is currently the financial manager of Jinma HK, a Substantial Shareholder of the Company. He is mainly responsible for overseeing the affairs of the Supervisory Committee and supervising the Group's operations and financial activities. Mr. Wong has been serving as an executive Director and the chief financial officer of Smart-Core Holdings Limited (stock code: 2166), a listed company in Hong Kong, since October 2016.

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

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

Ms. Li Lijuan (李麗娟), aged 51, was appointed as a shareholder representative Supervisor of the Company in May 2019. Ms. Li joined Maanshan Steel in July 1993 and served in various positions, including financial manager of (Wuhu) processing center of Wuhu processing division of Maanshan Steel (馬鞍山鋼鐵蕪湖加工部馬鋼(蕪湖)加工中心) from July 2013 to November 2014 and the deputy chief of finance of the sales division of Maanshan Steel from November 2014 to September 2018. Since September 2018, she has been the manager of the equity management office of the financial department of Maanshan Steel. Ms. Li is also a director of Anhui Masteel K. Wah New Building Materials Co., Ltd. (安徽馬鋼嘉華新型建材有限公司) and a director of Anhui Magang Chemical Energy Technology Co., Ltd.* (安徽馬鋼化工能源科技有限公司), both being subsidiaries of Maanshan Steel.

Ms. Li is qualified as an accountant in the PRC and graduated from Anhui University of Technology in 1993, specializing in accounting.

Mr. Zhou Tao, David (周韜), aged 51, joined the Group in September 2017 when he was appointed as an external Supervisor of the Company. Mr. Zhou is mainly responsible for supervising the Group's operations and financial activities. Mr. Zhou has served as the person in charge of compliance in Dongxing Securities (Hong Kong) Financial Holdings Limited since June 2021.

Mr. Zhou has been a non-executive director of Sansheng Holdings (Group) Co. Ltd. (a company listed in Hong Kong, stock code: 2183) since December 2021 and an independent non-executive director of Beijing Evercare Medical Technology Group Co., Ltd. since July 2021. He had been serving as the company secretary of Wealthking Investments Limited (formerly known as OP Financial Limited, a company listed in Hong Kong, stock code: 1140) from November 2016 to June 2021, during which he also acts as the head of legal and compliance. Mr. Zhou also served as an independent director of Tian Di No.1 Beverage Inc. (天地壹號飲料股份有限公司), a company quoted on the National Equities Exchange and Quotations System in the PRC. Mr. Zhou has over 17 years of experience in handling legal and compliance matters in financial institutions in Hong Kong. Mr. Zhou is qualified as a Hong Kong solicitor and obtained lawyer qualification in the PRC. He is also an arbitrator of the South China International Economics and Trade Arbitration Commission.

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

Ms. Tian Fangyuan (田方遠), aged 34, joined the Group in September 2017 when she was appointed as an external Supervisor of the Company. Ms. Tian is mainly responsible for supervising the Group's operations and financial activities.

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

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

Ms. Hao Yali (郝亞莉), aged 48, was elected as an employee representative Supervisor of the Company in September 2017. Ms. Hao joined the Group in September 2004, and was promoted to the position of the deputy manager of the materials procurement department of the Company's predecessor in July 2005, and was promoted to the position of the manager of the materials procurement department of the Company in 2018. Since December 2009, Ms. Hao has also served as a member of the labor union committee and the head of the female employee committee and was appointed as the deputy chairman of the labor union in April 2018. She is mainly responsible for supervising the Group's operations and financial activities.

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

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

Mr. Fan Xiaozhu (范小柱), aged 34. Mr. Fan joined the Group in 2016 as a safety officer and served as the deputy manager of the production department of the Company since 2021 and was elected as an employee representative Supervisor on 23 April 2021. He is mainly responsible for planning and supervising the implementation of safe production.

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

SENIOR MANAGEMENT

Members of the senior management are responsible for the day-to-day operation of the business of the Company. For the biographical details of Directors who form part of the senior management, please see page 91 of this section.

Mr. Tang Jianfa (唐建發), aged 56, joined the Group in May 2017, and was appointed as the chief financial officer and deputy general manager of the Company in March 2018. He is mainly responsible for overseeing the Group's financial and accounting management and coordination as well as implementation of the Group's financial strategic planning. He is also responsible for overseeing the finance department, the settlement department and the budget department.

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

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

Mr. Fan Jianguo (范建國), aged 55, joined the Group in March 2005 as the Group's deputy general manager. He was the general manager of Jinyuan Chemicals, a subsidiary of the Company, between January 2015 and January 2018. He was also an executive Director of that Company from January 2018 to November 2020. Mr. Fan is a chairman of Jinma Zhongdong, a subsidiary of our Company since April 2021. He is currently the Group's deputy general manager and is mainly responsible for the sales management of the Group.

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

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

Mr. Ju Lixing (琚理興), aged 46, joined the Group in October 2007 as the assistant to the general manager of the Company's predecessor. Since April 2012, he has served as the Company's deputy general manager and is in charge of the procurement operations. Mr. Ju was a director and chairman of the board of directors of Shanghai Jinma, a subsidiary of our Company. Mr. Ju also served as a director of Shaanxi Jinma, a former subsidiary of our Company from April 2020 to November 2021, and the chairman of Yan'an Jinneng, a former subsidiary of our Company from May 2020 to November 2021, and an executive director of Liyuan Railway, a former subsidiary of our Company from June 2020 to November 2021. Mr. Ju is mainly responsible for overseeing procurement of the Group.

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

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

Mr. Wang Yongxin (王永新), aged 46, joined the Group in January 2004 as a deputy Director of the electrical instrument workstation of the Company's predecessor and was appointed as the Director of such workstation in March 2007. Mr. Wang was subsequently promoted to the position of the Director of the workstation of the Company's predecessor in January 2008 and the head of the production department of the Company's predecessor in February 2011. Since October 2013, Mr. Wang has served as the deputy general manager of the Company's predecessor and he is mainly responsible for overseeing production of the Group. Mr. Wang is also a director and the chairman of the board of directors of Jinning Energy, the Company's subsidiary and a director of Jinma Xingye, a Substantial Shareholder of the Company.

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

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

Mr. Li Zhongge (李中革), aged 49, joined the Group in December 2004, and was appointed as the deputy general manager in March 2018. Mr. Li is also a supervisor of Jinrui Energy and Jinrui Gas, subsidiaries of the Company. He has served in various positions in the Company, including the deputy administrative manager and the head of the corporate governance department. He is currently the deputy general manager and member of the party committee of the Company. Mr. Li is the chairman of Jinjiang Refinery, a joint venture of the Company. Mr. Li has also served as the deputy chairman of Yilong Coal, an associate of the Company since January 2015. From February 2021 to present, Mr. Li has served as the chairman of Jinma Qingfeng, a subsidiary of the Company.

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

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

Mr. Wang Zengguang (王增光), aged 41, joined the Group in March 2003 and was appointed as deputy general manager in March 2018. He is also the general manager of Jinyuan Chemicals, a subsidiary of the Company, and is responsible for the work of Jinyuan Chemicals. Mr. Wang has also been an executive director of that company since November 2020. He served as deputy director of the production management department from January 2004 to July 2009, as deputy director and director of the coal preparation workshop from July 2009 to January 2015, and as director of production management department from January 2015 to February 2017.

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

Mr. Wang Zhaofeng (王兆峰), aged 45, joined the Group in March 2008. Mr. Wang was subsequently promoted to the position of the deputy office manager and the deputy Director of the human resources department of our predecessor in September 2012 and the manager of the investment department of our predecessor in January 2015. Since December 2016, Mr. Wang has also been serving as the secretary to our Board and is mainly responsible for providing support to our Board and coordinating the Group's administrative management. From May 2020 to November 2021, Mr. Wang served as a director of Yan'an Jinneng, a former subsidiary of our Company, and the deputy chairman of Yan'an Railway, a former associate of the Company. From February 2021 to present, Mr. Wang has served as a director of Jinma Qingfeng, a subsidiary of the Company.

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

Mr. Wong Hok Leung (alias Wong Hok Leung Paul) (王學良), aged 69, joined the Group and was appointed as our head of capital markets and company secretary on 1 January 2017. Mr. Wong is responsible for the Group's corporate governance, company secretarial and capital markets matters.

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

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

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

Opinion

We have audited the consolidated financial statements of Henan Jinma Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 120 to 226, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Principal versus agent consideration relating to revenue recognition	
We identified revenue recognition, specifically on the revenue from some of its contracts with customers relating to trading of coal and coke as a key audit matter because of the significant degree of judgment made by the Group's management in determining the revenue recognition. As disclosed in Note 3 to the consolidated financial statements, the management identified the Group taking different roles within contracts with customers relating to trading of coal and coke by determining whether its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent). When the Group acts as a principal, it recognises trading revenue in the gross amount of consideration ("Gross Amount") to which the Group expects to be entitled as specified in the contracts. When the Group acts as an agent, it recognises revenue in the net amount of consideration ("Net Amount") that it retains after paying the other party the consideration received in exchange for the goods provided by that party. In identifying the nature of promise, the Group's management takes into consideration indicators such as the contractual party that is primarily responsible for fulfilling the promise, is exposed to inventory risk and has discretion in establishing the price. Management's disclosures with regard to the judgement are set out in Note 4 to the consolidated financial statements. For the year ended 31 December 2021, the Group recognised revenue, acting as a principal, amounted to RMB1,343,908,000 and fee revenue, acting as an agent, amounted to RMB6,434,000 respectively relating to trading of coal and coke, the details of which are included in Note 5 to the consolidated financial statements.	Our procedures in relation to the revenue recognition as a principal or agent included: • Understanding the Group's revenue recognition process on sales relating to trading of coal and coke; • Evaluating the reliability of sales contracts list prepared by the management which entails contractual terms of contracts relating to trading of coal and coke, on a sample basis, by comparing them to the underlying contracts; • Evaluating the reasonableness of the management's assessment on the Group's roles within the contracts relating to trading of coal and coke, on sample basis, by assessing its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent) after taking into consideration indicators as follows: – Inventory risk: the Group obtains the control over products before passing on to customers; – Pricing strategy: the Group has discretion in establishing the pricing; and • Evaluate the appropriateness of the sales amounts, relating to trading of coal and coke, recorded at Gross Amount or at Net Amount by comparing to respective record in the sales contracts list.

Other Information

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations			
Revenue	5	7,398,260	6,392,350
Cost of sales		(6,383,003)	(5,344,854)
Gross profit		1,015,257	1,047,496
Other income	6	43,673	43,615
Other gains and losses	7	(93,209)	(7,368)
Impairment losses under expected credit loss model ("ECL"), net of reversal	8	(2,907)	(39,943)
Selling and distribution expenses		(104,398)	(139,313)
Administrative expenses		(140,288)	(110,169)
Finance costs	9	(48,285)	(61,208)
Share of result of a joint venture		3,334	2,194
Share of result of an associate		—	(40,951)
Profit before tax	10	673,177	694,353
Income tax expense	11	(172,497)	(188,003)
Profit for the year from continuing operations		500,680	506,350
Discontinued operations	12		
Profit for the year from discontinued operations		7,067	14,820
Profit for the year		507,747	521,170
Other comprehensive (expense) income:	13		
Item that may be reclassified subsequently to profit or loss:			
Fair value (loss) gain on bills receivables at fair value through other comprehensive income ("FVTOCI")		(2,291)	1,823
Total comprehensive income for the year		505,456	522,993

	NOTES	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Profit for the year attributable to owners of the Company:			
– from continuing operations		486,367	480,834
– from discontinued operations		155	4,638
		486,522	485,472
Profit for the year attributable to non-controlling interests:			
– from continuing operations		14,313	25,516
– from discontinued operations		6,912	10,182
		21,225	35,698
Total comprehensive income for the year attributable to:			
– Owners of the Company		485,911	487,295
– Non-controlling interests		19,545	35,698
		505,456	522,993
Total comprehensive income for the year attributable to owners of the Company:			
– from continuing operations		485,756	482,785
– from discontinued operations		155	4,510
		485,911	487,295
Earnings per share (RMB)			
From continuing and discontinued operations			
– Basic	16	0.91	0.91
From continuing operations			
– Basic	16	0.91	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	31/12/2021 RMB'000	31/12/2020 RMB'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	17	4,352,445	2,390,900
Right-of-use assets	18	335,123	227,484
Intangible assets	19	185,189	61,658
Goodwill	21	10,669	38,294
Interest in a joint venture	22	59,502	56,168
Interest in an associate		—	2,260
Advance to an associate	23	15,000	15,000
Deferred tax assets	25	59,336	31,158
Deposit for acquisition of property, plant and equipment, intangible assets and right-of-use assets		168,808	124,326
		5,186,072	2,947,248
CURRENT ASSETS			
Inventories	26	467,673	370,945
Trade and other receivables	27	709,809	298,118
Amount due from a shareholder	28	57,585	11,770
Amounts due from related parties	29	20	113,260
Financial assets at fair value through profit or loss ("FVTPL")	24	18,000	59,807
Bills receivables at FVTOCI	30	806,113	842,274
Restricted bank balances	31	703,118	392,458
Bank balances and cash	31	576,951	1,355,149
		3,339,269	3,443,781
CURRENT LIABILITIES			
Borrowings	32	972,434	651,700
Trade and other payables	33	2,217,758	1,257,029
Amounts due to related parties	34	113	1,211
Contract liabilities	35	101,401	49,851
Lease liabilities	36	1,882	2,962
Tax payable		32,735	30,984
		3,326,323	1,993,737
NET CURRENT ASSETS		12,946	1,450,044
TOTAL ASSETS LESS CURRENT LIABILITIES		5,199,018	4,397,292

	NOTES	31/12/2021	31/12/2020
		RMB'000	RMB'000
			(restated)
CAPITAL AND RESERVES			
Share capital	38	**535,421**	535,421
Reserves		**2,689,992**	2,364,707
Equity attributable to owners of the Company		**3,225,413**	2,900,128
Non-controlling interests		**1,078,874**	1,080,365
TOTAL EQUITY		**4,304,287**	3,980,493
NON-CURRENT LIABILITIES			
Borrowings	32	**828,429**	360,000
Lease liabilities	36	**3,130**	6,934
Deferred revenue	39	**22,848**	21,876
Deferred tax liabilities	25	**40,324**	27,989
		894,731	416,799
		5,199,018	4,397,292

The consolidated financial statements on pages 120 to 226 were approved and authorised for issue by the Board of Directors on 21 March 2022 and are signed on its behalf by:

Yiu Chiu Fai
DIRECTOR

Wang Mingzhong
DIRECTOR

	Attributable to owners of the Company								
	Share capital	Capital reserve	FVTOCI reserve	Statutory surplus reserve fund	Retained profits	Special reserve	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000
At 1 January 2020	535,421	386,695	(9,296)	199,838	1,494,317	20,026	2,627,001	765,224	3,392,225
Profit for the year	—	—	—	—	485,472	—	485,472	35,698	521,170
Other comprehensive income for the year	—	—	1,823	—	—	—	1,823	—	1,823
Total comprehensive income for the year	—	—	1,823	—	485,472	—	487,295	35,698	522,993
Capital contributions from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	210,000	210,000
Acquisition of a subsidiary (Note 40)	—	—	—	—	—	—	—	79,243	79,243
Dividends recognised as distribution (Note 14)	—	—	—	—	(214,168)	—	(214,168)	(9,800)	(223,968)
Transfer	—	—	—	42,473	(45,695)	3,222	—	—	—
At 31 December 2020	535,421	386,695	(7,473)	242,311	1,719,926	23,248	2,900,128	1,080,365	3,980,493
Profit for the year	—	—	—	—	486,522	—	486,522	21,225	507,747
Other comprehensive expense for the year	—	—	(611)	—	—	—	(611)	(1,680)	(2,291)
Total comprehensive (expense) income for the year	—	—	(611)	—	486,522	—	485,911	19,545	505,456
Capital contributions from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	356,000	356,000
Return of paid-up capital	—	—	—	—	—	—	—	(65,238)	(65,238)
Disposal of subsidiaries	—	—	—	—	—	—	—	(288,794)	(288,794)
Dividends recognised as distribution (Note 14)	—	—	—	—	(160,626)	—	(160,626)	(23,004)	(183,630)
Transfer	—	—	—	25,399	(33,066)	7,667	—	—	—
At 31 December 2021	535,421	386,695	(8,084)	267,710	2,012,756	30,915	3,225,413	1,078,874	4,304,287

Notes:

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

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

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

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
OPERATING ACTIVITIES		
Profit before tax	**683,745**	712,193
Adjustments for:		
Interest income on bank deposits	**(17,606)**	(12,568)
Interest income on bills receivables at FVTOCI	**(18,933)**	(21,439)
Loss on disposal of property, plant and equipment	**45,497**	1,152
Loss on disposal of subsidiaries	**9,249**	—
Loss on disposal of interest in an associate	**1,105**	—
Gain on termination of right-of-use assets	**(1,096)**	—
Depreciation of property, plant and equipment	**155,714**	132,907
Depreciation of right-of-use assets	**10,951**	7,637
Amortisation of intangible assets	**18,039**	16,164
Impairment losses under ECL model, net of reversal	**2,907**	39,943
Impairment loss on property, plant and equipment	**27,381**	8,457
Impairment loss on goodwill	**4,778**	—
Allowance (reversal) for inventories, net	**1,990**	(1,490)
Share of result in associates	**(595)**	40,441
Share of result in a joint venture	**(3,334)**	(2,194)
Finance costs	**49,994**	61,705
Release of assets-related government subsidies	**(2,088)**	(2,100)
Fair value changes from financial assets at FVTPL	**(8,231)**	(27,202)
Dividends from financial assets at FVTPL	**—**	(3,050)
Loss on disposal of financial assets at FVTPL	**35**	—
Net foreign exchange gain	**(185)**	(972)
Operating cash flows before movements in working capital	**959,317**	949,584
Increase in inventories	**(106,128)**	(53,142)
Decrease in bills receivables at FVTOCI	**52,040**	108,948
Decrease in financial assets at FVTPL	**31,716**	3,050
(Increase) decrease in trade and other receivables	**(261,949)**	77,143
(Increase) decrease in amount due from a shareholder	**(162,068)**	8,432
Decrease (increase) in amounts due from related parties	**113,240**	(91,401)
Increase in trade and other payables	**628,556**	346,310
(Decrease) increase in amounts due to related parties	**(1,098)**	1,014
Increase (decrease) in contract liabilities	**51,714**	(18,137)
Cash generated from operations	**1,305,340**	1,331,801
Income tax paid	**(190,389)**	(189,610)
NET CASH FROM OPERATING ACTIVITIES	**1,114,951**	1,142,191

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
INVESTING ACTIVITIES		
Assets-related government subsidies received	3,060	—
Interest on bank balances received	17,606	12,568
Proceeds from disposal of financial assets at FVTPL	2,478,487	31,628
Investment in financial assets at FVTPL	(2,460,200)	(28,000)
Purchase of property, plant and equipment	(1,880,938)	(798,004)
Purchase of intangible assets	(22,955)	—
Refund of deposit for acquisition of intangible assets and right-of-use assets	120,000	—
Payments for right-of-use assets	(203,909)	—
Net cash outflow on acquisition of subsidiaries/business (Note 40)	(10,040)	(96,653)
Net cash inflow on disposal of subsidiaries/business (Note 41)	196,060	—
Proceeds from disposal of an associate	1,750	—
Deposit paid for acquisition of property, plant and equipment, intangible assets and right-of-use assets	(466,066)	(97,433)
Payment for acquisition of subsidiaries/business in prior year	(249,045)	(1,250)
Placement of restricted bank balances	(1,279,093)	(656,835)
Withdrawal from restricted bank balances	968,433	339,264
Proceeds from disposal of property, plant and equipment	25,480	1,196
Capital contribution paid in associate	—	(1,750)
Dividend received from a joint venture	4,900	—
NET CASH USED IN INVESTING ACTIVITIES	(2,756,470)	(1,295,069)
FINANCING ACTIVITIES		
Interest paid	(61,233)	(61,890)
New borrowings raised	1,587,133	772,400
Repayment of borrowings	(767,970)	(884,220)
Repayment of lease liabilities	(1,926)	(2,540)
Capital contributions from non-controlling shareholders of subsidiaries (Note 20)	356,000	210,000
Return of capital to non-controlling shareholders of a subsidiary	(65,238)	—
Dividends paid	(160,260)	(213,262)
Dividends paid to non-controlling shareholders of subsidiaries	(23,004)	(9,800)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	863,502	(189,312)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(778,017)	(343,190)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,355,149	1,697,816
Effect of foreign exchange rate changes	(181)	523
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	576,951	1,355,149

1. GENERAL INFORMATION

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

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

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

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

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

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decisions of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board which clarified the supply financing arrangements and the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

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

2.1 Impacts on application of the agenda decision of the Committee — Supply Chain Financing Arrangements

In December 2020, the Committee, through its agenda decision, clarified how liabilities to pay for goods or services received and the related cash flows when the related invoices are part of supply chain financing arrangements should be presented in the statement of financial position and statement of cash flows. The Committee observed that an entity's assessment of the nature of the liabilities that are part of the supply chain financing arrangements may help in determining whether the related cash flows arise from operating or financing activities. Accordingly, the settlement of trade related payables directly by the relevant financiers which resulted in derecognition of the relevant liabilities constitute non-cash transactions and the entity's subsequent settlement with financiers should be considered as repayment of borrowings and presented under financing activities in the statement of cash flows.

Upon issuance of the agenda decision, the management of the Group reassessed the Group's accounting policies in respect of the presentation of cash flows arising from issuing the negotiation letter of credit to intragroup companies, in which the Group considered the cash received from issuing as borrowings whilst the cash flows relating to the borrowings were presented under operating activities as the management considered the cash flows are in substance based on sales. Based on the clarification through the agenda decision, the Group changed its accounting policies retrospectively by presenting the cash received from issuing under financing activities in the consolidated statement of cash flows.

Effects of this change in accounting policies on the consolidated statement of cash flows are as follows:

- Proceeds received from issuing the negotiation letter of credit to intragroup companies previously included under operating activities of approximately RMB70,000,000 have been reclassified and presented as cash inflows under financing activities for the year ended 31 December 2020, which resulted in decrease in net cash from operating activities for the year ended 31 December 2020 by approximately RMB70,000,000, and increase in net cash from financing activities for the year ended 31 December 2020 by approximately RMB70,000,000; and

- For the year ended 31 December 2021, the net cash from operating activities would have been decreased by approximately RMB5,000,000 and the net cash from financing activities would have been decreased by RMB5,000,000, if the Group has not changed the accounting policies.

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

2.1 Impacts on application of the agenda decision of the Committee — Supply Chain Financing Arrangements (continued)

Effects of this change in accounting policies on the consolidated statement of financial position are as follows:

	As at 31/12/2020 (Originally stated)	Adjustments	As at 31/12/2020 (Restated)
	RMB'000	RMB'000	RMB'000
Current Liabilities			
Trade and other payables	1,407,029	(150,000)	1,257,029
Borrowings	501,700	150,000	651,700

If the Group has not changed the accounting policies, the trade and other payables would be RMB2,362,758,000 and the borrowings under current liabilities would be RMB827,434,000 for the financial position of the Group as at 31 December 2021.

The reclassification described above has had no effect on reported profit or loss, total comprehensive income, equity and earnings per share for any period presented.

The effect of issuing the negotiation letter of credit to intragroup companies on its cash flows and disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities have been included in the financing cash flows of borrowings presented in Note 48.

2.2 Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (IAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and transportation cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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

Amendments to IFRSs that are early applied for the current year

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 "Inventories".

The Group has early applied the Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use in the current year. Upon application of the amendments, such sale proceeds and the related costs was included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. During the year ended 31 December 2021, sale proceeds and related costs amounted to RMB59,992,000 and RMB54,172,000 respectively.

Impact on the consolidated statements of profit or loss and other comprehensive income

	Year ended 31/12/2021 RMB'000
Increase in revenue	59,992
Increase in cost of sales	54,172
Increase in income tax expense	1,455
Net increase in profit for the year	4,365
Increase in profit for the year attributable to:	
– Owners of the Company	2,226
– Non-controlling interests	2,139
	4,365

There is no effect of the changes in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 December 2020 and as at the beginning of the comparative period, i.e. 1 January 2020. The basic earnings per share from impact is less than RMB0.01 per share for the years ended 31 December 2021.

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB5,543,000 and RMB5,012,000 respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained profits (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

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

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in 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).

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

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

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

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

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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

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

Goodwill

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

Revenue from contracts with customers

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

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

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

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

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

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

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

Principal versus agent

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

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

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

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

3.2 Significant accounting policies (continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

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

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

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

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

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Classification and measurement of leases (continued)

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

Foreign currencies

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

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

Borrowing costs

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

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

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

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

3.2 Significant accounting policies (continued)

Government grants

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

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

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

3.2 Significant accounting policies (continued)

Taxation

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

Taxation (continued)

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

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

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

Property, plant and equipment

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

Buildings and structures, machinery and equipment and office equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

3.2 Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

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

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

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

Inventories

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

Financial instruments

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

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

(ii) Bills receivables classified as at FVTOCI

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

(iii) Financial assets at FVTPL

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

(ii) Definition of default

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

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

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

- Past-due status; and
- Nature, size and industry of debtor.

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

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

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

Derecognition of financial assets

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

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity instruments

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Principal versus agent consideration

The Group engages in trading of coal and coke and its role involving in these trading sales contracts are varied. The Group identifies its role of each contract by analysing the nature of of underlying promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group concluded that it acts as the principal for such transactions as it controls specified products before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, retains inventory risk and has discretion in establishing the price. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. When Group did not obtain the control over products before passing on to customers taking into consideration of the same indicators as above, the Group acts as an agent in this type of trading and recognises revenue in the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods provided by that party.

During the year ended 31 December 2021, the Group recognised revenue, acting as a principal, amounted to RMB1,343,908,000 (2020: RMB1,245,509,000) and fee revenue, acting as an agent, amounted to RMB6,434,000 (2020: RMB11,319,000) respectively relating to trading of coal and coke for the continuing operations.

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Key sources of estimation uncertainty (continued)

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; and (ii) whether the carrying value of an asset can be supported by the recoverable amount, which is higher of value in use and fair value less costs of disposal.

In the case of value in use, the net present value of future cash flows are estimated based upon the continuing use of the asset. The appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

In the case of fair value less costs of disposal for assets to be sold, the price that would be received to sell an asset in an orderly transaction between market participants and the disposal costs are estimated based upon the bidding price from third parties through an open tender for the relevant assets.

When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the management of the Group estimates the recoverable amount of the CGUs to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amount for the purpose of impairment assessment.

As at 31 December 2021, due to the phasing-out of two 4.3 metres high furnaces in support of environmental protection measures in December 2020, coke dry quenching and related facilities had been in idle. With the indicator of impairment, the recoverable amount of those assets has been assessed in a CGU based on a value in use calculation. The carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were RMB729,400,000 (2020: RMB1,044,576,000) and RMB71,551,000 (2020: RMB72,653,000) respectively. No impairment loss was recognised on the CGU to which the coke dry quenching and related facilities belongs during the year ended 31 December 2021 (2020: Nil). Details of the impairment movement on property, plant and equipment are disclosed in Note 17.

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

Key sources of estimation uncertainty (continued)

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is based on estimated selling prices less any estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period.

During the year ended 31 December 2021, inventory allowance of RMB628,000(2020: RMB2,118,000) were derecognised upon realisation of sales and an additional allowance of RMB2,618,000 (2020: RMB628,000) was recognised based on estimated net realisable value.

As at 31 December 2021, the carrying amount of inventories is RMB467,673,000 (2020: RMB370,945,000) (net of allowance for inventories of RMB2,618,000 (2020: RMB628,000)).

Provision of ECL for Trade-related Receivables

Lifetime ECL for Trade-related Receivables which are not credit-impaired are assessed on a collective basis based on the Group's internal credit ratings, whereas debtors which considered credit-impaired are assessed on individual basis, taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. The internal credit ratings assigned and the loss rate determined is based on the creditors' historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL for Trade-related Receivables are disclosed in Note 47.

Fair value measurement of Bills receivables at FVTOCI

As at 31 December 2021, the Group's bills receivables at FVTOCI amounting to RMB806,113,000 (2020: RMB842,274,000) are measured at fair values with fair values being determined based on observable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques which is reflective of the current market conditions and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of fair value measurement of financial instruments are set out in Note 47.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Continuing operations

	For the year ended 31 December 2021						
Segments*	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service							
Sales of goods							
Coke	3,822,840	—	—	—	1,371,194#	—	5,194,034
Ammonium sulphater	—	14,550	—	—	—	—	14,550
Benzene based chemicals	—	83,098	1,065,598	—	—	—	1,148,696
Coal tar based chemicals	—	178,141	663,371	—	—	—	841,512
Coal gas	—	—	—	492,384	—	—	492,384
LNG	—	—	—	15,438	79,962	—	95,400
Coal	—	—	—	—	284,004#	—	284,004
Refined oil	—	—	—	—	56,617	—	56,617
Others	—	21,182	—	11,406	38,397	2,755	73,740
	3,822,840	296,971	1,728,969	519,228	1,830,174	2,755	8,200,937
Providing services							
Trading agency	—	—	—	—	36,405##	—	36,405
Energy supply	—	—	—	17,588	—	63,127	80,715
Others	—	—	—	—	—	13,491	13,491
	—	—	—	17,588	36,405	76,618	130,611
Total	3,822,840	296,971	1,728,969	536,816	1,866,579	79,373	8,331,548

Included in trading of coke and coal are inter-group sales amounting to RMB311,290,000, which are recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB1,343,908,000, relating to trading of coal and coke.

RMB29,971,000 out of total, are inter-group trading agency services. The Group recognized fee revenue from contracts with external customers, acting as an agent, amounted to RMB6,434,000, relating to trading of coal and coke.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

Continuing operations (continued)

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

	For the year ended 31 December 2021		
	Segment revenue	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000
Coke	3,822,840	(443)	3,822,397
Coking by-products	296,971	(261,258)	35,713
Refined chemicals	1,728,969	(22,989)	1,705,980
Energy products	536,816	(237,485)	299,331
Trading	1,866,579	(347,502)	1,519,077
Other Services	79,373	(63,611)	15,762
Revenue from contracts with customers	8,331,548	(933,288)	7,398,260

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

Continuing operations

	For the year ended 31 December 2020 (restated) (Note)						
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
LNG	—	—	—	230,020	30,359	—	260,379
Coal	—	—	—	—	21,405#	—	21,405
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	1,342,031	1,046	6,999,831
Providing services							
Trading agency	—	—	—	—	30,375##	—	30,375
Energy supply	—	—	—	20,547	—	98,370	118,917
Others	—	—	—	—	—	8,310	8,310
	—	—	—	20,547	30,375	106,680	157,602
Total	3,586,692	259,794	992,895	837,920	1,372,406	107,726	7,157,433

\# Represents trading sales recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB1,245,509,000, relating to trading of coal and coke.

\## RMB19,056,000 out of total, are inter-group trading agency services. The revenue from provision of trading agency are recorded at net amount for which the Group acts as agent. The Group recognized fee revenue from contracts with external customers, acting as an agent, amounted to RMB11,319,000, relating to trading of coal and coke.

Note: Following the disposal of a non-wholly subsidiary, the Group no longer operates railway related storage and logistics services and the segment information was restated and does not include any amounts for the railway related storage and logistic services, which are described in more detail in Note 12.

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

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

Continuing operations (continued)

	For the year ended 31 December 2020 (restated) (Note)		
	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	1,372,406	(23,594)	1,348,812
Other Services	107,726	(94,207)	13,519
Revenue from contracts with customers	7,157,433	(765,083)	6,392,350

Performance obligations for contracts with customers

The Group is mainly engaged the production and sales of coke, coking by-products and derivative chemical products, coal gas, LNG, trading of coke and coal and provision of Other Services, for which revenue is recognised at point in time.

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

For trading of coke and coal as an agent, revenue is recognised at a point in time when the agent service has been completed, being when the goods have been delivered from the suppliers to the customers, and collectability of the related receivables is reasonably assured.

In general, for some customers with long-term relationships, the normal credit term is 30 to 60 days upon delivery. For other general customers, non-refundable prepayment from these customers is required in advance according to the contracts entered and recognised as a contract liability until the products have been delivered to the customer.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

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

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

	Sales of goods						
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations							
For the year ended 31 December 2021							
External sales	3,822,397	35,713	1,705,980	299,331	1,519,077	15,762	7,398,260
Inter-segment sales	443	261,258	22,989	237,485	347,502	63,611	933,288
	3,822,840	296,971	1,728,969	536,816	1,866,579	79,373	8,331,548
Segment results	918,716	(5,316)	119,175	(64,686)	61,741	714	1,030,344
Other income							43,673
Other gains and losses							(93,209)
Impairment losses, under ECL model, net of reversal							(2,907)
Selling and distribution expenses							(104,398)
Administrative expenses							(140,288)
Finance costs							(48,285)
Share of result of a joint venture							3,334
Unallocated expenses							(15,087)
Profit before tax							673,177

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	Sales of goods						
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations							
For the year ended 31 December 2020 (restated)							
External sales	3,586,692	23,788	977,628	441,911	1,348,812	13,519	6,392,350
Inter-segment sales	—	236,006	15,267	396,009	23,594	94,207	765,083
	3,586,692	259,794	992,895	837,920	1,372,406	107,726	7,157,433
Segment results	939,159	3,250	3,504	68,558	42,728	1,116	1,058,315
Other income							43,615
Other gains and losses							(7,368)
Impairment losses, under ECL model, net of reversal							(39,943)
Selling and distribution expenses							(139,313)
Administrative expenses							(110,169)
Finance costs							(61,208)
Share of result of a joint venture							2,194
Share of result of associates							(40,951)
Unallocated expenses							(10,819)
Profit before tax							694,353

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the gross profit from each segment without allocation of other income, other gains and losses, impairment losses under ECL model, net of reversal, selling and distribution expenses, administrative expenses, finance costs, share of result of a joint venture and share of result of an associate. Sales related taxes are classified as unallocated expenses.

Inter-segment sales are charged at prevailing market rates.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

	Sales of goods							
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2021								
Amounts included in measure of segment results:								
Depreciation and amortisation	59,159	746	37,887	41,528	6,181	7,528	22,454	175,483

	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 (restated)								
Amounts included in measure of segment results:								
Depreciation and amortisation	43,998	1,032	34,740	37,384	4,436	3,024	22,723	147,337

Entity-wide disclosures

Geographical information

During the years ended 31 December 2021 and 2020, all of the Group's revenue from external customers, from continuing operations, were generated from the PRC whereas all non-current assets are located in the PRC as at 31 December 2021 and 2020.

5. REVENUE AND SEGMENT INFORMATION (continued)

Entity-wide disclosures (continued)

Information about major customers

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

	Year ended	
	31/12/2021	31/12/2020
	RMB'000	RMB'000
Jiangxi PXSteel and its subsidiaries (Notes i and ii)	**1,614,677**	1,037,643
Maanshan Steel (Notes i and ii)	**767,199**	899,875
Customer A (Note i)	**1,236,966**	1,092,667
Customer B (Note i)	**N/A***	737,187

* Revenue from the customer was less than 10% of the total revenue during the year ended 31 December 2021.

Notes:

(i) Revenue from sale of coke.

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

6. OTHER INCOME

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000 (restated)
Continuing operations		
Interest income on bank deposits	**17,497**	12,451
Interest income on bills receivables at FVTOCI	**18,933**	21,439
Release of asset-related government subsidies (Note 39)	**2,088**	2,100
Government grants	**3,107**	4,414
Dividends from financial assets at FVTPL	**—**	3,050
Others	**2,048**	161
	43,673	43,615

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000 (restated)
Continuing operations		
Gain on fair value changes of financial assets at FVTPL	8,196	27,202
Net loss arising on bills receivables at FVTOCI	(27,983)	(24,705)
Impairment loss recognised in respect of property, plant and equipment (Note 17)	(27,381)	(8,457)
Loss on disposal of property, plant and equipment	(46,435)	(1,152)
Foreign exchange gain, net	152	449
Others	242	(705)
	(93,209)	(7,368)

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

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000 (restated)
Continuing operations		
Impairment losses recognised (reversed) on:		
– trade receivables	2,907	(5,997)
– advance to an associate	—	45,940
	2,907	39,943

Details of impairment assessment are set out in Note 47.

9. FINANCE COSTS

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations		
Interest expense on:		
– bank borrowings	**59,198**	61,070
– lease liabilities	**326**	323
	59,524	61,393
Less: amounts capitalised	**(11,239)**	(185)
	48,285	61,208
Capitalisation rate – per annum	**4.50%**	5.08%

10. PROFIT BEFORE TAX

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations		
Profit before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration (Note 15)	**3,704**	2,700
Other staff costs	**178,844**	120,970
Other staffs' benefit (Note 37)	**25,221**	13,247
Total staff costs	**207,769**	136,917
Capitalised in inventories	**(94,915)**	(90,795)
Capitalised in property, plant and equipment	**(42,423)**	(867)
	70,431	45,255
Depreciation of property, plant and equipment	**149,162**	126,909
Capitalised in inventory	**(136,914)**	(117,132)
	12,248	9,777
Depreciation of right-of-use assets	**8,456**	4,467
Amortisation of intangible assets (included in cost of sales)	**17,865**	15,961
Auditors' remuneration	**2,010**	2,450
Cost of inventories recognised as expenses	**6,367,916**	5,334,035

11. INCOME TAX EXPENSE

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
– current tax	**192,364**	189,792
– under-provision in prior years	**586**	2,002
Deferred tax	**(20,453)**	(3,791)
	172,497	188,003

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

The taxation charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations		
Profit before tax	**673,177**	694,353
Tax charge at the applicable income tax rate of 25% (2020: 25%)	**168,294**	173,588
Tax effect of expenses not deductible for tax purposes	**1,142**	1,688
Tax effect of tax concessions	**377**	834
Tax effect of share of results in associates and a joint venture	**(834)**	9,689
Tax effect of tax losses not recognised	**3,741**	621
Under-provision in prior years	**586**	2,002
Tax effect of income not taxable for tax purpose (Note)	**(750)**	(290)
Others	**(59)**	(129)
Income tax expense	**172,497**	188,003

Note:

Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources ("資源綜合利用") is eligible for tax deduction. During the year ended 31 December 2021, the Group had tax deduction under the scheme of RMB750,000 (2020: RMB290,000).

12. DISCONTINUED OPERATIONS

During the year, the Group entered into a sale agreement to dispose its 51% equity interest in Yan'an Jinneng Railway Logistics Technology Co., Ltd. ("Yan'an Jinneng") 延安金能鐵路物流科技有限公司 and its subsidiary, Yan'an Liyuan Minerals Railway Logistics Co., Ltd. ("Liyuan Railway") 延安利源礦業鐵路運輸有限公司, (together, "Disposal Group A"). The 80% interest in Liyuan Railway was acquired by the Group from an independent third party on 31 May 2020. Disposal Group A carried out the Group's coal trading business, railway related storage and logistics services previously included in the Group's Other Services for segment reporting purposes. The disposal was effected in order to generate cash flows for the expansion of the Group's strategic businesses. The disposal was completed on 30 September 2021, on which date the control of Disposal Group A passed to the acquirer.

During the year, the Group also resolved to dispose of its 35% equity interest in an associate, Yan'an Energy Railway Transportation Co., Ltd. ("Yan'an Railway") 延安能源鐵路運銷有限公司 ("Disposal Group B"), which cooperates with Disposal Group A in coal trading business. The Group entered into a sale agreement on 30 September 2021 and the disposal was completed on the same day.

The Group entered into a sale agreement to dispose its 52.38% equity interest in Shaanxi Jinma Energy Sources Co., Ltd. ("Shaanxi Jinma") 陝西金馬能源有限公司 ("Disposal Group C"), which is the holding company of Disposal Group A. The disposal was completed on 30 November 2021, on which date the control of Disposal Group C passed to the acquirer.

The operations of the Disposal Group A, Disposal Group B and Disposal Group C (together the "Disposal Groups") are treated as discontinued operations. The profit for the year from the Disposal Groups is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Disposal Groups as a discontinued operation.

	From 1/1/2021 to respective disposal dates	From incorporation/ acquisition date to 31/12/2020
	RMB'000	RMB'000
Profit of the Disposal Groups for the period	17,421	14,948
Loss on disposal of the Disposal Groups	(10,354)	—
Income tax relating to profit from discontinued operations	—	(128)
	7,067	14,820

12. DISCONTINUED OPERATIONS (continued)

The results of the Disposal Groups for the period from 1 January 2021 to respective disposal dates, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1/1/2021 to respective disposal dates	From incorporation/ acquisition date to 31/12/2020
	RMB'000	RMB'000
Revenue	1,041,730	741,350
Cost of sales	(1,002,577)	(713,818)
Gross profit	39,153	27,532
Other income	109	165
Other gains and losses	(3,941)	(28)
Selling and distribution expenses	(7,371)	(4,170)
Administrative expenses	(5,914)	(5,672)
Finance costs	(1,709)	(497)
Share of result in an associate	595	510
Profit before tax	20,922	17,840
Income tax expense	(3,501)	(2,892)
Profit for the period	17,421	14,948
Profit for the period from 1 January 2021 to respective disposal dates from discontinued operations includes the following:		
Depreciation of property, plant and equipment	6,552	5,998
Depreciation of right-of-use assets	2,495	3,170
Amortisation of intangible assets (included in cost of sales)	174	203
Cash flows from the Disposal Groups:		
Net cash flows from (used in) operating activities	80,254	(352,908)
Net cash flows used in investing activities	(45,352)	(98,864)
Net cash flows (used in) from financing activities	(70,615)	500,000
Net cash flows	(35,713)	48,228

The carrying amounts of the assets and liabilities of Group A and Disposal Group C at the date of disposal are disclosed in Note 41.

13. OTHER COMPREHENSIVE INCOME

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000 (restated)
Continuing operations		
Other comprehensive (expense) income includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value change arising from bills receivables at FVTOCI	(136,745)	(128,382)
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	134,454	130,205
	(2,291)	1,823

Income tax effect relating to other comprehensive income

	Year ended 31/12/2021			Year ended 31/12/2020		
	Before-tax amount RMB'000	Tax credit RMB'000	Net-of-income tax amount RMB'000	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-income tax amount RMB'000
Item that may be reclassified subsequently to profit or loss:						
Fair value (loss) gain on:						
– bills receivables at FVTOCI	(3,054)	763	(2,291)	2,430	(607)	1,823

14. DIVIDENDS

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 Interim – RMB0.10 (2020: 2020 interim dividend RMB0.10) per share	**53,542**	53,542
2020 Final – RMB0.20 (2020: 2019 final dividend RMB0.30) per share	**107,084**	160,626
	160,626	214,168

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of RMB0.20 per share (2020: RMB0.20 per share), in an aggregate amount of RMB107,084,000 (2020: 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 RMB23,004,000 (2020: RMB9,800,000) during the year ended 31 December 2021.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', Chief Executive's and Supervisors' emoluments

Details of the emoluments paid to the individuals who were appointed as the directors, chief executive and supervisors are as follows:

	Fees	Basic salaries	Performance related bonuses	Retirement benefit	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2021					
Executive directors:					
Mr. Yiu Chiu Fai	—	—	—	—	—
Mr. Wang Mingzhong	—	652	789	24	1,465
Mr. Li Tianxi	—	413	254	24	691
Non-executive directors:					
Mr. Hu Xiayu	—	—	—	—	—
Ms. Ye Ting	—	—	—	—	—
Mr. Wang Kaibao	—	—	—	—	—
Independent non-executive directors:					
Mr. Wu Tak Lung	280	—	—	—	280
Mr. Meng Zhihe	120	—	—	—	120
Mr. Cao Hongbin	120	—	—	—	120
Supervisors:					
Mr. Wong Tsz Leung	—	—	—	—	—
Mr. Fan Xiaozhu (Note)	—	127	77	15	219
Mr. Zhang Wujun (Note)	—	142	—	5	147
Ms. Li Lijuan	—	—	—	—	—
Mr. Zhou Tao David	80	—	—	—	80
Ms. Tian Fangyuan	80	—	—	—	80
Ms. Hao Yali	—	255	232	15	502
	680	1,589	1,352	83	3,704

Note:

The Group held a meeting of employees representatives of the Group on 23 April 2021, in which Mr. Zhang Wujun tendered his resignation and Mr. Fan Xiaozhu was elected as an employee representative supervisor of the Company, with effect from 23 April 2021.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors', Chief Executive's and Supervisors' emoluments (continued)

	Fees	Basic salaries	Performance related bonuses	Retirement benefit	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2020					
Executive directors:					
Mr. Yiu Chiu Fai	—	—	—	—	—
Mr. Wang Mingzhong	—	541	300	24	865
Mr. Li Tianxi	—	370	200	24	594
Non-executive directors:					
Mr. Hu Xiayu	—	—	—	—	—
Mr. Qiu Quanshan (Note i)	—	—	—	—	—
Ms. Ye Ting	—	—	—	—	—
Mr. Wang Kaibao (Note i)	—	—	—	—	—
Independent non-executive directors:					
Mr. Wu Tak Lung	280	—	—	—	280
Mr. Liu Yuhui (Note ii)	50	—	—	—	50
Mr. Meng Zhihe (Note ii)	120	—	—	—	120
Mr. Cao Hongbin (Note iii)	—	—	—	—	—
Supervisors:					
Mr. Wong Tsz Leung	—	—	—	—	—
Mr. Zhang Wujun	—	227	70	15	312
Ms. Li Lijuan	—	—	—	—	—
Mr. Zhou Tao David	80	—	—	—	80
Ms. Tian Fangyuan	80	—	—	—	80
Ms. Hao Yali	—	204	100	15	319
	610	1,342	670	78	2,700

Notes:

(i) Mr. Qiu Quanshan tendered his resignation as a non-executive director with effect from 25 May 2020 whereas Mr. Wang Kaibao was appointed as a non-executive director on the same day.

(ii) Mr. Liu Yuhui tendered his resignation as an independent non-executive director with effect from 25 May 2020 whereas Mr. Meng Zhihe was appointed as an independent non-executive director on the same day.

(iii) Mr. Cao Hongbin was appointed as an independent non-executive director of the Company on 23 December 2020.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors', Chief Executive's and Supervisors' emoluments (continued)

Certain executive directors and supervisors who did not receive emoluments during the reporting periods, also held positions in the corporate shareholders of the Company and their subsidiaries ("Shareholder's Entities") and the emoluments were borne by the respective Shareholder's Entities for the services rendered for the Shareholder's Entities. In the opinion of the directors of the Company, it is not practicable to allocate their remunerations to the Group.

Mr. Wang Mingzhong is the chief executive of the Company and his emolument disclosed above include those for services in connection with the management of affairs of the Group rendered by him as the chief executive.

The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group whereas those paid to non-executive director and independent non-executive directors were for their services as directors of the Company.

The performance related bonuses were determined by the management of the Group by reference to the performance and market trend as relevant.

Five individuals with the highest emoluments

Of the five individuals with the highest emoluments in the Group one (2020: two) was a director of the Company for the year ended 31 December 2021, whose emoluments is included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Salaries, wages and allowance	**2,583**	1,767
Performance related bonuses	**1,412**	908
Retirement benefit	**125**	89
	4,120	2,764

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Five individuals with the highest emoluments (continued)

The five individuals with the highest emoluments were within the following bands:

	Number of employees	
	2021	2020
Nil to Hong Kong Dollar ("HK$") 1,000,000	**Nil**	3
HK$1,000,001 to HK$1,500,000	**3**	2
HK$1,500,001 to HK$2,000,000	**2**	Nil

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office during both years. None of the directors waived any emoluments during both years.

16. EARNINGS PER SHARE

For continuing operations and discontinued operations

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

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**486,522**	485,472
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

16. EARNINGS PER SHARE (continued)

For continuing operations

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

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**486,367**	480,834
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

For discontinued operations

Based on the gain for the current year from discontinued operations of RMB155,000 (2020: RMB4,638,000 (restated)) and with the same denominators detailed above, the basic earnings per share from discontinued operations is less than RMB0.01 per share for the year ended 31 December 2021 (2020: less than RMB0.01 per share).

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 2021 and 2020.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2020	678,871	1,494,516	18,783	81,864	203,169	2,477,203
Addition on acquisition of business (Note 40)	255,197	40,032	—	444	—	295,673
Additions	15,546	16,005	4,875	2,495	624,991	663,912
Transfer	20,577	148,525	—	4,708	(173,810)	—
Disposals	(1,999)	(4,010)	(3,054)	(78)	—	(9,141)
At 31 December 2020	968,192	1,695,068	20,604	89,433	654,350	3,427,647
Addition on acquisition of business (Note 40)	422	—	—	511	—	933
Disposal of subsidiaries (Note 41)	(256,675)	(41,434)	(901)	(1,172)	(3,215)	(303,397)
Additions	7,881	15,167	3,031	2,806	2,476,678	2,505,563
Transfer	434,738	1,197,612	—	222	(1,632,572)	—
Disposals	(66,141)	(296,655)	(230)	(13,321)	(372)	(376,719)
At 31 December 2021	**1,088,417**	**2,569,758**	**22,504**	**78,479**	**1,494,869**	**5,254,027**
Depreciation						
At 1 January 2020	278,727	571,766	10,621	41,062	—	902,176
Provided for the year	34,356	91,011	2,474	5,066	—	132,907
Eliminated on disposals	(486)	(3,339)	(2,906)	(62)	—	(6,793)
At 31 December 2020	312,597	659,438	10,189	46,066	—	1,028,290
Provided for the year	43,074	104,817	3,023	4,800	—	155,714
Disposal of subsidiaries (Note 41)	(8,294)	(3,957)	(94)	(173)	—	(12,518)
Eliminated on disposals	(44,114)	(214,139)	(196)	(11,455)	—	(269,904)
At 31 December 2021	**303,263**	**546,159**	**12,922**	**39,238**	**—**	**901,582**
Impairment						
At 1 January 2020	—	—	—	—	—	—
Recognised in profit or loss	5,555	2,902	—	—	—	8,457
At 31 December 2020	5,555	2,902	—	—	—	8,457
Recognised in profit or loss	—	27,381	—	—	—	27,381
Eliminates on disposals	(5,555)	(30,283)	—	—	—	(35,838)
At 31 December 2021	—	—	—	—	—	—
Carrying values						
At 31 December 2021	**785,154**	**2,023,599**	**9,582**	**39,241**	**1,494,869**	**4,352,445**
At 31 December 2020	650,040	1,032,728	10,415	43,367	654,350	2,390,900

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Buildings and structures	3%-10%
Machinery and equipment	4%-32%
Motor vehicles	6%-19%
Office equipment	6%-32%

Impairment assessment

On 9 December 2020, the Group initiated the phasing-out of two 4.3 metres high furnaces in support of environmental protection measures promulgated by the PRC government. The two furnaces and related facilities with carrying amount of RMB31,997,000 before impairment were ceased to use. Also, coke dry quenching, which under construction, and some coke related facilities with carrying amount of RMB165,221,000 could not achieve their original intended uses due to environmental protection measures as mentioned above. The management of the Group concluded there was indication for impairment and conducted impairment assessment on estimating the recoverable amounts of the aforementioned property, plant and equipment.

An impairment loss of RMB8,457,000 was recognised against the carrying amount of property, plant and equipment for the two furnaces and related facilities during the year ended 31 December 2020. The recoverable amount of these property, plant and equipment was estimated based on fair value less disposal cost by reference to the hammer price at auction.

Due to a new construction project initiated in June 2021, desulfurization, denitrification and dust removal for air ducts of coking furnaces had been planned to be removed, which has been disposed in August 2021. With this impairment indicator, recoverable amount of these assets was estimated as the residual vaule and an impairment loss of RMB27,381,000 was recognised against the carrying amount of property, plant and equipment during the year ended 31 December 2021.

In addition, the Group estimates the recoverable amount of the CGU of the Company to which the coke dry quenching and related facilities belongs, as it is not possible to estimate the recoverable amount of these assets individually. The recoverable amount of the CGU of the Company to which the coke dry quenching and related facilities belongs, has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management of the Group covering a 5-year period with a pre-tax discount rate of 14.5% (2020: 14.5%). The cash flows beyond the five-year period are extrapolated using 3% (2020: 3%) growth rate and the forecast period is based on the expected remaining useful life of the CGU. Another key assumption underlying the value in use calculation is the budgeted gross margin, which is determined based on the CGU's past performance and management expectations for the market development.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment assessment (continued)

The carrying amounts of property, plant and equipment and right-of-use assets, subject to impairment assessment in this CGU were RMB729,400,000 (2020: RMB1,044,576,000) and RMB71,551,000 (2020: RMB72,653,000) respectively. No impairment loss was recognised on the CGU to which the coke dry quenching and related facilities belongs during the year ended 31 December 2021 (2020: Nil). The management believes that any reasonably possible change in any of these assumptions would not result in impairment.

18. RIGHT-OF-USE ASSETS

	Leasehold lands	Office premises	Machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020				
Carrying amount	139,137	2,527	—	141,664
Additions	336	3,794	—	4,130
Addition on acquisition of business (Note 40)	89,387	—	—	89,387
Lease modification	(60)	—	—	(60)
Depreciation charged during the year	(5,548)	(2,089)	—	(7,637)
As at 31 December 2020	223,252	4,232	—	227,484
Additions	203,889	1,498	940	206,327
Addition on acquisition of business (Note 40)	81	—	—	81
Lease termination	—	(1,447)	—	(1,447)
Disposal of subsidiaries (Note 41)	(86,283)	(88)	—	(86,371)
Depreciation charged during the year	(8,280)	(2,295)	(376)	(10,951)
As at 31 December 2021	**332,659**	**1,900**	**564**	**335,123**

18. RIGHT-OF-USE ASSETS (continued)

The above items of right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Leasehold lands	2.0%-20%
Office premises	20%-50%
Machinery	60%

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Expense relating to short-term leases (Note)	**443**	323
Total cash outflow for leases	**206,806**	92,886

Note:

The short-term leases are mainly apartments rented for staff and office premises. The Group has elected the recognition exemption on short-term leases and recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expenses disclosed above.

For both years, the Group leases offices and machinery for its operations. Lease contracts are entered into for fixed term of 12 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for five (2020: six) leasehold lands with carrying amount of RMB3,077,000 (2020: RMB6,538,000) in which the Group obtains the right of use under long-term lease contracts.

Variable lease payment

In April 2010, the Company entered into a 30-year land lease contract for the expansion of "Zenan Reservoir" to improve the Company's water supply for production of coke. The lease price is adjusted every 5 years according to the National Grain Purchase Price ("國家糧食收購價格"), and the annual lease price for each Mu ("畝") of the land is calculated by the purchase price of 550 kilogram of wheat. After the adjustment in 2020, the lease price is RMB244,000 per year. It is expected the next price adjustment will be in the year of 2025.

18. RIGHT-OF-USE ASSETS (continued)

Restrictions or covenants on leases

In addition, lease liabilities of RMB5,012,000 are recognised with related right-of-use assets of RMB5,542,000 as at 31 December 2021 (2020: lease liabilities of RMB9,896,000 are recognised with related right-of-use assets of RMB10,770,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. INTANGIBLE ASSETS

	Franchise right	Operating license	Coke capacity	Total
	RMB'000	RMB'000	RMB'000 (Note)	RMB'000
Cost				
At 1 January 2020	93,502	22,384	—	115,886
Addition on acquisition of business (Note 40)	6,951	—	—	6,951
At 31 December 2020	100,453	22,384	—	122,837
Addition	—	—	141,510	141,510
Addition on acquisition of business (Note 40)	—	6,634	—	6,634
Disposal of a subsidiary	(6,951)	—	—	(6,951)
At 31 December 2021	93,502	29,018	141,510	264,030
Amortisation				
At 1 January 2020	44,523	492	—	45,015
Charge for the year	15,045	1,119	—	16,164
At 31 December 2020	59,568	1,611	—	61,179
Charge for the year	11,753	1,569	4,717	18,039
Disposal of subsidiaries	(377)	—	—	(377)
At 31 December 2021	70,944	3,180	4,717	78,841
Carrying values				
At 31 December 2021	22,558	25,838	136,793	185,189
At 31 December 2020	40,885	20,773	—	61,658

19. INTANGIBLE ASSETS (continued)

The above intangible assets have finite useful lives, amortised on a straight-line basis over the following remaining periods:

	31/12/2021	31/12/2020
	years	years
Franchise right – sales of coal gas	**1.3**	2.3
Franchise right – railway transportation	**N/A***	40.3
Operating license of refined oil	**17.3**	18.3
Coke capacity	**14.5**	N/A

* Disposed due to disposal of subsidiaries as detailed in Note 41.

Note:

The coke capacity acquired during the year ended 31 December 2021 represents maximum coke production capacity of 600,000 tonnes per annum.

20. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting periods are set out below.

Name of subsidiary*	Place of establishment and operations	Equity interest attributable to the Group		Registered capital	Principal activities
		2021	2020		
Directly held:					
濟源市金源化工有限公司 (Jiyuan Jinyuan Chemicals Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Manufacturing and sales of benzene based chemicals
Shanghai Jinma	PRC	**100%**	100%	RMB50,000,000	Trading of coke, coal and coal mining equipment
河南博海化工有限公司 (Henan Bohigh Chemical Co., Ltd.)	PRC	**100%**	100%	United States dollar 7,700,000	Manufacturing and sale of coal tar based chemicals
濟源市金寧能源實業有限公司 (Jiyuan Jinning Energy Co., Ltd.) ("Jinning Energy")	PRC	**51%**	51%	RMB10,000,000	Distribution and sale of coal gas

20. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary*	Place of establishment and operations	Equity interest attributable to the Group		Registered capital	Principal activities
		2021	2020		
河南金瑞能源有限公司 (Henan Jinrui Energy Co., Ltd.) ("Jinrui Energy")	PRC	**71%**	71%	RMB100,000,000	Manufacturing and sale of LNG
深圳金馬能源有限公司 (Shenzhen Jinma Energy Co., Ltd.) ("Shenzhen Jinma")	PRC	**51%**	51%	RMB1,347,000,000	Project investment, and investment management
河南金馬環保科技有限公司 (Henan Jinma Environmental Protection Technology Co., Ltd.)	PRC	**60%**	60%	Nil./RMB10,000,000	Research and development of environmental protection technology
信陽鋼鐵金港能源有限公司 (Xinyang Steel Jingang Energy Co., Ltd.) ("Xinyang Steel")	PRC	**70%**	70%	RMB1,000,000,000	Production and sale of coke, electricity and heat energy
Indirectly held:					
河南金瑞燃氣有限公司 (Henan Jinrui Gas Co., Ltd.)	PRC	**100%**	100%	RMB25,500,000	Sales and retail of LNG and oil
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) ("Ouya Gas Station")	PRC	**100%**	100%	RMB500,000	Sales and retail of refined oil
河南金馬中東能源有限公司 (Henan Jinma Zhongdong Energy Co., Ltd.)	PRC	**100%**	100%	RMB1,347,000,000	Manufacturing and sale of coke
河南金馬氫楓氫能有限公司 (Henan Jinma Qingfeng Hydrogen Energy Co., Ltd)	PRC	**80%**	80%	Nil/RMB200,000,000	Provision of multimodal transportation, warehouse and distribution services for coal products
Yan'an Railway	PRC	**Nil**	51%	RMB400,000,000	Energy project investment, domestic trading, wholesale of coal and railway freight transportation

20. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary*	Place of establishment and operations	Equity interest attributable to the Group		Registered capital	Principal activities
		2021	2020		
Liyuan Railway	PRC	**Nil**	80%	RMB431,975,000	Provision of multimodal transportation, warehouse and distribution services for coal products
Shaanxi Jinma	PRC	**Nil**	52.38%	RMB210,000,000	Energy project investment and logistic project investment

* English name for identification only

All the subsidiaries of the Company are domestic limited liability companies. None of the subsidiaries had any debt securities outstanding at 31 December 2021 and 2020 or at any time during both years.

The Group invested RMB500,000,000 and the minority shareholder invested RMB300,000,000 in Xinyang Steel, during the year ended 31 December 2021.

The table below shows details of non-wholly-owned subsidiaries of the Company:

Name of subsidiary	Proportion ownership interest held by non-controlling interests At 31 December		Profit (loss) allocated to non-controlling interests Year ended 31 December		Accumulated non-controlling interests At 31 December	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Jinning Energy	**49**	49	**9,517**	14,664	**61,393**	66,575
Jinrui Energy	**29**	29	**(2,511)**	878	**35,002**	37,513
Shenzhen Jinma and its subsidiary	**49**	49	**7,232**	10,009	**683,369**	676,887
Xinyang Steel	**30**	30	**75**	(35)	**299,110**	(35)
Shaanxi Jinma and its subsidiaries	**Nil***	47.62	**6,912**	10,182	**—**	299,425
			21,225	35,698	**1,078,874**	1,080,365

* Shaanxi Jinma and its subsidiaries were disposed during the year ended 31 December 2021.

20. PARTICULARS OF SUBSIDIARIES (continued)

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jinning Energy

	31/12/2021 RMB'000	31/12/2020 RMB'000
Current assets	43,433	43,914
Non-current assets	102,476	119,938
Current liabilities	15,794	19,450
Non-current liabilities	4,824	8,534
Net equity	125,291	135,868
Equity attributable to owners of the Company	63,898	69,293
Equity attributable to non-controlling interests	61,393	66,575

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Revenue	266,436	326,463
Expenses	247,013	296,536
Profit for the year	19,423	29,927
Profit and total comprehensive income attributable to		
– the owners of the Company	9,906	15,263
– the non-controlling interests	9,517	14,664
Profit for the year	19,423	29,927
Dividends declared and paid to non-controlling interests	14,700	9,800
Net cash from operating activities	36,390	47,315
Net cash used in investing activities	(3,876)	(38,492)
Net cash used in financing activities	(32,673)	(20,000)
Net cash outflow	(159)	(11,177)

20. PARTICULARS OF SUBSIDIARIES (continued)

Shenzhen Jinma and subsidiary

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Current assets	951,116	1,205,962
Non-current assets	2,350,526	502,316
Current liabilities	1,150,146	326,508
Non-current liabilities	723,934	307
Net equity	1,427,562	1,381,463
Equity attributable to owners of the Company	744,193	704,576
Equity attributable to non-controlling interests	683,369	676,887

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Revenue	763,056	2,574
Other income and expense	715,427	17,853
Profit (loss) for the year	47,629	20,427
Profit (loss) attributable to		
– the owners of the Company	40,397	10,418
– the non-controlling interests	7,232	10,009
Profit (loss) for the year	47,629	20,427
Other comprehensive expense attributable to		
– the owners of the Company	(780)	—
– the non-controlling interests	(750)	—
Other comprehensive expense for the year	(1,530)	—
Total comprehensive income (expense) attributable to		
– the owners of the Company	39,617	10,418
– the non-controlling interests	6,482	10,009
Total comprehensive income (expense) for the year	46,099	20,427
Net cash used in operating activities	(181,674)	(22,184)
Net cash used in investing activities	(1,461,788)	(118,844)
Net cash from financing activities	953,754	—
Net cash outflow	(689,708)	(141,028)

21. GOODWILL

	Jinning Energy	Liyuan Railway	Gas Stations	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 January 2020	8,001	—	3,068	11,069
Addition on acquisition of business (Note 40)	—	29,392	—	29,392
At 31 December 2020	8,001	29,392	3,068	40,461
Addition on acquisition of business	—	—	1,767	1,767
Disposal of of subsidiaries (Note 41)	—	(29,392)	—	(29,392)
At 31 December 2021	**8,001**	**—**	**4,835**	**12,836**
Impairment				
At 1 January and 31 December 2020	—	—	2,167	2,167
Impairment loss recognised	—	4,778	—	4,778
Eliminated on disposal of subsidiaries (Note 41)	—	(4,778)	—	(4,778)
At 31 December 2021	**—**	**—**	**2,167**	**2,167**
Carrying values				
At 31 December 2021	**8,001**	**—**	**2,668**	**10,669**
At 31 December 2020	8,001	29,392	901	38,294

21. GOODWILL (continued)

For the purposes of impairment testing, goodwill has been allocated to four (2020: four) individual CGUs, comprising one subsidiary engaged in distribution and sales of coal gas and three gas stations engaged in retail of refined oil (2020: one subsidiary engaged in distribution and sales of coal gas, one subsidiary engaged in railway related storage and logistics services and two gas stations engaged in retail of refined oil). The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill	
	31/12/2021	31/12/2020
	RMB'000	RMB'000
Sales of coal gas – Jinning Energy (Unit A)	**8,001**	8,001
Retail of refined oil – Ouya Gas Station (Unit B)	**253**	253
Retail of refined oil – Liandong Gas Station (Unit C)	**648**	648
Railway related storage and logistics services – Liyuan Railway (Unit D)	**N/A**	29,392
Retail of refined oil – Jidong Gas Station (Unit E)	**1,767**	N/A
	10,669	38,294

In addition to goodwill above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment. The carrying values of the operating license of refined oil are determined and allocated to Unit B, Unit C and Unit E based on the the purchase price allocation exercise.

The recoverable amount of Unit A has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2020: 5-year), and discount rate of 28.5% (2020:28.5%). Unit A's cash flows beyond the 5-year period (2020:5-year) are extrapolated using a steady 2% growth rate (2020:2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to Unit A.

The management of the Group believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of Unit A to exceed its recoverable amount. The management of the Group determines that there is no impairment of Unit A containing goodwill during both years. Also management of the Group determines that there is no impairment on other units containing goodwill during both years after impairment assessment.

22. INTEREST IN A JOINT VENTURE

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Cost of unlisted investment in a joint venture	49,000	49,000
Share of post-acquisition results, net of dividends received	10,502	7,168
	59,502	56,168

Details of the Group's joint venture at the end of the reporting period are set out below:

Name of joint venture*	Place of registration and operations	Fully paid registered capital	Proportion of ownership interest/voting rights attributable to the Group		Principal activities
			2021	2020	
Henan Jinjiang Refinery Co., Ltd. ("Jinjiang Refinery") 河南金江煉化有限公司	PRC	RMB100,000,000	49%	49%	Manufacture and sale of hydrogen

* English name for identification only

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in the consolidated financial statements.

22. INTEREST IN A JOINT VENTURE (continued)

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Current assets	23,451	18,039
Non-current assets	115,531	135,541
Current liabilities	6,975	28,135
Non-current liabilities	10,575	10,817
The above amounts of assets and liabilities include the followings:		
Cash and cash equivalents	11,444	8,629
Non-current financial liabilities (excluding trade and other payables)	—	10,000

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Revenue	182,873	151,440
Profit and total comprehensive income for the year	6,804	4,477
Dividend receivable from the joint venture	—	4,900

The above profit for the year includes the following:

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Depreciation	16,438	16,438
Interest income	32	18
Interest expense	68	1,139
Income tax expense (Note)	—	—

Note: Pursuant to the relevant tax rules and regulation in the PRC, revenue from Comprehensive Utilisation of Resources is eligible for tax deduction.

22. INTEREST IN A JOINT VENTURE (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in consolidated financial statements.

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Net assets	**121,432**	114,628
Proportion of the Group's ownership interest in the joint venture	**49%**	49%
Carrying amount of the Group's interest in the joint venture	**59,502**	56,168

23. ADVANCE TO AN ASSOCIATE

The Group's share of losses of Yilong Coal exceeds the Group's interest in Yilong Coal (which includes long-term interests that, in substance, form part of the Group's net investment in the Yilong Coal), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of Yilong Coal.

The advance to an associate represents deposit for acquisition of mining right ("採礦許可證") and the total advance is unsecured, interest-free and has no fixed repayment terms. Impairment of RMB45,940,000 was recognised on advance to an associate during the year end 31 December 2020. In November 2021, the Group brought legal claim against Yilong Coal demanding for repayment of the loan and accrued interest. In February 2022, the court ordered Yilong Coal to repay Henan Jinma the entire amount of loan principal and the interest accrual thereon and Yilong Coal appealed in March 2022. Yilong Coal has not repaid the due balance to the Group up to the date of approval for issuance of the consolidated financial statements.

24. FINANCIAL ASSETS AT FVTPL

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Financial assets measured at FVTPL:		
Listed securities held through a trust		
– Equity securities listed in the Stock Exchange (Note i)	**—**	31,751
Financial assets at FVTPL		
– Structured deposits (Note ii)	**18,000**	28,056
	18,000	59,807
Analysed for reporting purposes as:		
Current assets	**18,000**	59,807
	18,000	59,807

Notes:

(i) The Company subscribed 14,013,000 initial public offering shares of a company listed in the Stock Exchange at share price of HK$2.80 (equivalent to RMB2.40) as cornerstone investor through a trust with sole investment in 2019. The investee company is engaged in the production and sales of coke and coking products. The entire investment was disposed by the trust under the Company's instruction and the total consideration was received by the Group in the year ended 31 December 2021.

(ii) The balance comprising RMB18,000,000 with a flexible maturity period for no more than one year with the yield rate stipulate in the contract which set at floating and linked with performance of the underlying assets.

25. DEFERRED TAX ASSETS/LIABILITIES

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

	Allowance for inventories	ECL provision	Accelerated tax depreciation and temporary difference on deductible expenses	Fair value change of bills receivables at FVTOCI and assets at FVTPL	Unrealised profits	Fair value adjustments upon acquisition of business	Deferred revenue	Impairment of property, plant and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	530	1,812	—	1,989	1,418	(17,720)	5,994	—	(5,977)
(Charge) credit to profit or loss	(373)	9,995	(12,932)	1,373	574	3,147	(525)	2,114	3,373
Charge to the comprehensive income	—	—	—	(607)	—	—	—	—	(607)
Addition on acquisition of business (Note 40)	—	—	—	—	—	6,380	—	—	6,380
At 31 December 2020	157	11,807	(12,932)	2,755	1,992	(8,193)	5,469	2,114	3,169
Credit (charge) to profit or loss	498	727	(16,333)	(780)	34,409	3,447	243	—	22,211
Credit to the comprehensive income	—	—	—	763	—	—	—	—	763
Addition on acquisition of a business (Note 40)	—	—	—	—	—	588	—	—	588
Disposal of property, plant and equipment	—	—	—	—	—	—	—	(2,114)	(2,114)
Disposal of subsidiaries (Note 41)	—	—	—	—	—	(5,605)	—	—	(5,605)
At 31 December 2021	655	12,534	(29,265)	2,738	36,401	(9,763)	5,712	—	19,012

25. DEFERRED TAX ASSETS/LIABILITIES (continued)

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

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Deferred tax assets	59,336	31,158
Deferred tax liabilities	(40,324)	(27,989)
	19,012	3,169

As at 31 December 2021, the Group had unused tax losses of RMB17,448,000 (2020: RMB2,484,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. All tax losses will expire within 5 years (2020: 5 years) from the year of origination.

At 31 December 2021 and 2020, the Group had no other material unrecognised deductible temporary differences.

26. INVENTORIES

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Raw materials	364,780	262,401
Finished goods	102,893	108,544
	467,673	370,945

27. TRADE AND OTHER RECEIVABLES

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Trade receivables – contract with customers	94,555	93,573
Less: Allowance for ECL	(4,195)	(1,288)
	90,360	92,285
Other receivables	1,542	7,018
Less: Allowance for ECL	—	—
	1,542	7,018
Prepayments to suppliers	234,383	103,976
Prepaid other taxes and charges	333,071	88,488
Refundable deposits to suppliers	50,453	1,451
Dividend receivable from a joint venture	—	4,900
	709,809	298,118

As at 1 January 2020, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB124,536,000.

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:

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Within 90 days	85,827	70,504
91 – 180 days	—	21,781
181 – 365 days	3,533	—
More than 1 year	1,000	—
	90,360	92,285

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,728,000 (2020: RMB21,781,000) which are past due as at the reporting date. Out of the past due balances, RMB5,195,000 (2020: RMB1,288,000) 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.

Details of impairment assessment of trade and other receivables are set out in Note 47.

28. AMOUNT DUE FROM A SHAREHOLDER

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Trade nature		
Maanshan Steel	57,585	11,770

The amounts in trade nature are receivables from contracts with customers.

The balance at 1 January 2020 amounted to RMB20,202,000.

The normal credit term is 30 to 60 days. The amount due from a shareholder in trade nature is aged within 90 days based on invoice date, none of the balance is past due as at 31 December 2021 and 2020.

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

Details of impairment assessment of amount due from a shareholder are set out in Note 47.

29. AMOUNTS DUE FROM RELATED PARTIES

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Trade nature		
Jiangxi PXSteel's subsidiaries	—	8,095
Jiyuan Fangsheng Chemicals Co., Ltd.* ("Fangsheng Chemicals") 濟源市方升化學有限公司 (Note i)	20	3
Yan'an Railway (Note ii)	N/A	105,162
	20	113,260

* English name for identification only

Notes:

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

(ii) The entity is no-longer a related party following the disposal.

29. AMOUNTS DUE FROM RELATED PARTIES (continued)

The balance at 1 January 2020 amounted to RMB21,859,000.

The amounts in trade nature are from contract with customers. The following is an aging analysis of amounts due from related parties (excluding prepayment for purchase of goods and provision of shipping services), presented based on invoice date at the end of the reporting period.

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Within 90 days	—	113,257
	—	113,257

The normal credit term to the customers is ranged between 30 to 60 days. None of the balance is past due as at 31 December 2021 and 2020.

The Group does not hold any collateral over these balances.

Detail of impairment assessment of amounts due from related parties are set out in Note 47.

30. BILLS RECEIVABLES AT FVTOCI

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Bills receivables	806,113	842,274

Under IFRS 9, certain bills which were held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as "bills receivables at FVTOCI". At 31 December 2021 and 2020, all the bills are with a maturity period of less than one year.

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

Details of impairment assessment are set out in Note 47.

31. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.30% to 1.89% (2020: from 0.30% to 2.70%) per annum as at 31 December 2021.

The Group's restricted bank balances were pledged to banks for issuing bills.

32. BORROWINGS

	31/12/2021 RMB'000	31/12/2020 RMB'000 (restated)
Bank borrowings	1,800,863	1,011,700
Secured	753,429	8,200
Unsecured	1,047,434	1,003,500
	1,800,863	1,011,700
Fixed-rate borrowings	575,500	709,200
Floating-rate borrowings	1,225,363	302,500
	1,800,863	1,011,700
Carrying amount repayable: (based on scheduled payment terms)		
Within one year	972,434	651,700
More than one year, but not more than two years	285,000	255,000
More than two years, but not more than five years	543,429	105,000
	1,800,863	1,011,700
Less: Amount due for settlement within 12 months shown under current liabilities	(972,434)	(651,700)
Amount due for settlement after 12 months shown under non-current liabilities	828,429	360,000

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

	31/12/2021	31/12/2020
Effective interest rate per annum:		
– Fixed-rate borrowings	4.25%-6.30%	4.61%-6.30%
– Floating-rate borrowings	3.56%-5.46%	3.72%-6.30%

33. TRADE AND OTHER PAYABLES

	31/12/2021	31/12/2020
	RMB'000	RMB'000 (restated)
Trade payables	274,954	299,593
Bills payables	998,596	399,953
	1,273,550	699,546
Salaries and wages payables	39,355	29,166
Other tax payables	22,924	18,211
Consideration payable for purchase of		
– property, plant and equipment	732,102	241,205
– intangible assets	118,555	—
Accruals	9,795	5,801
Consideration payable for acquisition of business	3,647	252,267
Refundable deposit from suppliers	15,135	4,230
Other payables	2,695	6,603
	944,208	557,483
	2,217,758	1,257,029

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 at the end of the reporting period:

	31/12/2021	31/12/2020
	RMB'000	RMB'000 (restated)
Within 90 days	1,254,647	649,469
91 – 180 days	10,471	15,430
181 – 365 days	5,619	11,356
Over 1 year	2,813	23,291
	1,273,550	699,546

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

34. AMOUNTS DUE TO RELATED PARTIES

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Trade nature		
Jinjiang Refinery	—	114
Jiyuan Mingtai Industrial Co., Ltd* ("Jiyuan Mingtai") 濟源銘泰實業有限公司 (Note)	—	760
Fangsheng Chemicals	113	337
	113	1,211

* English name for identification only

Note: A close family member of a key management personnel of the Company has significant influence over this entity.

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

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

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Within 90 days	113	451
181 – 365 days	—	760
	113	1,211

35. CONTRACT LIABILITIES

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Sales of goods	101,401	49,851

As at 1 January 2020, contract liabilities amounted to RMB66,219,000.

Contract liabilities are all expected to be settled within the Group's normal operating cycle, and are classified as current based on the Group's earliest obligation to transfer goods to the customers. Revenue recognised in the current year with performance obligation satisfied includes whole contract liability balance at the beginning of the year.

The significant increase (2020: decrease) in contract liabilities in the current year is the result of the increase (2020: decrease) in number of unsatisfied contracts at the end of the year.

36. LEASE LIABILITIES

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Within one year	1,882	2,962
Within a period of more than one year but not more than two years	577	3,304
Within a period of more than two years but not more than five years	840	1,860
Within a period of more than five years	1,713	1,770
	5,012	9,896
Less: Amount due for settlement within 12 months shown under current liabilities	(1,882)	(2,962)
Amount due for settlement after 12 months shown under non-current liabilities	3,130	6,934

The weighted average incremental borrowing rates applied to lease liabilities range from 4.50% to 5.96% (2020: from 5.51% to 5.96%) per annum.

37. RETIREMENT BENEFIT COSTS

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans recognised as employee benefit capitalised as production costs or expensed as incurred for the year ended 31 December 2021 are RMB15,446,000 (2020: RMB5,531,000).

38. SHARE CAPITAL

	Number of shares		Share capital	
	2021	2020	**2021**	2020
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
Ordinary shares of RMB1 each				
At beginning and end of year	**535,421**	535,421	**535,421**	535,421

39. DEFERRED REVENUE

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Assets-related government subsidies	**22,848**	21,876

During the year ended 31 December 2021, the Group received RMB3,060,000 (2020:Nil) in relation to incentives for certain plants and equipment acquired by the Group. The amounts were recorded as deferred revenue and released to profit or loss on a systematic basis over the useful lives of the relevant assets. During the year ended 31 December 2021, subsidy income of approximately RMB2,088,000 (2020: RMB2,100,000) was released to profit or loss.

40. ACQUISITION OF A SUBSIDIARY/BUSINESS

(a) Acquisition of Jidong Gas Station

On 4 January 2021, the Group acquired 100% equity interest in the business of Jidong Gas Station from an independent third party for cash consideration of RMB10,465,000. Jidong Gas Station is principally engaged in the retail of gasoline and diesel oil and was acquired with the objective of improving the Group's downstream distribution. The acquisition was completed on 4 January 2021, when the Group obtained the control of Jidong Gas Station. The acquisition has been accounted for using acquisition method. The amount of goodwill arising as a result of the acquisition was RMB1,767,000.

Fair value of assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Intangible assets – operating license of refined oil	6,634
Property, plant and equipment	933
Right-of-use assets	81
Deferred tax assets	588
Other receivables	543
Lease liabilities	(81)
	8,698

The other receivables acquired at the date of acquisition were prepaid other taxes.

Goodwill arising on acquisition

	RMB'000
Consideration at fair value:	
– cash transferred	10,040
– included in trade and other payables	425
	10,465
Less: recognised amount of identifiable net assets acquired (100%)	(8,698)
Goodwill arising on acquisition	1,767

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

40. ACQUISITION OF A SUBSIDIARY/BUSINESS (continued)

(a) Acquisition of Jidong Gas Station (continued)

Net cash outflows arising on acquisition

	RMB'000
Cash consideration paid	10,040

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2021 is RMB32,000 attributable to Jidong Gas Station. Revenue for the year ended 31 December 2021 included RMB2,054,000 was attributable to Jidong Gas Station.

Had the acquisition of Jidong Gas Station been completed on 1 January 2021, revenue and profit for the year ended 31 December 2021 of the Group would have been no material difference. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Jidong Gas Station been acquired at the beginning of the year, the directors of the Company calculated depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets based on the recognised amounts of property, plant and equipment, intangible assets and right-of-use assets, at the date of the acquisition.

40. ACQUISITION OF A SUBSIDIARY/BUSINESS (continued)

(b) Acquisition of Liyuan Railway

On 31 May 2020, the Group acquired 80% interest in Liyuan Railway from an independent third party for cash consideration of RMB346,363,000. Liyuan Railway is principally engaged in railway related storage and logistics services and was acquired with the objective of improving the Group's downstream distribution. The acquisition was completed on 31 May 2020, also the date the Group obtained the control of Liyuan Railway. The acquisition has been accounted for as acquisition of business using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB29,392,000.

Acquisition-related costs amounting to RMB604,000 have been excluded from the consideration transferred and have been recognised as an expense in the year ended 31 December 2020, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	295,673
Right-of-use assets	89,387
Intangible assets – franchise right of railway transportation	6,951
Deferred tax assets	6,380
Inventories	2,276
Trade and other receivables	38,154
Bank balances and cash	665
Trade and other payables	(32,565)
Payables to a non-controlling shareholder	(6,228)
Contract liabilities	(1,769)
Lease liabilities	(2,710)
	396,214

The trade and other receivables acquired (which principally comprised trade receivable) with a fair value of RMB38,154,000 at the date of acquisition had gross contractual amounts of RMB38,154,000. It was estimated that the fair value and the gross contractual cash flows were expected to be collected.

40. ACQUISITION OF A SUBSIDIARY/BUSINESS (continued)

(b) Acquisition of Liyuan Railway (continued)

Non-controlling interests

The non-controlling interests (20%) in Liyuan Railway recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Liyuan Railway and amounted to RMB79,243,000.

Goodwill arising on acquisition

	RMB'000
Consideration at fair value:	
– cash transferred	97,318
– included in trade and other payables (Note)	249,045
	346,363
Plus: non-controlling interests (20% in Liyuan Railway)	79,243
Less: recognised amount of identifiable net assets acquired	(396,214)
Goodwill arising on acquisition	29,392

Note: The directors of the Company are of view that the consideration payable will be settled within 12 months from the date of the end of the reporting period.

Goodwill arose on the acquisition of Liyuan Railway because the railway related business can improve performance of Trading segment of the Group and bring in integration effect, considering the location and storage capacity which connect and provide convenience for suppliers in the Northwestern region of the PRC. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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

40. ACQUISITION OF A SUBSIDIARY/BUSINESS (continued)

(b) Acquisition of Liyuan Railway (continued)

Net cash outflow on acquisition of Liyuan Railway

	RMB'000
Cash consideration paid	97,318
Less: cash and cash equivalent balances acquired	(665)
	96,653

Impact of acquisition on the results of the Group

Included in the profit from discontinued operations for the year ended 31 December 2020 was RMB9,845,000 attributable to Liyuan Railway. Revenue from discontinued operations for the prior year included RMB31,397,000 was attributable to Liyuan Railway.

Had the acquisition of Liyuan Railway been completed on 1 January 2020, revenue from discontinued operations for the prior year of the Group would have been RMB759,198,000, and the profit from discontinued operations for the prior year would have been RMB20,982,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

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

41. DISPOSAL OF SUBSIDIARIES

As referred to Note 12, on 30 September 2021, the Group disposed of Disposal Group A. The net assets of Disposal Group A at the date of disposal were as follows:

From Disposal Group A

	RMB'000
Consideration received:	
Total consideration received in cash	204,000

	30/09/2021
	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	290,879
Right-of-use assets	86,371
Intangible assets	6,574
Goodwill	24,614
Deferred tax assets	5,605
Inventories	7,410
Trade and other receivables	32,994
Amounts due from a related party	116,253
Bank balances and cash	2,795
Lease liabilities	(2,914)
Borrowings	(30,000)
Trade and other payables	(39,561)
Contract liabilities	(164)
Tax payable	(3,955)
Net assets disposed of	496,901
Loss on disposal of a subsidiary:	
Consideration received	204,000
Net assets disposed of	(496,901)
Non-controlling interests	286,771
	(6,130)
Net cash inflow arising on disposal:	
Cash consideration	204,000
Less: bank balances and cash disposed of	(2,795)
	201,205

As referred to Note 12, on 30 November 2021, the Group disposed of Disposal Group C. The net assets of Disposal Group C at the date of disposal were as follows:

41. DISPOSAL OF SUBSIDIARIES (continued)

From Disposal Group C

	RMB'000
Consideration received:	
Total consideration received in cash	5,238

	30/11/2021
	RMB'000
Analysis of assets and liabilities over which control was lost:	
Bank balances and cash	10,383
Trade and other payables	(3)
Net assets disposed of	10,380
Loss on disposal of a subsidiary:	
Consideration received	5,238
Net assets disposed of	(10,380)
Non-controlling interests	2,023
	(3,119)
Net cash outflow arising on disposal:	
Cash consideration	5,238
Less: bank balances and cash disposed of	(10,383)
	(5,145)

The impact of Disposal Groups on the Group's results and cash flows in the current and prior periods is disclosed in Note 12.

42. CAPITAL COMMITMENTS

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**1,802,512**	897,930

43. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks as securities against general banking facilities, including banks borrowings and bills payables granted to the Group:

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Property, plant and equipment	**1,322**	–
Right-of-use assets	**124,811**	800
Restricted bank balances	**703,118**	392,458
Bills receivables at FVTOCI	**195,309**	102,996
	1,024,560	496,254

44. TRANSFER OF FINANCIAL ASSETS

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

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Endorsed bills for settlement of payables	**2,608,690**	2,430,853
Discounted bills for raising cash	**293,325**	183,633
Outstanding endorsed and discounted bills receivables with recourse	**2,902,015**	2,614,486

The outstanding endorsed and discounted bills receivables are with maturities no more than 6 months.

45. RELATED PARTIES' TRANSACTIONS

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

(a) Transactions with related parties

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

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Sales of products and services to:		
Jiangxi PXSteel's subsidiaries	1,614,677	1,037,643
Maanshan Steel	767,199	899,875
Jinjiang Refinery	104,098	118,049
Yilong Coal	—	270
Fangsheng Chemicals	24	21
Purchase of raw materials and services from:		
Fangsheng Chemicals	7,057	6,001
Jiyuan Mingtai	—	5,982
Jinjiang Refinery	6,303	5,523
Yan'an Railway	6,032	2,942

45. RELATED PARTIES' TRANSACTIONS (continued)

(b) Compensation of key management personnel

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

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Salaries and allowance	**5,127**	3,923
Performance related bonuses	**3,622**	2,128
Retirement benefit	**245**	234
	8,994	6,285

Key management represents the directors of the Company disclosed in Note 15 and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and the individuals.

46. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes borrowings, lease liabilities, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital and reserves).

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, new debts or the redemption of existing debts.

47. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL		
– Listed securities held through a trust	—	31,751
– Structured deposits	18,000	28,056
Bills receivables at FVTOCI	806,113	842,274
Financial assets at amortised cost		
– Bank balances and cash	576,951	1,355,149
– Restricted bank balances	703,118	392,458
– Trade and other receivables*	142,355	105,654
– Amount due from a shareholder	57,585	11,770
– Amounts due from related parties**	—	113,257
– Advance to an associate	15,000	15,000

* Excluded prepayments to suppliers and prepaid other taxes and charges.

** Excluded prepayments.

	31/12/2021	31/12/2020
	RMB'000	RMB'000 (restated)
Financial liabilities		
Amortised cost		
– Borrowings	1,800,863	1,011,700
– Trade and other payables*	2,155,479	1,209,652
– Amounts due to related parties	113	1,211
– Lease liabilities	5,012	9,896

* Excluded salaries and wages payables, other tax payables.

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include advance to an associate, trade and other receivables, amounts due from/to a shareholder/related parties, financial assets at FVTPL, bills receivables at FVTOCI, restricted bank balances and cash, bank balances, trade and other payables, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to certain interest-bearing restricted bank balances, bills receivables at FVTOCI, borrowings and lease liabilities, all bear fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to certain bank balances and borrowings at floating interest rates. The Group currently does not have an interest rate hedging policy. There are no concentration on the Group's interest rate risks. However, the management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate for the floating-rate (depends on Loan Prime Rate) borrowings, assuming that the floating-rate borrowings outstanding at the end of the reporting period was outstanding for the whole relevant period. If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately RMB4,595,000 (2020: RMB1,123,000) for the year ended 31 December 2021. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2021 and 2020.

No sensitivity analysis on bank balances is presented as the directors of the Company consider that the exposure of cash flow interest rate risk arising from bank balances is minimal.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, which are mainly bank balances, at the end of the reporting period are as follows:

	31/12/2021	31/12/2020
	RMB'000	RMB'000
Assets		
Bank balances and cash – HK$	7,540	9,664

The following table details the Group's sensitivity to 5% appreciation of HK$ against RMB which represents the management's assessment of the possible change in foreign exchange rate. The sensitivity analysis of the Group includes the outstanding foreign currencies denominated monetary items and adjusts for 5% appreciation of foreign exchange rates at the end of the reporting period.

	Year ended 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
Increase in post-tax profit	283	362

There would be an equal and opposite impact on the above post-tax results, should HK$ be weakened against RMB in the above sensitivity analysis.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the foreign currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade-related Receivables arising from contracts with customers

The Group mainly conducts transactions with customers with good quality and long-term relationship. When accepting new customers, the Group requests advanced payment before the goods delivered. In order to minimize the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. In this regard and considering the long-term relationships with its customers and the financial position of these customers, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2021, the Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the year. The percentage of Trade-related Receivables attributable to these five largest customers amounted to 47% (2020: 11%).

As at 31 December 2021, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 81% (2020: 71%) of total Trade-related Receivables outstanding balances.

The Group had concentration of credit risk by geographical location as Trade-related Receivables, bills receivables at FVTOCI, restricted bank balances and bank balances comprise various debtors which are all located in the PRC as at 31 December 2021 and 2020.

Except for debtors that credit-impaired with internal credit rate of loss are assessed for impairment individually, the remaining Trade-related Receivables are assessed collectively following lifetime ECL (not credit-impaired) based on shared credit risk characteristics by reference to the Group's internal credit ratings. RMB2,907,000(2020: no impairment) is recognised and an amount of nil (2020: RMB5,997,000) is reversed during the year. Details of the quantitative disclosures are set out below.

Other receivables, refundable deposits and dividend receivable from a joint venture

For other receivables, refundable deposits and dividend receivable from a joint venture, the Group makes individual assessment on recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort. There was no impairment allowance recognised during the year ended 31 December 2021 and 2020.

47. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Advance to an associate

The Group regularly monitors the business performance of the associate. The Group's credit risks in the balance is mitigated through the historical financial information as well as consideration of probability of default and loss given default, adjusted for forward-looking information including industrial factors and available market data. Impairment of nil (2020: RMB45,940,000) is recognised on advance to an associate during the current year.

Bank balances and restricted bank balances

The Group's credit risk on bank balances and restricted bank balances is low and there is no significant concentration of credit risk because all bank deposits are deposited in or contracted with several state-owned banks with good reputation and with high credit ratings assigned by international credit-rating agencies. ECL on bank balances and restricted bank balances was insignificant in the profit or loss during the year ended 31 December 2020 and 2021.

Bills receivables at FVTOCI

The Group only accepts bills receivables with low credit risk. The Group's bills receivables at FVTOCI are bank acceptance bills and therefore are considered to be low credit risk financial instruments. During the year ended 31 December 2020 and 2021, ECL on bills receivables at FVTOCI was insignificant in the profit or loss.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade-related Receivables	Other receivables/ refundable deposits/ dividend receivable from a joint venture
Low risk	The counterparty has a low risk of default and does not have any past-due amount	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

47. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Bills receivables at FVTOCI (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m or lifetime ECL	31/12/2021	31/12/2020
				Gross carrying amount	
				RMB'000	RMB'000
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	806,113	842,274
Financial assets at amortised cost					
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	143,412	191,291
		Watch list	Lifetime ECL (not credit-impaired)	3,533	26,021
		Loss	Credit-impaired	5,195	1,288
				152,140	218,600
Bank balances and restricted bank balances	AA+	N/A	12m ECL	1,280,069	1,747,607
Advance to an associate	N/A	Loss	Credit-impaired	60,940	60,940
Other receivables/refundable deposits/ dividend receivable from a joint venture	Note	Low risk	12m ECL	51,995	13,369

Note: For other receivables, the external credit ratings are not available for each individual to be assessed.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. Credit-impaired debtors with gross carrying amounts of RMB5,195,000 as at 31 December 2021 (2020: RMB1,288,000) were assessed individually.

47. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount

Internal credit rating	31/12/2021 Average loss rate	31/12/2021 Trade-related Receivables	31/12/2021 ECL (not credit-impaired)	31/12/2020 Average loss rate	31/12/2020 Trade-related Receivables	31/12/2020 ECL (not credit-impaired)
		RMB'000	RMB'000		RMB'000	RMB'000
Low risk	0.05%	143,412	—*	0.05%	191,291	—*
Watch list	0.22%	3,533	—*	0.80%	26,021	—*
		146,945	—		217,312	—

* The amount of ECL loss is immaterial for the year ended 31 December 2021 and 2020.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised on Trade-Related Receivables under the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2020	458	6,827	7,285
– Impairment losses reversed	(458)	(5,539)	(5,997)
At 31 December 2020	—	1,288	1,288
– Impairment losses recognised	—	2,907	2,907
At 31 December 2021	—	4,195	4,195

47. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

Changes in the loss allowance for Trade-related Receivables are mainly due to:

	2021		2020	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	RMB'000	RMB'000	RMB'000	RMB'000
Trade-related Receivables with a gross carrying amount of RMB5,195,000 (2020: nil) defaulted and transferred to credit-impaired	—	2,907	—	—
Settlement in full of Trade-related Receivables with a gross carrying amount of RMB nil (2020: RMB168,674,000)	—	—	(458)	(5,539)

Liquidity risk

In the management of the liquidity risk, the Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2021, the Group had unutilised bank facilities of approximately RMB2,010,941,000 (2020: RMB301,300,000).

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

47. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Liquidity tables

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

	Interest rate	Carrying amounts	On demand or within 6 months	6 months to 1 year	1 year to 5 years	>5 years	Total
		As at 31 December 2020 (restated)					
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	4.61%-6.30%	1,011,700	409,718	273,489	380,534	—	1,063,741
Lease liabilities	5.51%-5.96%	9,896	2,164	907	5,883	3,202	12,156
Trade and other payables	N/A	1,209,652	1,209,652	—	—	—	1,209,652
Amounts due to related parties	N/A	1,211	1,211	—	—	—	1,211
		2,232,459	1,622,745	274,396	386,417	3,202	2,286,760

47. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2021	31/12/2020		
Listed securities held through trust at FVTPL	**Assets – Nil**	Assets – RMB31,751,000	Level 2	Quoted bid prices in an active market adjusted for deductible trust fees.
Bills receivables at FVTOCI	**Assets – RMB806,113,000**	Assets – RMB842,274,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
Structured deposits classified as financial assets at FVTPL	**Assets – RMB18,000,000**	Assets – RMB28,056,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the contract and available market

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Dividend payable	Total
	RMB'000 (restated)	RMB'000	RMB'000	RMB'000
At 1 January 2020	1,123,520	5,656	—	1,129,176
Financing cash flows (Note)	(173,074)	(3,176)	(223,062)	(399,312)
Dividend declared	—	—	223,968	223,968
Exchange adjustments	—	—	(906)	(906)
New leases entered/lease modified	—	4,070	—	4,070
Acquisition of a subsidiary/business	—	2,710	—	2,710
Finance costs recognised	61,254	636	—	61,890
At 31 December 2020	1,011,700	9,896	—	1,021,596
Financing cash flows (Note)	758,478	(2,474)	(183,264)	572,740
Dividend declared	—	—	183,630	183,630
Exchange adjustments	—	—	(366)	(366)
New leases entered	—	2,418	—	2,418
Lease termination	—	(2,543)	—	(2,543)
Acquisition of a business	—	81	—	81
Disposal of subsidiaries	(30,000)	(2,914)	—	(32,914)
Finance costs recognised	60,685	548	—	61,233
At 31 December 2021	1,800,863	5,012	—	1,805,875

Note: The cash flows represent new borrowings raised, the repayment of borrowings, interest paid, repayments of lease liabilities and dividend paid in the consolidated statement of cash flows.

49. EVENTS AFTER THE REPORTING PERIOD

As of the date of approval for issuance of the consolidated financial statements, there is no significant events after reporting period.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2021	31/12/2020
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	996,034	1,076,573
Right-of-use assets	64,854	72,653
Investments in subsidiaries	1,733,159	1,233,158
Interest in a joint venture	49,000	49,000
Advance to an associate	15,000	15,000
Deferred tax assets	—	15,926
Deposit for acquisition of property, plant and equipment	10,234	9,555
	2,868,281	2,471,865
CURRENT ASSETS		
Inventories	139,498	233,171
Trade and other receivables	153,099	79,250
Amount due from a shareholder	31,436	11,770
Amounts due from subsidiaries	591,996	320,465
Amounts due from related parties	—	8,095
Financial assets at FVTPL	18,000	59,807
Bills receivables at FVTOCI	382,298	659,572
Restricted bank balances	176,769	4,115
Bank balances and cash	194,581	192,304
	1,687,677	1,568,549

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31/12/2021	31/12/2020
	RMB'000	RMB'000
CURRENT LIABILITIES		
Borrowings	667,933	587,500
Trade and other payables	759,239	384,479
Amounts due to related parties	113	337
Amounts due to subsidiaries	20,850	23,140
Contract liabilities	9,060	18,059
Lease liabilities	6,635	7,346
Tax payable	12,603	16,944
	1,476,433	1,037,805
NET CURRENT ASSETS	211,244	530,744
TOTAL ASSETS LESS CURRENT LIABILITIES	3,079,525	3,002,609
CAPITAL AND RESERVES		
Share capital	535,421	535,421
Reserves	2,423,433	2,094,800
TOTAL EQUITY	2,958,854	2,630,221
NON-CURRENT LIABILITIES		
Borrowings	90,000	339,000
Lease liabilities	18,757	24,066
Deferred revenue	8,264	9,322
Deferred tax liabilities	3,650	—
	120,671	372,388
	3,079,525	3,002,609

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Movement in the Company's reserves:

	Special reserve	Capital reserve	Statutory surplus reserve fund	Retained profits	FVTOCI reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	—	386,496	199,837	1,288,535	(7,889)	1,866,979
Profit for the year	—	—	—	439,877	—	439,877
Other comprehensive income for the year	—	—	—	—	2,112	2,112
Total comprehensive income for the year	—	—	—	439,877	2,112	441,989
Dividends paid	—	—	—	(214,168)	—	(214,168)
Transfer	—	—	42,474	(42,474)	—	—
At 31 December 2020	—	386,496	242,311	1,471,770	(5,777)	2,094,800
Profit for the year	—	—	—	486,735	—	486,735
Other comprehensive income for the year	—	—	—	—	2,524	2,524
Total comprehensive income for the year	—	—	—	486,735	2,524	489,259
Dividends paid	—	—	—	(160,626)	—	(160,626)
Transfer	1,942	—	25,399	(27,341)	—	—
At 31 December 2021	1,942	386,496	267,710	1,770,538	(3,253)	2,423,433

Company name

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

Share listing

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

Registered office and principal place of business in the PRC

West First Ring Road South
Jiyuan
Henan Province
PRC

Principal place of business in Hong Kong

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

Contact information

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

Company website

www.hnjmny.com

Board of Directors

Executive Directors

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

Non-executive Directors

Mr. Hu Xiayu (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao

Independent Non-executive Directors

Mr. Wu Tak Lung
Mr. Meng Zhihe
Mr. Cao Hongbin

Supervisors

Mr. Wong Tsz Leung (Chairman)
Ms. Li Lijuan
Mr. Zhou Tao, David
Ms. Tian Fangyuan
Ms. Hao Yali
Mr. Fan Xiaozhu (appointed on 23 April 2021)
Mr. Zhang Wujun (resigned on 23 April 2021)

Audit Committee

Mr. Wu Tak Lung (Chairman)
Mr. Hu Xiayu
Mr. Meng Zhihe

Remuneration Committee

Mr. Cao Hongbin (Chairman)
Mr. Wu Tak Lung
Mr. Wang Mingzhong

Nomination Committee

Mr. Yiu Chiu Fai (Chairman)
Mr. Meng Zhihe
Mr. Cao Hongbin

Strategic Development Committee

Mr. Hu Xiayu (Chairman)
Mr. Li Tianxi
Mr. Cao Hongbin

Company secretary

Mr. Wong Hok Leung

Authorized representatives

Mr. Yiu Chiu Fai
Mr. Wong Hok Leung

Auditor

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

Legal advisers

PRC Law

EY Chen & Co. Law Firm
Unit 1104-1106
11/F, Jin Mao Tower
88 Century Avenue
Pudong New Area
Shanghai
PRC

Hong Kong Law

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

H share registrar

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

Principal bankers

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

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

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

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

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

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

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

Zhongyuan Bank Co., Ltd. Jiyuan Branch
No. 481 Huang He Central Road
Jiyuan, Henan Province
PRC

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

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

GENERAL TERMS

"Board"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this annual report, Taiwan, the Macau Special Administrative Region of the PRC and the Hong Kong Special Administrative Region of the PRC
"Code"	Corporate Governance Code effective for the year ended 31 December 2021 as set out in Appendix 14 to the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as the same may be amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Henan Jinma Energy Company Limited (河南金馬能源股份有限公司)
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	Director(s) of our Company
"Group" or "our Group"	our Company and its subsidiaries
"HK" or "Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LNG"	liquefied natural gas
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the member of the Supervisory committee of our Company established pursuant to the PRC Company Law
"Supervisory Committee"	the Supervisory committee of our Company established pursuant to the PRC Company Law

TECHNICAL TERMS

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

ABBREVIATED NAMES OF COMPANIES

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

"Jinma Zhongdong"	河南金馬中東能源有限公司(Henan Jinma Zhongdong Energy Co., Ltd.)
"Jinning Energy"	濟源市金寧能源實業有限公司(Jiyuan Jinning Energy Co., Ltd.*)
"Jinrui Energy"	河南金瑞能源有限公司(Henan Jinrui Energy Co., Ltd.*)
"Jinrui Gas"	河南金瑞燃氣有限公司(Henan Jinrui Gas Co., Ltd.*)
"Jinyuan Chemicals"	濟源市金源化工有限公司(Jiyuan Jinyuan Chemicals Co., Ltd*)
"Liyuan Railway"	延安利源礦業鐵路運輸有限公司(Yan'an Liyuan Minerals Railway Logistics Co., Ltd.*)
"Maanshan Steel"	馬鞍山鋼鐵股份有限公司(Maanshan Iron & Steel Company Limited)
"Maanshan Steel Group"	Maanshan Steel and its subsidiaries
"Shaanxi Jinma"	陝西金馬能源有限公司(Shaanxi Jinma Energy Sources Co., Ltd.)
"Shanghai Hyfun"	上海氫楓能源技術有限公司(Shanghai Hyfun Energy Technology Co., Ltd.*)
"Shanghai Jinma"	上海金馬能源有限公司(Shanghai Jinma Energy Sources Co., Ltd.*)
"Shanghai Luxiang"	上海鷺翔實業集團有限公司(Shanghai Luxiang Industrial Group Co., Ltd.*)
"Shenzhen Jinma"	深圳市金馬能源有限公司(Shenzhen Jinma Energy Co., Ltd*)
"Xinyang Steel"	信陽鋼鐵金港能源有限公司(Xinyang Steel Jingang Energy Co., Ltd.*)
"Xuzhou Oriental"	徐州東方物流集團有限公司(Xuzhou Oriental Logistics Group Co., Ltd.*)
"Yan'an Jinneng"	延安金能鐵路物流科技有限公司(Yan'an Jinneng Railway Logistics Technology Co., Ltd.)
"Yan'an Railway"	延安能源鐵路運銷有限公司(Yan'an Energy Railway Transportation Co., Ltd.)
"Yilong Coal"	霍州煤電集團洪洞億隆煤業有限責任公司(Huozhou Coal Power Group Hongtong Yilong Co., Ltd.*)
"Yugang Coking"	豫港(濟源)焦化集團有限公司(Henan Hongkong (Jiyuan) Coking Group Co., Ltd.)
"Zenith Steel"	中天鋼鐵集團有限公司(Zenith Steel Group Co., Ltd.*)
"ZT Logistics"	江蘇中通物流有限公司(Jiangsu Zhong Tong Logistics Co., Ltd.*)

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

河南金馬能源股份有限公司
HENAN JINMA ENERGY COMPANY LIMITED