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

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

(Stock Code: 6885)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND INSIDE INFORMATION – DIVIDEND POLICY

FINANCIAL HIGHLIGHTS

Revenue:	RMB12,448.6 million
Profit attributable to shareholders:	RMB422.0 million
Basic earnings per share:	RMB0.79
Proposed final dividend per share:	RMB0.05

RESULTS

The board (the "**Board**") of Directors (the "**Director**") of Henan Jinma Energy Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 ("**Reporting Period**") together with comparative figures for the year ended 31 December 2021.

In view of the Group's current significant investments in its expansion of coking capacities, for this year ended 31 December 2022, the Board recommended a final dividend of RMB0.05 per share. Such final dividend, together with the interim dividend of RMB0.05 per share paid in 2022, represents a recommendation of a total dividend of RMB0.10 per share for the year ended 31 December 2022. For details, please refer to the "Dividend and Dividend Policy" section under Management Discussion & Analysis below.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2022

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

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

Notes:

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

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

(iii) The Group is required to make appropriations based on its revenue in accordance with CaiQi [2006] No. 478 and CaiZi [2022] No. 136 "Tentative measures for the financial management of the production safety fund for the high risk enterprises" that is issued by the Ministry of Finance and the Safety Production General Bureau. The reserve is for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

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

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
INVESTING ACTIVITIES		
Repayment from an associate	**60,000**	–
Assets-related government subsidies received	**–**	3,060
Interest on bank balances received	**24,384**	17,606
Proceeds from disposal of financial assets at FVTPL	**18,093**	2,478,487
Investment in financial assets at FVTPL	**–**	(2,460,200)
Purchase of property, plant and equipment	**(1,665,475)**	(1,880,938)
Purchase of intangible assets	**(278,555)**	(22,955)
Refund of deposit for acquisition of intangible assets and right-of-use assets	**50,000**	120,000
Payments for right-of-use assets	**–**	(203,909)
Net cash outflow on acquisition of business	**–**	(10,040)
Net cash inflow on disposal of subsidiaries *(Note 39)*	**–**	196,060
Proceeds from disposal of an associate	**–**	1,750
Deposit paid for acquisition of property, plant and equipment, intangible assets and right-of-use assets	**(58,439)**	(466,066)
Payment for acquisition of business/subsidiaries in prior year	**(425)**	(249,045)
Placement of restricted bank balances	**(1,563,012)**	(1,279,093)
Withdrawal from restricted bank balances	**1,678,395**	968,433
Proceeds from disposal of property, plant and equipment	**103**	25,480
Investment in an associate	**(98,000)**	–
Dividend received from a joint venture	**4,900**	4,900
NET CASH USED IN INVESTING ACTIVITIES	**(1,828,031)**	(2,756,470)

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
FINANCING ACTIVITIES		
Interest paid	**(118,366)**	(61,233)
Cash received from perpetual loan	**15,630**	–
Cash received from other borrowing	**80,000**	–
New bank borrowings raised	**2,423,378**	1,587,133
Repayment of bank borrowings	**(1,081,121)**	(767,970)
Repayment of lease liabilities	**(2,479)**	(1,926)
Capital contributions from non-controlling shareholders of subsidiaries *(Note 20)*	**–**	356,000
Return of capital to non-controlling shareholders of a subsidiary	**–**	(65,238)
Dividends paid	**(134,786)**	(160,260)
Dividends paid to non-controlling shareholders of subsidiaries	**(14,700)**	(23,004)
NET CASH FROM FINANCING ACTIVITIES	**1,167,556**	863,502
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**336,539**	(778,017)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**576,951**	1,355,149
Effect of foreign exchange rate changes	**502**	(181)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	**913,992**	576,951

1. GENERAL INFORMATION

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

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

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

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

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

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

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

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

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

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

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

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

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

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

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

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

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

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

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

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

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

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

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

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

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

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

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

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

Goodwill

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

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

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

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

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

Investments in associates and joint ventures

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

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

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

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

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

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

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

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

Principal versus agent

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

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

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

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received; and

- any initial direct costs incurred by the Group.

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

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

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

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

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

The Group as a lessor

Classification and measurement of leases

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

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

Foreign currencies

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

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

Borrowing costs

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

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

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

Government grants

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

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

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

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

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

Inventories

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

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(i) Amortised cost and interest income

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

(ii) Bills receivables classified as at FVTOCI

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

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets subject to impairment assessment under IFRS 9

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

- an actual or expected significant deterioration in the operating results of the debtor;

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

- Past-due status; and

- Nature, size and industry of debtor.

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Principal versus agent consideration

The Group engages in trading of coal and coke and its role involving in these trading sales contracts are varied. The Group identifies its role of each contract by analysing the nature of of underlying promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group concluded that it acts as the principal for such transactions as it controls specified products before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, retains inventory risk and has discretion in establishing the price. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. When Group did not obtain the control over products before passing on to customers taking into consideration of the same indicators as above, the Group acts as an agent in this type of trading and recognises revenue in the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods provided by that party.

During the year ended 31 December 2022, the Group recognised revenue, acting as a principal, amounted to RMB618,189,000 (2021: RMB1,343,908,000) and fee revenue, acting as an agent, amounted to RMB3,791,000 (2021: RMB6,434,000) respectively relating to trading of coal and coke for the continuing operations.

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is based on estimated selling prices less any estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period.

During the year ended 31 December 2022, inventory allowance of RMB2,618,000 (2021: RMB628,000) were derecognised upon realisation of sales and an additional allowance of RMB14,028,000 (2021: RMB2,618,000) was recognised based on estimated net realisable value.

As at 31 December 2022, the carrying amount of inventories is RMB571,078,000 (2021: RMB467,673,000) (net of allowance for inventories of RMB14,028,000 (2021: RMB2,618,000)).

Provision of ECL for Trade-related Receivables

Lifetime ECL for Trade-related Receivables which are not credit-impaired are assessed on a collective basis based on the Group's internal credit ratings, whereas debtors which considered credit-impaired are assessed on individual basis, taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. The internal credit ratings assigned and the loss rate determined is based on the creditors' historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL for Trade-related Receivables are disclosed in Note 45.

Fair value measurement of Bills receivables at FVTOCI

As at 31 December 2022, the Group's bills receivables at FVTOCI amounting to RMB1,065,648,000 (2021: RMB806,113,000) are measured at fair values with fair values being determined based on observable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques which is reflective of the current market conditions and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of fair value measurement of financial instruments are set out in Note 45.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Continuing operations

	For the year ended 31 December 2022						
Segments*	**Coke** *RMB'000*	**Coking by-products** *RMB'000*	**Refined chemicals** *RMB'000*	**Energy products** *RMB'000*	**Trading** *RMB'000*	**Other Services** *RMB'000*	**Total** *RMB'000*
Types of goods or service							
Sales of goods							
Coke	8,551,562	–	–	–	789,976#	–	9,341,538
Ammonium sulphater	–	41,580	–	–	–	–	41,580
Benzene based chemicals	–	223,270	1,313,836	–	–	–	1,537,106
Coal tar based chemicals	–	485,542	898,769	–	–	–	1,384,311
Coal gas	–	–	–	829,070	–	–	829,070
LNG	–	–	–	459,201	72,629	–	531,830
Coal	–	–	–	–	723,638#	–	723,638
Refined oil	–	–	–	–	108,694	–	108,694
Others	–	25,982	–	98,050	92,716	5,233	221,981
	8,551,562	776,374	2,212,605	1,386,321	1,787,653	5,233	14,719,748
Providing services							
Trading agency	–	–	–	–	4,914##	–	4,914
Energy supply	–	–	–	15,140	–	203,852	218,992
Others	–	–	–	–	–	48,140	48,140
	–	–	–	15,140	4,914	251,992	272,046
Total	8,551,562	776,374	2,212,605	1,401,461	1,792,567	257,225	14,991,794

\# Included in trading of coke and coal are inter-group sales amounting to RMB895,425,000, which are recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB618,189,000, relating to trading of coal and coke.

\## RMB1,123,000 out of total, are inter-group trading agency services. The Group recognised fee revenue from contracts with external customers, acting as an agent, amounted to RMB3,791,000, relating to trading of coal and coke.

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

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

	For the year ended 31 December 2022		
	Segment revenue	**Eliminations**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***
Coke	**8,551,562**	**(706)**	**8,550,856**
Coking by-products	**776,374**	**(708,812)**	**67,562**
Refined chemicals	**2,212,605**	**(37,493)**	**2,175,112**
Energy products	**1,401,461**	**(665,007)**	**736,454**
Trading	**1,792,567**	**(903,391)**	**889,176**
Other Services	**257,225**	**(227,741)**	**29,484**
Revenue from contracts with customers	**14,991,794**	**(2,543,150)**	**12,448,644**

	For the year ended 31 December 2021						
Segments*	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or service							
Sales of goods							
Coke	3,822,840	–	–	–	1,371,194#	–	5,194,034
Ammonium sulphater	–	14,550	–	–	–	–	14,550
Benzene based chemicals	–	83,098	1,065,598	–	–	–	1,148,696
Coal tar based chemicals	–	178,141	663,371	–	–	–	841,512
Coal gas	–	–	–	492,384	–	–	492,384
LNG	–	–	–	15,438	79,962	–	95,400
Coal	–	–	–	–	284,004#	–	284,004
Refined oil	–	–	–	–	56,617	–	56,617
Others	–	21,182	–	11,406	38,397	2,755	73,740
	3,822,840	296,971	1,728,969	519,228	1,830,174	2,755	8,200,937
Providing services							
Trading agency	–	–	–	–	36,405##	–	36,405
Energy supply	–	–	–	17,588	–	63,127	80,715
Others	–	–	–	–	–	13,491	13,491
	–	–	–	17,588	36,405	76,618	130,611
Total	3,822,840	296,971	1,728,969	536,816	1,866,579	79,373	8,331,548

\# Included in trading of coke and coal are inter-group sales amounting to RMB311,290,000, which are recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB1,343,908,000, relating to trading of coal and coke.

\## RMB29,971,000 out of total, are inter-group trading agency services. The Group recognised fee revenue from contracts with external customers, acting as an agent, amounted to RMB6,434,000, relating to trading of coal and coke.

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

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

	For the year ended 31 December 2021		
	Segment revenue	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Coke	3,822,840	(443)	3,822,397
Coking by-products	296,971	(261,258)	35,713
Refined chemicals	1,728,969	(22,989)	1,705,980
Energy products	536,816	(237,485)	299,331
Trading	1,866,579	(347,502)	1,519,077
Other Services	79,373	(63,611)	15,762
Revenue from contracts with customers	8,331,548	(933,288)	7,398,260

Performance obligations for contracts with customers

The Group is mainly engaged the production and sales of coke, coking by-products and derivative chemical products, coal gas, LNG, trading of coke and coal and provision of Other Services, for which revenue is recognised at point in time.

For sales of and trading as a principal of coke, coking by-products, refined chemicals and energy products, revenue is recognised when control of the products has transferred, being when the products have been delivered to the location specified in the sales contract. Following the delivery, the customer has the primary responsibility when on use of the products and bears the risks of obsolescence and loss in relation to the products.

For trading of coke and coal as an agent, revenue is recognised at a point in time when the agent service has been completed, being when the goods have been delivered from the suppliers to the customers, and collectability of the related receivables is reasonably assured.

In general, for some customers with long-term relationships, the normal credit term is 30 to 60 days upon delivery. For other general customers, non-refundable prepayment from these customers is required in advance according to the contracts entered and recognised as a contract liability until the products have been delivered to the customer.

Performance obligation of sales of goods or providing services is part of a contract that has an original expected duration of one year or less. Applying the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

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

The Group's operating segments under IFRS 8 "Operating Segments" are (i) sales of coke ("**Coke**"), (ii) sale of coking by-products, mainly ammonium sulphater ("**Coking by-products**"), (iii) sales of refined chemicals, mainly benzene based chemicals and coal tar based chemicals ("**Refined chemicals**"), (iv) sales of energy products, mainly coal gas and LNG ("**Energy products**"), (v) trading of coke, coal, refined oil, mining equipment and nonferrous materials ("**Trading**"), and (vi) provision of Other Services.

Segment revenues and results

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

For the year ended 31 December 2022

Continuing operations

	Sales of goods						
	Coke	**Coking by-products**	**Refined chemicals**	**Energy products**	**Trading**	**Other Services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE							
External sales	8,550,856	67,562	2,175,112	736,454	889,176	29,484	12,448,644
Inter-segment sales	706	708,812	37,493	665,007	903,391	227,741	2,543,150
	8,551,562	776,374	2,212,605	1,401,461	1,792,567	257,225	14,991,794
Segment profit	953,113	27,183	4,032	109,673	56,324	429	1,150,754
Other income							51,121
Other gains and losses							(25,658)
Impairment losses, under ECL model, net of reversal							48,821
Selling and distribution expenses							(251,033)
Administrative expenses							(173,081)
Finance costs							(94,182)
Share of result of a joint venture							28,482
Share of results of associates							1,969
Unallocated expenses							(9,934)
Profit before tax							727,259

For the year ended 31 December 2021

Continuing operations

	Sales of goods Coke *RMB'000*	Coking by-products *RMB'000*	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE							
External sales	3,822,397	35,713	1,705,980	299,331	1,519,077	15,762	7,398,260
Inter-segment sales	443	261,258	22,989	237,485	347,502	63,611	933,288
	3,822,840	296,971	1,728,969	536,816	1,866,579	79,373	8,331,548
Segment profit (loss)	918,716	(5,316)	119,175	(64,686)	61,741	714	1,030,344
Other income							43,673
Other gains and losses							(93,209)
Impairment losses, under ECL model, net of reversal							(2,907)
Selling and distribution expenses							(104,398)
Administrative expenses							(140,288)
Finance costs							(48,285)
Share of result of a joint venture							3,334
Unallocated expenses							(15,087)
Profit before tax							673,177

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the gross profit from each segment without allocation of other income, other gains and losses, impairment losses under ECL model, net of reversal, selling and distribution expenses, administrative expenses, finance costs, share of result of a joint venture and share of results of associates. Sales related taxes are classified as unallocated expenses.

Inter-segment sales are charged at prevailing market rates.

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

Other segment information

	Sales of goods: Coke *RMB'000*	Sales of goods: Coking by-products *RMB'000*	Sales of goods: Refined chemicals *RMB'000*	Sales of goods: Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022								
Amounts included in measure of segment results:								
Depreciation and amortisation	**139,948**	**1,969**	**55,401**	**45,812**	**6,269**	**35,519**	**24,456**	**309,374**

	Sales of goods: Coke *RMB'000*	Sales of goods: Coking by-products *RMB'000*	Sales of goods: Refined chemicals *RMB'000*	Sales of goods: Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2021								
Amounts included in measure of segment results:								
Depreciation and amortisation	59,159	746	37,887	41,528	6,181	7,528	22,454	175,483

Entity-wide disclosures

Geographical information

During the years ended 31 December 2022 and 2021, all of the Group's revenue from external customers, from continuing operations, were generated from the PRC whereas all non-current assets are located in the PRC as at 31 December 2022 and 2021.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group, from continuing operations, for the years is as below:

	Year ended	
	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Jiangxi PXSteel and its subsidiaries *(Notes i and ii)*	**2,118,997**	1,614,677
Customer A *(Note i)*	**1,311,766**	1,236,966

Notes:

(i) Revenue from sale of coke.

(ii) Jiangxi PXSteel is the shareholder of the Company.

6. OTHER INCOME

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Interest income on bank deposits	**24,384**	17,497
Interest income on bills receivables at FVTOCI	**20,328**	18,933
Release of assets-related government subsidies *(Note 37)*	**2,204**	2,088
Government grants	**987**	3,107
Others	**3,218**	2,048
	51,121	43,673

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Gain on fair value changes of financial assets at FVTPL	**93**	8,196
Net loss arising on bills receivables at FVTOCI	**(33,121)**	(27,983)
Impairment loss recognised in respect of property, plant and equipment *(Note 17)*	**–**	(27,381)
Loss on disposal of property, plant and equipment	**(427)**	(46,435)
Foreign exchange (loss) gain, net	**(429)**	152
Gain on disposal of scrap steel	**5,980**	1,814
Others	**2,246**	(1,572)
	(25,658)	(93,209)

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

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Impairment losses (reversed) recognised on:		
– trade receivables	**(3,894)**	2,907
– advance to an associate	**(45,000)**	–
– other receivables	**73**	–
	(48,821)	2,907

Details of impairment assessment are set out in Note 45.

9. FINANCE COSTS

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Interest expense on:		
– bank borrowings	**121,000**	59,198
– perpetual loan	**1,600**	–
– other borrowing	**485**	–
– lease liabilities	**303**	326
	123,388	59,524
Less: amounts capitalised	**(29,206)**	(11,239)
	94,182	48,285
Capitalisation rate – per annum	**4.69%**	4.50%

10. PROFIT BEFORE TAX

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Profit before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration *(Note 15)*	**2,340**	3,704
Other staff costs	**216,756**	178,844
Other staffs' benefit *(Note 35)*	**37,177**	25,221
Total staff costs	**256,273**	207,769
Capitalised in inventories	**(153,333)**	(94,915)
Capitalised in property, plant and equipment	**(25,297)**	(42,423)
	77,643	70,431
Depreciation of property, plant and equipment	**262,962**	149,162
Capitalised in inventories	**(251,419)**	(136,914)
	11,543	12,248
Depreciation of right-of-use assets	**10,685**	8,456
Capitalised in construction in progress	**(921)**	–
	9,764	8,456
Amortisation of intangible assets included in		
– cost of sales	**25,727**	17,865
– administrative expenses	**10,000**	–
Auditors' remuneration	**2,010**	2,010
Cost of inventories recognised as expenses (including write-down of inventories amounting to RMB14,028,000 (2021: RMB2,618,000))	**11,297,890**	6,367,916

11. INCOME TAX EXPENSE

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Continuing operations		
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**122,606**	192,364
– under-provision in prior years	**3,012**	586
Deferred tax *(Note 23)*	**30,857**	(20,453)
	156,475	172,497

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

The taxation charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Profit before tax	**727,259**	673,177
Tax charge at the applicable income tax rate of 25% (2021: 25%)	**181,815**	168,294
Tax effect of expenses not deductible for tax purposes	**888**	1,612
Tax effect of tax concessions	**(218)**	93
Tax effect of share of results of associates and a joint venture	**(7,613)**	(834)
Tax effect of tax losses not recognised	**87**	3,741
Under-provision in prior years	**3,012**	586
Tax effect of income not taxable for tax purpose *(Note)*	**(17,141)**	(750)
Utilisation of tax losses previously not recognised	**(4,305)**	–
Others	**(50)**	(59)
Income tax expense	**156,475**	172,497

Note:

Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources ("**資源綜合利用**") is exempted from EIT. During the year ended 31 December 2022, the Group had tax deduction under the scheme of RMB17,141,000 (2021: RMB750,000).

12. DISCONTINUED OPERATIONS

During the prior year, the Group entered into a sale agreement to dispose its 51% equity interest in Yan'an Jinneng Railway Logistics Technology Co., Ltd. 延安金能鐵路物流科技有限公司 and its subsidiary, Yan'an Liyuan Minerals Railway Logistics Co., Ltd. ("**Liyuan Railway**") 延安利源礦業鐵路運輸有限公司, (together, "**Disposal Group A**"). The 80% interest in Liyuan Railway was acquired by the Group from an independent third party on 31 May 2020. Disposal Group A carried out the Group's coal trading business, railway related storage and logistics services previously included in the Group's Other Services for segment reporting purposes. The disposal was effected in order to generate cash flows for the expansion of the Group's strategic businesses. The disposal was completed on 30 September 2021, on which date the control of Disposal Group A passed to the acquirer.

During the prior year, the Group also resolved to dispose of its 35% equity interest in an associate, Yan'an Energy Railway Transportation Co., Ltd. ("**Yan'an Railway**") 延安能源鐵路運銷有限公司 ("**Disposal Group B**"), which cooperates with Disposal Group A in coal trading business. The Group entered into a sale agreement on 30 September 2021 and the disposal was completed on the same day.

During the prior year, the Group entered into a sale agreement to dispose its 52.38% equity interest in Shaanxi Jinma Energy Sources Co., Ltd. ("**Shaanxi Jinma**") 陝西金馬能源有限公司 ("**Disposal Group C**"), which is the holding company of Disposal Group A. The disposal was completed on 30 November 2021, on which date the control of Disposal Group C passed to the acquirer.

The operations of the Disposal Group A, Disposal Group B and Disposal Group C (together the "**Disposal Groups**") are treated as discontinued operations. The profit for the prior year from the Disposal Groups is set out below.

	From 1/1/2021 to respective disposal dates *RMB'000*
Profit of the Disposal Groups for the period	17,421
Loss on disposal of the Disposal Groups	(10,354)
	7,067

The results of the Disposal Groups for the period from 1 January 2021 to respective disposal dates, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1/1/2021 to respective disposal dates *RMB'000*
Revenue	1,041,730
Cost of sales	(1,002,577)
Gross profit	39,153
Other income	109
Other gains and losses	(3,941)
Selling and distribution expenses	(7,371)
Administrative expenses	(5,914)
Finance costs	(1,709)
Share of result in an associate	595
Profit before tax	20,922
Income tax expense	(3,501)
Profit for the period	17,421
Profit for the period from 1 January 2021 to respective disposal dates from discontinued operations includes the following:	
Depreciation of property, plant and equipment	6,552
Depreciation of right-of-use assets	2,495
Amortisation of intangible assets (included in cost of sales)	174
Cash flows from the Disposal Groups:	
Net cash flows from operating activities	80,254
Net cash flows used in investing activities	(45,352)
Net cash flows used in financing activities	(70,615)
Net cash flows	(35,713)

The carrying amounts of the assets and liabilities of Disposal Group A and Disposal Group C at the date of disposal are disclosed in Note 39.

13. OTHER COMPREHENSIVE EXPENSE

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Other comprehensive expense includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value change arising from bills receivables at FVTOCI	**(134,940)**	(136,745)
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	**134,904**	134,454
	(36)	(2,291)

Income tax effect relating to other comprehensive income

	Year ended 31/12/2022			Year ended 31/12/2021		
	Before-tax amount *RMB'000*	**Tax credit** *RMB'000*	**Net-of-income tax amount** *RMB'000*	Before-tax amount *RMB'000*	Tax credit *RMB'000*	Net-of-income tax amount *RMB'000*
Item that may be reclassified subsequently to profit or loss:						
Fair value (loss) gain on:						
– bills receivables at FVTOCI	**(48)**	**12**	**(36)**	(3,054)	763	(2,291)

14. DIVIDENDS

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Interim – RMB0.05 (2021: 2021 interim dividend RMB0.10) per share	**26,771**	53,542
2021 Final – RMB0.20 (2021: 2020 final dividend RMB0.20) per share	**107,084**	107,084
	133,855	160,626

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of RMB0.05 per share (2021: RMB0.20 per share), in an aggregate amount of RMB26,771,000 (2021: RMB107,084,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividends declared by subsidiaries of the Company to the non-controlling shareholders amounted to RMB14,700,000 (2021: RMB23,004,000) during the year ended 31 December 2022.

15. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', Chief Executive's and Supervisors' emoluments

Details of the emoluments paid to the individuals who were appointed as the directors, chief executive and supervisors are as follows:

	Fees *RMB'000*	Basic salaries *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefit *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022					
Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Mingzhong	–	649	55	32	736
Mr. Li Tianxi	–	361	55	32	448
Non-executive directors:					
Mr. Xu Baochun *(Note i)*	–	–	–	–	–
Mr. Hu Xiayu *(Note i)*	–	–	–	–	–
Ms. Ye Ting	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Independent non-executive directors:					
Mr. Wu Tak Lung	280	–	–	–	280
Mr. Meng Zhihe	120	–	–	–	120
Mr. Cao Hongbin	120	–	–	–	120
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Fan Xiaozhu	–	123	39	20	182
Mr. Wu Jiacun *(Note ii)*	–	–	–	–	–
Ms. Li Lijuan *(Note ii)*	–	–	–	–	–
Mr. Zhou Tao David	80	–	–	–	80
Ms. Tian Fangyuan	80	–	–	–	80
Ms. Hao Yali	–	243	31	20	294
	680	**1,376**	**180**	**104**	**2,340**

Notes:

(i) Mr. Hu Xiayu tendered his resignation as a non-executive director with effect from 23 May 2022 whereas Mr. Xu Baochun was appointed as a non-executive director on the same day.

(ii) Ms. Li Lijuan tendered his resignation as a supervisor with effect from 23 May 2022 whereas Mr. Wu Jiacun was appointed as a supervisor on the same day.

	Fees	Basic salaries	Performance related bonuses	Retirement benefit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021					
Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Mingzhong	–	652	789	24	1,465
Mr. Li Tianxi	–	413	254	24	691
Non-executive directors:					
Mr. Hu Xiayu	–	–	–	–	–
Ms. Ye Ting	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Independent non-executive directors:					
Mr. Wu Tak Lung	280	–	–	–	280
Mr. Meng Zhihe	120	–	–	–	120
Mr. Cao Hongbin	120	–	–	–	120
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Fan Xiaozhu *(Note)*	–	127	77	15	219
Mr. Zhang Wujun *(Note)*	–	142	–	5	147
Ms. Li Lijuan	–	–	–	–	–
Mr. Zhou Tao David	80	–	–	–	80
Ms. Tian Fangyuan	80	–	–	–	80
Ms. Hao Yali	–	255	232	15	502
	680	1,589	1,352	83	3,704

Note:

The Group held a meeting of employees representatives of the Group on 23 April 2021, in which Mr. Zhang Wujun tendered his resignation and Mr. Fan Xiaozhu was elected as an employee representative supervisor of the Company, with effect from 23 April 2021.

Certain executive directors and supervisors who did not receive emoluments during the reporting periods, also held positions in the corporate shareholders of the Company and their subsidiaries ("**Shareholder's Entities**") and the emoluments were borne by the respective Shareholder's Entities for the services rendered for the Shareholder's Entities. In the opinion of the directors of the Company, it is not practicable to allocate their remunerations to the Group.

Mr. Wang Mingzhong is the chief executive of the Company and his emolument disclosed above include those for services in connection with the management of affairs of the Group rendered by him as the chief executive.

The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group whereas those paid to non-executive directors and independent non-executive directors were for their services as directors of the Company.

The performance related bonuses were determined by the management of the Group by reference to the performance and market trend as relevant.

Five individuals with the highest emoluments

Of the five individuals with the highest emoluments in the Group, one (2021: one) was a director of the Company for the year ended 31 December 2022, whose emoluments is included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Salaries, wages and allowance	**2,801**	2,583
Performance related bonuses	**756**	1,412
Retirement benefit	**238**	125
	3,795	4,120

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**3**	Nil
HK$1,000,001 to HK$1,500,000	**1**	3
HK$1,500,001 to HK$2,000,000	**Nil**	1

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office during both years. None of the directors waived any emoluments during both years.

16. EARNINGS PER SHARE

For continuing operations and discontinued operations

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

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**421,950**	486,522
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

For continuing operations

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

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**421,950**	486,367
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**535,421**	535,421

For discontinued operations

Based on the gain for the year ended 31 December 2021 from discontinued operations of RMB155,000 and with the same denominators detailed above, the basic earnings per share from discontinued operations is less than RMB0.01 per share for the year ended 31 December 2021.

Basic earnings per share was calculated by dividing the profit for the year attributable to owners of the Company by the number of ordinary shares in issue during the year 31 December 2021.

No diluted earnings per share is presented as there was no dilutive potential ordinary share in issue for the years ended 31 December 2022 and 2021.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	**Machinery and equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Office equipment** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost						
At 1 January 2021	968,192	1,695,068	20,604	89,433	654,350	3,427,647
Addition on acquisition of business	422	–	–	511	–	933
Disposal of subsidiaries *(Note 39)*	(256,675)	(41,434)	(901)	(1,172)	(3,215)	(303,397)
Additions	7,881	15,167	3,031	2,806	2,476,678	2,505,563
Transfer	434,738	1,197,612	–	222	(1,632,572)	–
Disposals	(66,141)	(296,655)	(230)	(13,321)	(372)	(376,719)
At 31 December 2021	1,088,417	2,569,758	22,504	78,479	1,494,869	5,254,027
Additions	40,860	74,611	209	1,183	1,792,717	1,909,580
Transfer	562,639	894,277	1,915	550	(1,459,381)	–
Disposals	–	(3,212)	(1,209)	(1,462)	–	(5,883)
At 31 December 2022	**1,691,916**	**3,535,434**	**23,419**	**78,750**	**1,828,205**	**7,157,724**

	Buildings and structures RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Depreciation						
At 1 January 2021	312,597	659,438	10,189	46,066	–	1,028,290
Provided for the year	43,074	104,817	3,023	4,800	–	155,714
Disposal of subsidiaries *(Note 39)*	(8,294)	(3,957)	(94)	(173)	–	(12,518)
Eliminated on disposals	(44,114)	(214,139)	(196)	(11,455)	–	(269,904)
At 31 December 2021	303,263	546,159	12,922	39,238	–	901,582
Provided for the year	61,545	193,304	2,962	5,151	–	262,962
Eliminated on disposals	–	(2,905)	(1,135)	(1,313)	–	(5,353)
At 31 December 2022	**364,808**	**736,558**	**14,749**	**43,076**	**–**	**1,159,191**
Impairment						
At 1 January 2021	5,555	2,902	–	–	–	8,457
Recognised in profit or loss	–	27,381	–	–	–	27,381
Eliminates on disposals	(5,555)	(30,283)	–	–	–	(35,838)
At 31 December 2021 and 2022	–	–	–	–	–	–
Carrying values						
At 31 December 2022	**1,327,108**	**2,798,876**	**8,670**	**35,674**	**1,828,205**	**5,998,533**
At 31 December 2021	785,154	2,023,599	9,582	39,241	1,494,869	4,352,445

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Buildings and structures	3%-10%
Machinery and equipment	4%-32%
Motor vehicles	6%-19%
Office equipment	6%-32%

18. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Office premises *RMB'000*	Machinery *RMB'000*	Total *RMB'000*
As at 1 January 2021	223,252	4,232	–	227,484
Additions	203,889	1,498	940	206,327
Addition on acquisition of business	81	–	–	81
Lease termination	–	(1,447)	–	(1,447)
Disposal of subsidiaries *(Note 39)*	(86,283)	(88)	–	(86,371)
Depreciation charged during the year	(8,280)	(2,295)	(376)	(10,951)
As at 31 December 2021	332,659	1,900	564	335,123
Additions	–	2,024	–	2,024
Depreciation charged during the year	(8,133)	(1,988)	(564)	(10,685)
As at 31 December 2022	**324,526**	**1,936**	**–**	**326,462**

The above items of right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Leasehold lands	2%-20%
Office premises	20%-50%
Machinery	60%

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Expense relating to short-term leases *(Note)*	**1,602**	443
Total cash outflow for leases	**4,081**	206,806

Note:

The short-term leases are mainly apartments rented for staff, office premises and machinery. The Group has elected the recognition exemption on short-term leases and recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term. As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expenses disclosed above.

For both years, the Group leases offices and machinery for its operations. Lease contracts are entered into for fixed term of 12 months to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for five (2021: five) leasehold lands with carrying amount of RMB2,800,000 (2021: RMB3,077,000) in which the Group obtains the right of use under long-term lease contracts.

Variable lease payment

In April 2010, the Company entered into a 30-year land lease contract for the expansion of "Zenan Reservoir" to improve the Company's water supply for production of coke. The lease price is adjusted every 5 years according to the National Grain Purchase Price ("國家糧食收購價格"), and the annual lease price for each Mu ("畝") of the land is calculated by the purchase price of 550 kilogram of wheat. After the adjustment in 2020, the lease price is RMB244,000 per year. It is expected the next price adjustment will be in the year of 2025.

Restrictions or covenants on leases

In addition, lease liabilities of RMB4,557,000 are recognised with related right-of-use assets of RMB4,736,000 as at 31 December 2022 (2021: lease liabilities of RMB5,012,000 are recognised with related right-of-use assets of RMB5,542,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. INTANGIBLE ASSETS

	Franchise right *RMB'000*	Operating license *RMB'000*	Coke capacity *RMB'000* *(Note)*	Total *RMB'000*
Cost				
At 1 January 2021	100,453	22,384	–	122,837
Addition	–	–	141,510	141,510
Addition on acquisition of business	–	6,634	–	6,634
Disposal of a subsidiary *(Note 39)*	(6,951)	–	–	(6,951)
At 31 December 2021	93,502	29,018	141,510	264,030
Addition	–	–	300,000	300,000
At 31 December 2022	93,502	29,018	441,510	564,030
Amortisation				
At 1 January 2021	59,568	1,611	–	61,179
Charge for the year	15,016	1,451	1,572	18,039
Disposal of subsidiaries *(Note 39)*	(377)	–	–	(377)
At 31 December 2021	74,207	3,062	1,572	78,841
Charge for the year	14,842	1,451	19,434	35,727
At 31 December 2022	89,049	4,513	21,006	114,568
Carrying values				
At 31 December 2022	4,453	24,505	420,504	449,462
At 31 December 2021	19,295	25,956	139,938	185,189

The above intangible assets have finite useful lives, amortised on a straight-line basis over the following remaining periods:

	31/12/2022	31/12/2021
	years	years
Franchise right – sales of coal gas	**0.3**	1.3
Operating license of refined oil	**16.3**	17.3
Coke capacity	**13.5-29**	14.5

Note:

The coke capacity acquired during the year ended 31 December 2022 represents maximum coke production capacity of 1,590,000 (2021: 600,000) tonnes per annum.

20. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting periods are set out below.

Name of subsidiary*	**Place of establishment and operations**	**Class of shares held**	**Equity interest attributable to the Group**		**Paid up/ registered capital**	**Principal activities**
			2022	2021		
Directly held:						
濟源市金源化工有限公司 (Jiyuan Jinyuan Chemicals Co., Ltd.)	PRC	Ordinary shares	**100%**	100%	RMB100,000,000	Manufacturing and sales of benzene based chemicals
Shanghai Jinma	PRC	Ordinary shares	**100%**	100%	RMB50,000,000	Trading of coke, coal and coal mining equipment
河南博海化工有限公司 (Henan Bohigh Chemical Co., Ltd.)	PRC	Ordinary shares	**100%**	100%	United States dollar 7,700,000	Manufacturing and sale of coal tar based chemicals
濟源市金寧能源實業有限公司 (Jiyuan Jinning Energy Co., Ltd.) ("**Jinning Energy**")	PRC	Ordinary shares	**51%**	51%	RMB10,000,000	Distribution and sale of coal gas
河南金瑞能源有限公司 (Henan Jinrui Energy Co., Ltd.) ("**Jinrui Energy**")	PRC	Ordinary shares	**71%**	71%	RMB100,000,000	Manufacturing and sale of LNG
深圳金馬能源有限公司 (Shenzhen Jinma Energy Co., Ltd.) ("**Shenzhen Jinma**")	PRC	Ordinary shares	**51%**	51%	RMB1,347,000,000	Project investment, and investment management
河南金馬環保科技有限公司 (Henan Jinma Environmental Protection Technology Co., Ltd.)	PRC	Ordinary shares	**60%**	60%	Nil./RMB10,000,000	Research and development of environmental protection technology
信陽鋼鐵金港能源有限公司 (Xinyang Steel Jingang Energy Co., Ltd.) ("**Xinyang Jingang**")	PRC	Ordinary shares	**70%**	70%	RMB1,000,000,000	Production and sale of coke, electricity and heat energy

Name of subsidiary*	Place of establishment and operations	Class of shares held	Equity interest attributable to the Group		Paid up/ registered capital	Principal activities
			2022	2021		
河南金馬氫能有限公司 (Henan Jinma Qingneng Energy Co., Ltd.)	PRC	Ordinary shares	**100%**	80%	Nil/RMB200,000,000	Provision of multimodal transportation, warehouse and distribution services for coal products
河南省金洲化工科技有限公司 (Henan Jinzhou Chemical Technology Co., Ltd.) *(Note)*	PRC	Ordinary shares	**100%**	Nil	Nil/RMB100,000,000	Inactive
Indirectly held:						
河南金瑞燃氣有限公司 (Henan Jinrui Gas Co., Ltd.)	PRC	Ordinary shares	**100%**	100%	RMB25,500,000	Sales and retail of LNG and oil
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) ("**Ouya Gas Station**")	PRC	Ordinary shares	**100%**	100%	RMB500,000	Sales and retail of refined oil
河南金馬中東能源有限公司 (Henan Jinma Zhongdong Energy Co., Ltd.) ("**Jinma Zhongdong**")	PRC	Ordinary shares	**100%**	100%	RMB1,347,000,000	Manufacturing and sale of coke

* English name for identification only

Note: This company is inactive since its incorporation on 28 March 2022.

All the subsidiaries of the Company are domestic limited liability companies. None of the subsidiaries had any debt securities outstanding at 31 December 2022 and 2021 or at any time during both years.

The table below shows details of non-wholly-owned subsidiaries of the Company:

Name of subsidiary	Proportion ownership interest held by non-controlling interests At 31 December		Profit (loss) allocated to non-controlling interests Year ended 31 December		Accumulated non-controlling interests At 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Jinning Energy	**49**	49	**16,739**	9,517	**63,432**	61,393
Jinrui Energy	**29**	29	**39,113**	(2,511)	**74,115**	35,002
Shenzhen Jinma and its subsidiary	**49**	49	**101,680**	7,232	**783,626**	683,369
Xinyang Jingang	**30**	30	**(8,698)**	75	**291,326**	299,110
Shaanxi Jinma and its subsidiaries	**Nil***	Nil*	**N/A**	6,912	**N/A**	–
			148,834	21,225	**1,212,499**	1,078,874

* Shaanxi Jinma and its subsidiaries were disposed during the year ended 31 December 2021.

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jinning Energy

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Current assets	**60,231**	43,433
Non-current assets	**87,502**	102,476
Current liabilities	**17,167**	15,794
Non-current liabilities	**1,113**	4,824
Net equity	**129,453**	125,291
Equity attributable to owners of the Company	**66,021**	63,898
Equity attributable to non-controlling interests	**63,432**	61,393

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Revenue	**415,089**	266,436
Expenses	**380,927**	247,013
Profit and total comprehensive income for the year	**34,162**	19,423
Profit and total comprehensive income attributable to		
– the owners of the Company	**17,423**	9,906
– the non-controlling interests	**16,739**	9,517
Profit and total comprehensive income for the year	**34,162**	19,423
Dividends declared and paid to non-controlling interests	**14,700**	14,700
Net cash from operating activities	**44,262**	36,390
Net cash used in investing activities	**(36,097)**	(3,876)
Net cash used in financing activities	**(30,000)**	(32,673)
Net cash outflow	**(21,835)**	(159)

Jinrui Energy

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Current assets	**153,347**	69,418
Non-current assets	**302,374**	324,156
Current liabilities	**158,946**	262,080
Non-current liabilities	**41,207**	12,379
Net equity	**255,568**	119,115
Equity attributable to owners of the Company	**181,453**	84,113
Equity attributable to non-controlling interests	**74,115**	35,002

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Revenue	**652,124**	152,692
Expenses	**515,671**	162,211
Profit (loss) and total comprehensive income (expense) for the year	**136,453**	(9,519)
Profit (loss) and total comprehensive income (expense) attributable to		
– the owners of the Company	**97,340**	(7,008)
– the non-controlling interests	**39,113**	(2,511)
Profit (loss) and total comprehensive income (expense) for the year	**136,453**	(9,519)
Net cash (used in) from operating activities	**(24,216)**	18,346
Net cash used in investing activities	**(8,096)**	(31,638)
Net cash from financing activities	**55,773**	–
Net cash inflow (outflow)	**23,461**	(13,292)

Xinyang Jingang

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Current assets	**478,258**	719,355
Non-current assets	**2,537,654**	1,052,752
Current liabilities	**1,310,443**	775,007
Non-current liabilities	**734,382**	–
Net equity	**971,087**	997,100
Equity attributable to owners of the Company	**679,761**	697,990
Equity attributable to non-controlling interests	**291,326**	299,110

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Revenue	**44,221**	–
Expenses (income)	**73,280**	(249)
(Loss) profit for the year	**(29,059)**	249
(Loss) profit attributable to		
– the owners of the Company	**(20,361)**	174
– the non-controlling interests	**(8,698)**	75
(Loss) profit for the year	**(29,059)**	249
Other comprehensive income (expense) attributable to		
– the owners of the Company	**2,132**	(2,169)
– the non-controlling interests	**914**	(930)
Other comprehensive income (expense) for the year	**3,046**	(3,099)
Total comprehensive expense attributable to		
– the owners of the Company	**(18,229)**	(1,995)
– the non-controlling interests	**(7,784)**	(855)
Total comprehensive expense for the year	**(26,013)**	(2,850)
Net cash used in operating activities	**(96,139)**	(3,890)
Net cash used in investing activities	**(1,460,116)**	(801,277)
Net cash from financing activities	**1,036,419**	744,993
Net cash outflow	**(519,836)**	(60,174)

Shenzhen Jinma and subsidiary

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Current assets	**1,388,913**	951,116
Non-current assets	**2,708,963**	2,312,789
Current liabilities	**1,642,513**	1,150,146
Non-current liabilities	**856,127**	723,934
Net equity	**1,599,236**	1,389,825
Equity attributable to owners of the Company	**815,610**	706,456
Equity attributable to non-controlling interests	**783,626**	683,369

	Year ended 31/12/2022	Year ended 31/12/2021
	RMB'000	*RMB'000*
Revenue	**6,200,987**	763,056
Expenses	**5,988,672**	753,163
Profit for the year	**212,315**	9,893
Profit attributable to		
– the owners of the Company	**110,635**	2,661
– the non-controlling interests	**101,680**	7,232
Profit for the year	**212,315**	9,893
Other comprehensive expense attributable to		
– the owners of the Company	**(1,481)**	(780)
– the non-controlling interests	**(1,423)**	(750)
Other comprehensive expense for the year	**(2,904)**	(1,530)
Total comprehensive income attributable to		
– the owners of the Company	**109,154**	1,881
– the non-controlling interests	**100,257**	6,482
Total comprehensive income for the year	**209,411**	8,363
Net cash from (used in) operating activities	**675,185**	(181,674)
Net cash used in investing activities	**(795,502)**	(1,461,788)
Net cash from financing activities	**175,522**	953,754
Net cash inflow (outflow)	**55,205**	(689,708)

21. INTEREST IN A JOINT VENTURE

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Cost of unlisted investment in a joint venture	**49,000**	49,000
Share of post-acquisition results, net of dividends received	**34,084**	10,502
	83,084	59,502

Details of the Group's joint venture at the end of the reporting period are set out below:

Name of joint venture**	**Place of registration and operations**	**Fully paid registered capital**	**Proportion of ownership interest/ voting rights attributable to the Group**		**Principal activities**
			2022	2021	
Henan Jinjiang Refinery Co., Ltd. ("**Jinjiang Refinery**") 河南金江煉化有限公司	PRC	RMB100,000,000	**49%**	49%	Manufacture and sale of hydrogen

* English name for identification only

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in the consolidated financial statements.

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Current assets	**103,980**	23,451
Non-current assets	**96,079**	115,531
Current liabilities	**20,169**	6,975
Non-current liabilities	**10,332**	10,575
The above amounts of assets and liabilities include the followings:		
Cash and cash equivalents	**38,633**	11,444
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Revenue	**283,972**	182,873
Profit and total comprehensive income for the year	**58,127**	6,804
Dividends received from Jinjiang Refinery during the year	**4,900**	4,900

The above profit for the year includes the following:

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Depreciation	**16,626**	16,438
Interest income	**672**	32
Interest expense	**–**	68
Income tax expense *(Note)*	**–**	–

Note: Pursuant to the relevant tax rules and regulation in the PRC, revenue from Comprehensive Utilisation of Resources is exempted from tax.

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in consolidated financial statements.

	31/12/2022 *RMB'000*	31/12/2021 *RMB'000*
Net assets	**169,558**	121,432
Proportion of the Group's ownership interest in the joint venture	**49%**	49%
Carrying amount of the Group's interest in the joint venture	**83,084**	59,502

22. INTERESTS IN ASSOCIATES/ADVANCE TO AN ASSOCIATE

	31/12/2022 *RMB'000*	31/12/2021 *RMB'000*
Cost of unlisted investment in associates	**139,460**	41,460
Share of post-acquisition results, net of dividends received	**(39,491)**	(41,460)
	99,969	–

Details of the Group's associates at the end of the reporting period are set out below:

Name of associate*	Place of registration and operations	Fully paid registered capital	Proportion of ownership interest/ voting rights attributable to the Group 2022	2021	Principal activities
Xiamen Jinma ITG Co., Ltd.* ("**Xiamen Jinma**") 廈門金馬國貿有限公司	PRC	RMB200,000,000	**49%**	N/A	Domestic trading
Huozhou Coal Power Group Hongtong Yilong Co., Ltd. * ("**Yilong Coal**") 霍州煤電集洪洞億隆煤業有限責任公司	PRC	RMB80,000,000	**33%**	33%	Mining and sale of coal

* English name for identification only

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associates are accounted for using the equity method in the consolidated financial statements.

Xiamen Jinma

	31/12/2022 ***RMB'000***
Current assets	**290,345**
Non-current assets	**161**
Current liabilities	**86,488**
Non-current liabilities	**–**

	Year ended 31/12/2022 ***RMB'000***
Revenue	**170,360**
Profit and total comprehensive income for the year	**4,018**

Reconciliation of the above summarised financial information of the carrying amount of the interest in Xiamen Jinma recognised in the consolidated financial statements.

	31/12/2022
	RMB'000
Net assets	**204,018**
Proportion of the Group's ownership interest in the associate	**49%**
Carrying amounts of the Group's interest in the associate	**99,969**

Yilong Coal

The Group's share of losses of Yilong Coal exceeds the Group's interest in Yilong Coal (which includes long-term interests that, in substance, form part of the Group's net investment in the Yilong Coal), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of Yilong Coal.

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Advance to an associate	**940**	60,940
Less: Allowance for ECL	**(940)**	(45,940)
	–	15,000

The advance to an associate represents deposit for acquisition of mining right ("採礦許可證") and the total advance is unsecured, interest-free and has no fixed repayment terms. Impairment of RMB45,940,000 was recognised on advance to an associate during the year end 31 December 2020. In November 2021, the Group brought legal claim against Yilong Coal demanding for repayment of the loan and accrued interest. In February 2022, the court ordered Yilong Coal to repay the Group the entire amount of loan and the interest accrual thereon and Yilong Coal appealed in March 2022. The Higher People's Court of Henan Province rejected the appeal request in 27 May 2022 and Yilong Coal has repaid RMB60,000,000 to the Group during the year, reversal of impairment loss of RMB45,000,000 was recognised.

23. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Allowance for inventories	ECL provision	Accelerated tax depreciation and temporary difference on deductible expenses	Fair value change of bills receivables at FVTOCI and assets at FVTPL	Unrealised profits	Fair value adjustments upon acquisition of business	Deferred revenue	Impairment of property, plant and equipment	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	157	11,807	(12,932)	2,755	1,992	(8,193)	5,469	2,114	–	3,169
Credit (charge) to profit or loss	498	727	(16,333)	(780)	34,409	3,447	243	–	–	22,211
Credit to the other comprehensive income	–	–	–	763	–	–	–	–	–	763
Addition on acquisition of a business	–	–	–	–	–	588	–	–	–	588
Disposal of property, plant and equipment	–	–	–	–	–	–	–	(2,114)	–	(2,114)
Disposal of subsidiaries *(Note 39)*	–	–	–	–	–	(5,605)	–	–	–	(5,605)
At 31 December 2021	655	12,534	(29,265)	2,738	36,401	(9,763)	5,712	–	–	19,012
Credit (charge) to profit or loss	2,852	(12,205)	(69,426)	787	37,416	4,083	(551)	–	6,187	(30,857)
Credit to the other comprehensive income	–	–	–	12	–	–	–	–	–	12
At 31 December 2022	**3,507**	**329**	**(98,691)**	**3,537**	**73,817**	**(5,680)**	**5,161**	**–**	**6,187**	**(11,833)**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Deferred tax assets	**85,124**	59,336
Deferred tax liabilities	**(96,957)**	(40,324)
	(11,833)	19,012

As at 31 December 2022, the Group had unused tax losses of RMB25,324,000 (2021: RMB17,448,000) available to offset against future profits. Deferred tax asset of RMB6,187,000 (2021: Nil) has been recognised in respect of tax losses of RMB24,748,000. All tax losses will expire within 5 years (2021: 5 years) from the year of origination. No deferred tax asset has been recognised in respect of the rest losses due to the unpredictability of future profit streams.

At 31 December 2022 and 2021, the Group had no other material unrecognised deductible temporary differences.

24. INVENTORIES

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Raw materials	**444,048**	364,780
Finished goods	**127,030**	102,893
	571,078	467,673

25. TRADE AND OTHER RECEIVABLES

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Trade receivables – contract with customers	**171,744**	94,555
Less: Allowance for ECL	**(301)**	(4,195)
	171,443	90,360
Other receivables	**2,314**	1,542
Less: Allowance for ECL	**(73)**	–
	2,241	1,542
Prepayments to suppliers	**322,777**	234,383
Prepaid other taxes and charges	**303,195**	333,071
Refundable deposits to suppliers	**864**	50,453
	800,520	709,809

As at 1 January 2021, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB92,285,000.

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

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Within 90 days	**171,149**	85,827
181 – 365 days	**204**	3,533
More than 1 year	**90**	1,000
	171,443	90,360

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB595,000 (2021: RMB8,728,000) which are past due as at the reporting date. Out of the past due balances, RMB301,000 (2021: RMB5,195,000) has been past due 90 days or more and all of which is considered as in default and impairment allowance of RMB301,000 (2021: RMB4,195,000) was recognised accordingly.

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 45.

26. AMOUNT DUE FROM A SHAREHOLDER

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Trade nature		
Maanshan Steel	**70,490**	57,585

The amounts in trade nature are receivables from contracts with customers.

The balance at 1 January 2021 amounted to RMB11,770,000.

The normal credit term is 30 to 60 days. The amount due from a shareholder in trade nature is aged within 90 days based on invoice date, none of the balance is past due as at 31 December 2022 and 2021.

The Group does not hold any collateral over these balances and these balances are unsecured and interest-free.

Details of impairment assessment of amount due from a shareholder are set out in Note 45.

27. AMOUNTS DUE FROM RELATED PARTIES

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Trade nature		
Jiangxi PXSteel's subsidiaries	**45,375**	–
Xiamen Jinma *(Note i)*	**32,640**	–
Jiyuan Fangsheng Chemicals Co., Ltd.* ("**Fangsheng Chemicals**") 濟源市方升化學有限公司 *(Note ii)*	**374**	20
	78,389	20

* English name for identification only

Notes:

(i): The balance is prepayment for purchase of coal.

(ii): The entity is controlled by a shareholder of the Company. The balance contains prepayment of RMB366,000 for purchase of materials including sodium hydroxide and hydrochloric acid.

The balance at 1 January 2021 amounted to RMB113,260,000.

The amounts in trade nature are from contract with customers. The following is an aging analysis of amounts due from related parties (excluding prepayment for purchase of goods), presented based on invoice date at the end of the reporting period.

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Within 90 days	**45,383**	–

The normal credit term to the customers is ranged between 30 to 60 days. None of the balance is past due as at 31 December 2022 and 2021.

The Group does not hold any collateral over these balances.

Detail of impairment assessment of amounts due from related parties are set out in Note 45.

28. BILLS RECEIVABLES AT FVTOCI

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Bills receivables	**1,065,648**	806,113

Under IFRS 9, certain bills which were held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as "bills receivables at FVTOCI". At 31 December 2022 and 2021, all the bills are with a maturity period of less than one year.

The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Details of impairment assessment are set out in Note 45.

29. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.25% to 1.65% (2021: from 0.30% to 1.89%) per annum as at 31 December 2022.

The Group's restricted bank balances were pledged to banks for issuing bills.

30. BORROWINGS

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Bank borrowings	**3,143,120**	1,800,863
Other borrowing *(Note)*	**80,000**	–
Secured	**1,891,040**	753,429
Unsecured	**1,332,080**	1,047,434
	3,223,120	1,800,863
Fixed-rate borrowings	**2,006,491**	575,500
Floating-rate borrowings	**1,216,629**	1,225,363
	3,223,120	1,800,863

Note: This borrowing was borrowed from a company for a period of 6 months at an interest rate of 12% per annum with no collateral.

	Bank borrowings		**Other borrowing**		**Total borrowings**	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021	**31/12/2022**	31/12/2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount repayable: (based on scheduled payment terms)						
Within one year	**1,307,680**	972,434	**80,000**	–	**1,387,680**	972,434
More than one year, but not more than two years	**771,747**	285,000	**–**	–	**771,747**	285,000
More than two years, but not more than five years	**1,063,693**	543,429	**–**	–	**1,063,693**	543,429
	3,143,120	1,800,863	**80,000**	–	**3,223,120**	1,800,863
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,307,680)**	(972,434)	**(80,000)**	–	**(1,387,680)**	(972,434)
Amount due for settlement after 12 months shown under non-current liabilities	**1,835,440**	828,429	**–**	–	**1,835,440**	828,429

The ranges of effective interest rate of the Group's bank borrowings are:

	31/12/2022	31/12/2021
Effective interest rate per annum:		
– Fixed-rate borrowings	**3.70%-6.30%**	4.25%-6.30%
– Floating-rate borrowings	**3.62%-5.60%**	3.56%-5.46%

31. TRADE AND OTHER PAYABLES

	31/12/2022 *RMB'000*	31/12/2021 *RMB'000*
Trade payables	**732,017**	274,954
Bills payables	**1,057,580**	998,596
	1,789,597	1,273,550
Salaries and wages payables	**31,831**	39,355
Other tax payables	**46,696**	22,924
Consideration payable for purchase of		
– property, plant and equipment	**928,769**	732,102
– intangible assets	**–**	118,555
Accruals	**12,267**	9,795
Interest payable	**5,022**	–
Consideration payable for acquisition of business	**3,222**	3,647
Refundable deposit from suppliers	**16,050**	15,135
Other payables	**8,106**	2,695
	1,051,963	944,208
	2,841,560	2,217,758

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

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

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Within 90 days	**1,139,065**	1,254,647
91 – 180 days	**568,947**	10,471
181 – 365 days	**70,330**	5,619
Over 1 year	**11,255**	2,813
	1,789,597	1,273,550

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

32. AMOUNT DUE TO A RELATED PARTY

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Trade nature		
Fangsheng Chemicals*	**–**	113

* English name for identification only

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

The following is an aging analysis of amount due to a related party of trade payables presented based on the invoice date at the end of the reporting period:

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Within 90 days	**–**	113

33. CONTRACT LIABILITIES

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Sales of goods	**283,139**	101,401

As at 1 January 2021, contract liabilities amounted to RMB49,851,000.

For the year ended 31 December 2022, revenue of RMB101,401,000 (2021: RMB49,851,000) recognised that was included in the contract liability balance at the beginning of the year.

Contract liabilities are all expected to be settled within the Group's normal operating cycle, and are classified as current based on the Group's earliest obligation to transfer goods to the customers. Revenue recognised in the current year with performance obligation satisfied includes whole contract liability balance at the beginning of the year.

The significant increase in contract liabilities in the current year is the result of the increase in number of unsatisfied contracts at the end of the year.

34. LEASE LIABILITIES

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Within one year	**1,864**	1,882
Within a period of more than one year but not more than two years	**430**	577
Within a period of more than two years but not more than five years	**666**	840
Within a period of more than five years	**1,597**	1,713
	4,557	5,012
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,864)**	(1,882)
Amount due for settlement after 12 months shown under non-current liabilities	**2,693**	3,130

The weighted average incremental borrowing rates applied to lease liabilities range from 4.50% to 5.96% (2021: from 4.50% to 5.96%) per annum.

35. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans recognised as employee benefit charged to profit or loss and capitalised as production costs or construction in progress as incurred for the year ended 31 December 2022 under such arrangement are RMB19,736,000 (2021: RMB15,446,000).

As at 31 December 2022, no contributions (2021: Nil) due in respect of the year ended 31 December 2022 had not been paid over to the plans.

36. SHARE CAPITAL

	Number of shares		Share capital	
	2022	2021	**2022**	2021
	'000	*'000*	***RMB'000***	*RMB'000*
Issued and fully paid				
Ordinary shares of RMB1 each				
At beginning and end of year	**535,421**	535,421	**535,421**	535,421

37. DEFERRED REVENUE

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Assets-related government subsidies	**20,644**	22,848

During the year ended 31 December 2022, the Group received RMBNil (2021: RMB3,060,000) in relation to incentives for certain plants and equipment acquired by the Group. The amounts were recorded as deferred revenue and released to profit or loss on a systematic basis over the useful lives of the relevant assets. During the year ended 31 December 2022, subsidy income of approximately RMB2,204,000 (2021: RMB2,088,000) was released to profit or loss.

38. PERPETUAL LOAN

The Group received RMB15,630,000 from Wanghu Village Committee during the year of 2022. Interest of RMB1,600,000 should be paid to the borrower annually. This receipt was recognised as a perpetual loan based on the contract that the Group is only required to repay interest annually when the interest was past due. The perpetual loan was recognised at fair value with an effective interest rate of 10.24%.

39. DISPOSAL OF SUBSIDIARIES

As referred to Note 12, on 30 September 2021, the Group disposed of Disposal Group A. The net assets of Disposal Group A at the date of disposal were as follows:

From Disposal Group A

	RMB'000
Consideration received:	
Total consideration received in cash	204,000

	30/09/2021
	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	290,879
Right-of-use assets	86,371
Intangible assets	6,574
Goodwill	24,614
Deferred tax assets	5,605
Inventories	7,410
Trade and other receivables	32,994
Amount due from a related party	116,253
Bank balances and cash	2,795
Lease liabilities	(2,914)
Borrowings	(30,000)
Trade and other payables	(39,561)
Contract liabilities	(164)
Tax payable	(3,955)
Net assets disposed of	496,901
Loss on disposal of a subsidiary:	
Consideration received	204,000
Net assets disposed of	(496,901)
Non-controlling interests	286,771
	(6,130)
Net cash inflow arising on disposal:	
Cash consideration	204,000
Less: bank balances and cash disposed of	(2,795)
	201,205

As referred to Note 12, on 30 November 2021, the Group disposed of Disposal Group C. The net assets of Disposal Group C at the date of disposal were as follows:

From Disposal Group C

	RMB'000
Consideration received:	
Total consideration received in cash	5,238

	30/11/2021 *RMB'000*
Analysis of assets and liabilities over which control was lost:	
Bank balances and cash	10,383
Trade and other payables	(3)
Net assets disposed of	10,380
Loss on disposal of a subsidiary:	
Consideration received	5,238
Net assets disposed of	(10,380)
Non-controlling interests	2,023
	(3,119)
Net cash outflow arising on disposal:	
Cash consideration	5,238
Less: bank balances and cash disposed of	(10,383)
	(5,145)

The impact of Disposal Groups on the Group's results and cash flows in the prior year is disclosed in Note 12.

40. CAPITAL COMMITMENTS

	31/12/2022 ***RMB'000***	31/12/2021 *RMB'000*
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**1,133,486**	1,802,512

41. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks as securities against general banking facilities, including banks borrowings and bills payables granted to the Group:

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Property, plant and equipment	**141,888**	1,322
Right-of-use assets	**211,510**	124,811
Restricted bank balances	**587,735**	703,118
Bills receivables at FVTOCI	**205,198**	195,309
	1,146,331	1,024,560

42. TRANSFER OF FINANCIAL ASSETS

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

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Endorsed bills for settlement of payables	**2,885,122**	2,608,690
Discounted bills for raising cash	**1,363,804**	293,325
Outstanding endorsed and discounted bills receivables	**4,248,926**	2,902,015

The outstanding endorsed and discounted bills receivables are with maturities no more than 6 months.

43. RELATED PARTIES' TRANSACTIONS

Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with related parties

Other than the transactions and balances with related parties disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with its related parties during the year:

	Year ended	Year ended
	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Sales of products and services to:		
Jiangxi PXSteel's subsidiaries	**2,118,997**	1,614,677
Maanshan Steel	**955,286**	767,199
Jinjiang Refinery	**126,689**	104,098
Xiamen Jinma	**17,323**	–
Fangsheng Chemicals	**38**	24

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Purchase of raw materials and services from:		
Fangsheng Chemicals	**16,496**	7,057
Jinjiang Refinery	**8,969**	6,303
Yan'an Railway (Note)	**N/A**	6,032

Note: The entity is no-longer a related party following the disposal on 30 September 2021.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

	Year ended 31/12/2022 ***RMB'000***	Year ended 31/12/2021 *RMB'000*
Salaries and allowance	**5,203**	5,127
Performance related bonuses	**1,142**	3,622
Retirement benefit	**385**	245
	6,730	8,994

Key management represents the directors of the Company disclosed in Note 15 and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and the individuals.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes perpetual loan, borrowings, lease liabilities, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital and reserves).

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, new debts or the redemption of existing debts.

45. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2022 *RMB'000*	31/12/2021 *RMB'000*
Financial assets		
Financial assets at FVTPL	**–**	18,000
Bills receivables at FVTOCI	**1,065,648**	806,113
Financial assets at amortised cost		
– Bank balances and cash	**913,992**	576,951
– Restricted bank balances	**587,735**	703,118
– Trade and other receivables*	**174,548**	142,355
– Amount due from a shareholder	**70,490**	57,585
– Amounts due from related parties**	**45,383**	–
– Advance to an associate	**–**	15,000

* Excluded prepayments to suppliers and prepaid other taxes and charges.

** Excluded prepayments for purchase of goods and provision of shipping services.

	31/12/2022 *RMB'000*	31/12/2021 *RMB'000*
Financial liabilities		
Amortised cost		
– Borrowings	**3,223,120**	1,800,863
– Trade and other payables*	**2,763,033**	2,155,479
– Amount due to a related party	**–**	113
– Perpetual loan	**15,630**	–
– Lease liabilities	**4,557**	5,012

* Excluded salaries and wages payables, other tax payables.

Financial risk management objectives and policies

The Group's major financial instruments include advance to an associate, trade and other receivables, amounts due from/to a shareholder/related parties, financial assets at FVTPL, bills receivables at FVTOCI, restricted bank balances, bank balances and cash, trade and other payables, perpetual loan, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to certain interest-bearing restricted bank balances, bills receivables at FVTOCI, perpetual loan, borrowings and lease liabilities, all bear fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to certain bank balances and borrowings at floating interest rates. The Group currently does not have an interest rate hedging policy. There are no concentration on the Group's interest rate risks. However, the management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate for the floating-rate (depends on Loan Prime Rate) borrowings, assuming that the floating-rate borrowings outstanding at the end of the reporting period was outstanding for the whole relevant period. If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately RMB4,562,000 (2021: RMB4,595,000) for the year ended 31 December 2022. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2022 and 2021.

No sensitivity analysis on bank balances is presented as the directors of the Company consider that the exposure of cash flow interest rate risk arising from bank balances is minimal.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, which are mainly bank balances, at the end of the reporting period are as follows:

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Assets		
Bank balances and cash – HK$	**4,841**	7,540

The following table details the Group's sensitivity to 5% appreciation of HK$ against RMB which represents the management's assessment of the possible change in foreign exchange rate. The sensitivity analysis of the Group includes the outstanding foreign currencies denominated monetary items and adjusts for 5% appreciation of foreign exchange rates at the end of the reporting period.

	Year ended	Year ended
	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
Increase in post-tax profit	**182**	283

There would be an equal and opposite impact on the above post-tax results, should HK$ be weakened against RMB in the above sensitivity analysis.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the foreign currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade-related Receivables arising from contracts with customers

The Group mainly conducts transactions with customers with good quality and long-term relationship. When accepting new customers, the Group requests advanced payment before the goods delivered. In order to minimize the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. In this regard and considering the long-term relationships with its customers and the financial position of these customers, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2022, the Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the year. The percentage of Trade-related Receivables attributable to these five largest customers amounted to 41% (2021: 47%).

As at 31 December 2022, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 78% (2021: 81%) of total Trade-related Receivables outstanding balances.

The Group had concentration of credit risk by geographical location as Trade-related Receivables, bills receivables at FVTOCI, restricted bank balances and bank balances comprise various debtors which are all located in the PRC as at 31 December 2022 and 2021.

Except for debtors that are credit-impaired with internal credit rate of loss are assessed for impairment individually, the remaining Trade-related Receivables are assessed collectively following lifetime ECL (not credit-impaired) based on shared credit risk characteristics by reference to the Group's internal credit ratings. Nil (2021: RMB2,907,000) is recognised and an amount of RMB3,894,000 (2021: Nil) is reversed during the year. Details of the quantitative disclosures are set out below.

Other receivables and refundable deposits

For other receivables and refundable deposits, the Group makes individual assessment on recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort. Impairment of RMB73,000 (2021: Nil) is recognised during the year.

Advance to an associate

The Group regularly monitors the business performance of the associate. The Group's credit risks in the balance is mitigated through the historical financial information as well as consideration of probability of default and loss given default, adjusted for forward-looking information including industrial factors and available market data. No impairment is recognised and an amount of RMB45,000,000 (Note 22) (2021: Nil) is reversed during the year.

Bank balances and restricted bank balances

The Group's credit risk on bank balances and restricted bank balances is low and there is no significant concentration of credit risk because all bank deposits are deposited in or contracted with several state-owned banks with good reputation and with high credit ratings assigned by international credit-rating agencies. ECL on bank balances and restricted bank balances was insignificant in the profit or loss during the years ended 31 December 2022 and 2021.

Bills receivables at FVTOCI

The Group only accepts bills receivables with low credit risk. The Group's bills receivables at FVTOCI are bank acceptance bills and therefore are considered to be low credit risk financial instruments. During the years ended 31 December 2022 and 2021, ECL on bills receivables at FVTOCI was insignificant in the profit or loss.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade-related Receivables	Other receivables/ refundable deposits
Low risk	The counterparty has a low risk of default and does not have any past-due amount	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m or lifetime ECL	**31/12/2022**	31/12/2021
				Gross carrying amount	
				RMB'000	*RMB'000*
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	**1,065,648**	806,113
Financial assets at amortised cost					
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**287,022**	143,412
		Watch list	Lifetime ECL (not credit-impaired)	**294**	3,533
		Loss	Credit-impaired	**301**	5,195
				287,617	152,140
Bank balances and restricted bank balances	AAA – AA+	N/A	12m ECL	**1,501,727**	1,280,069
Advance to an associate	N/A	Loss	Credit-impaired	**940**	60,940
Other receivables and refundable deposits	Note	Low risk	12m ECL	**2,623**	51,995
		Watch list	Lifetime ECL (not credit-impaired)	**555**	–
				3,178	51,995

Note: For other receivables, the external credit ratings are not available for each individual to be assessed.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. Credit-impaired debtors with gross carrying amounts of RMB301,000 as at 31 December 2022 (2021: RMB5,195,000) were assessed individually.

Gross carrying amount

	31/12/2022			31/12/2021		
Internal credit rating	**Average loss rate**	**Trade-related Receivables** *RMB'000*	**ECL (not credit-impaired)** *RMB'000*	Average loss rate	Trade-related Receivables *RMB'000*	ECL (not credit-impaired) *RMB'000*
Low risk	**0.20%**	**287,022**	**– ***	0.05%	143,412	– *
Watch list	**4.23%**	**294**	**– ***	0.22%	3,533	– *
		287,316	**–**		146,945	–

*	The amount of ECL loss is immaterial for the years ended 31 December 2022 and 2021.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised on Trade-related Receivables under the simplified approach.

	Lifetime ECL (credit-impaired) *RMB'000*	**Total** *RMB'000*
As at 1 January 2021	1,288	1,288
– Impairment losses recognised	2,907	2,907
At 31 December 2021	4,195	4,195
– Impairment losses reversed	(3,894)	(3,894)
At 31 December 2022	**301**	**301**

Changes in the loss allowance for Trade-related Receivables are mainly due to:

	2022 Increase/(decrease) in lifetime ECL		2021 Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**	Not credit-impaired	Credit-impaired
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Trade-related Receivables with a gross carrying amount of Nil (2021: RMB5,195,000) defaulted and transferred to credit-impaired	**–**	**–**	–	2,907
Settlement in full of Trade-related Receivables with a gross carrying amount of RMB4,894,000 (2021: Nil)	**–**	**(3,894)**	–	–

The following table shows the movement in lifetime ECL that has been recognised on other receivables and refundable deposits under the simplified approach.

	Lifetime ECL (not credit-impaired)	**Total**
	RMB'000	***RMB'000***
At 31 December 2021	–	–
– Impairment losses recognised	73	73
At 31 December 2022	**73**	**73**

Liquidity risk

In the management of the liquidity risk, the Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2022, the Group had unutilised bank facilities of approximately RMB629,371,000 (2021: RMB2,010,941,000).

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

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

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

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** **31/12/2022**	31/12/2021	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Bills receivables at FVTOCI	**Assets- RMB1,065,648,000**	Assets- RMB806,113,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
Structured deposits classified as financial assets at FVTPL	**Assets- Nil**	Assets- RMB18,000,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the contract and available market.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings *RMB'000* (restated)	Other borrowings *RMB'000*	Dividend payable *RMB'000*	Perpetual loan *RMB'000*	Lease liabilities *RMB'000*	Interest payables *RMB'000*	Total *RMB'000*
At 1 January 2021	1,011,700	–	–	–	9,896	–	1,021,596
Financing cash flows *(Note)*	758,478	–	(183,264)	–	(2,474)	–	572,740
Dividend declared	–	–	183,630	–	–	–	183,630
Exchange adjustments	–	–	(366)	–	–	–	(366)
New leases entered	–	–	–	–	2,418	–	2,418
Lease termination	–	–	–	–	(2,543)	–	(2,543)
Acquisition of a business	–	–	–	–	81	–	81
Disposal of subsidiaries	(30,000)	–	–	–	(2,914)	–	(32,914)
Finance costs recognised	60,685	–	–	–	548	–	61,233
At 31 December 2021	1,800,863	–	–	–	5,012	–	1,805,875
Financing cash flows *(Note)*	1,342,257	80,000	(149,486)	15,630	(2,479)	(118,366)	1,167,556
Dividend declared	–	–	148,555	–	–	–	148,555
Exchange adjustments	–	–	931	–	–	–	931
New leases entered	–	–	–	–	2,024	–	2,024
Finance costs recognised	–	–	–	–	–	123,388	123,388
At 31 December 2022	3,143,120	80,000	–	15,630	4,557	5,022	3,248,329

Note: The cash flows represent new bank borrowings raised, the repayment of bank borrowings, interest paid, repayments of lease liabilities, dividend paid, perpetual loan received and other borrowing received in the consolidated statement of cash flows.

47. EVENTS AFTER THE REPORTING PERIOD

As of the date of approval for issuance of the consolidated financial statements, there is no significant event after reporting period.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**1,000,304**	996,034
Right-of-use assets	**58,776**	64,854
Investments in subsidiaries	**1,733,159**	1,733,159
Interest in a joint venture	**49,000**	49,000
Interest in associates	**98,000**	–
Advance to an associate	**–**	15,000
Deposit for acquisition of property, plant and equipment	**19,831**	10,234
	2,959,070	2,868,281
CURRENT ASSETS		
Inventories	**132,141**	139,498
Trade and other receivables	**191,070**	153,099
Amount due from a shareholder	**8**	31,436
Amounts due from subsidiaries	**590,302**	591,996
Amounts due from related parties	**59,711**	–
Financial assets at FVTPL	**–**	18,000
Bills receivables at FVTOCI	**470,399**	382,298
Restricted bank balances	**366,289**	176,769
Bank balances and cash	**567,286**	194,581
	2,377,206	1,687,677
CURRENT LIABILITIES		
Borrowings	**523,580**	667,933
Trade and other payables	**1,347,515**	759,239
Amount due to a related party	**–**	113
Amounts due to subsidiaries	**–**	20,850
Contract liabilities	**40,055**	9,060
Lease liabilities	**7,061**	6,635
Tax payable	**3,646**	12,603
	1,921,857	1,476,433
NET CURRENT ASSETS	**455,349**	211,244
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,414,419**	3,079,525
CAPITAL AND RESERVES		
Share capital	**535,421**	535,421
Reserves	**2,596,022**	2,423,433
TOTAL EQUITY	**3,131,443**	2,958,854

	31/12/2022	31/12/2021
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Borrowings	**233,000**	90,000
Lease liabilities	**13,340**	18,757
Deferred revenue	**7,266**	8,264
Deferred tax liabilities	**29,370**	3,650
	282,976	120,671
	3,414,419	3,079,525

Movement in the Company's reserves:

	Special reserve	**Capital reserve**	**Statutory surplus reserve fund**	**Retained profits**	**FVTOCI reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	–	386,496	242,311	1,471,770	(5,777)	2,094,800
Profit for the year	–	–	–	486,735	–	486,735
Other comprehensive income for the year	–	–	–	–	2,524	2,524
Total comprehensive income for the year	–	–	–	486,735	2,524	489,259
Dividends paid	–	–	–	(160,626)	–	(160,626)
Transfer	1,942	–	25,399	(27,341)	–	–
At 31 December 2021 and 1 January 2022	1,942	386,496	267,710	1,770,538	(3,253)	2,423,433
Profit for the year	–	–	–	307,416	–	307,416
Other comprehensive expense for the year	–	–	–	–	(972)	(972)
Total comprehensive income (expense) for the year	–	–	–	307,416	(972)	306,444
Dividends paid	–	–	–	(133,855)	–	(133,855)
At 31 December 2022	1,942	386,496	267,710	1,944,099	(4,225)	2,596,022

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

OVERVIEW

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

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

In 2022, the Group's revenue was mainly generated from the following major business segments:

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

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

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

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

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

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

General Economic Conditions and the Demand in Downstream Industries

The Group sells all its products in the PRC. General economic conditions of the PRC affect the market prices and demands for the Group's products, as well as the prices of coal, the primary raw material for the production of the Group's coke, refined chemicals and energy products. During economic downturns, the average selling prices of the Group's products may decrease and the Group may need to adjust the Group's purchase and sale strategies to adapt to such conditions, such as reducing the Group's purchase of raw materials or engaging in more financing activities to increase the Group's working capital. The Group's trading activities may decrease during economic downturns. When economic conditions recover, the Group may increase the selling prices of the Group's products along with the increase in market demands and raw material prices. In addition, the Group may increase the Group's prepayments for raw materials in order to secure raw material supplies. The Group's trading activities may also increase as the demands for coke, coal, coal mining equipment, nonferrous materials and natural gas increase when economic conditions recover. The market price for the Group's coke recovered substantially in 2016 and continued to remain stable from 2017 to 2019, but rose again from mid-2020 and started to decrease from mid-2022. The Group's results of operations, working capital position, as well as operating cash flows changed correspondingly as a result.

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

Prices of the Group's Raw Materials and Products

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

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

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

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

- prices of chemicals in the international market; and

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

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

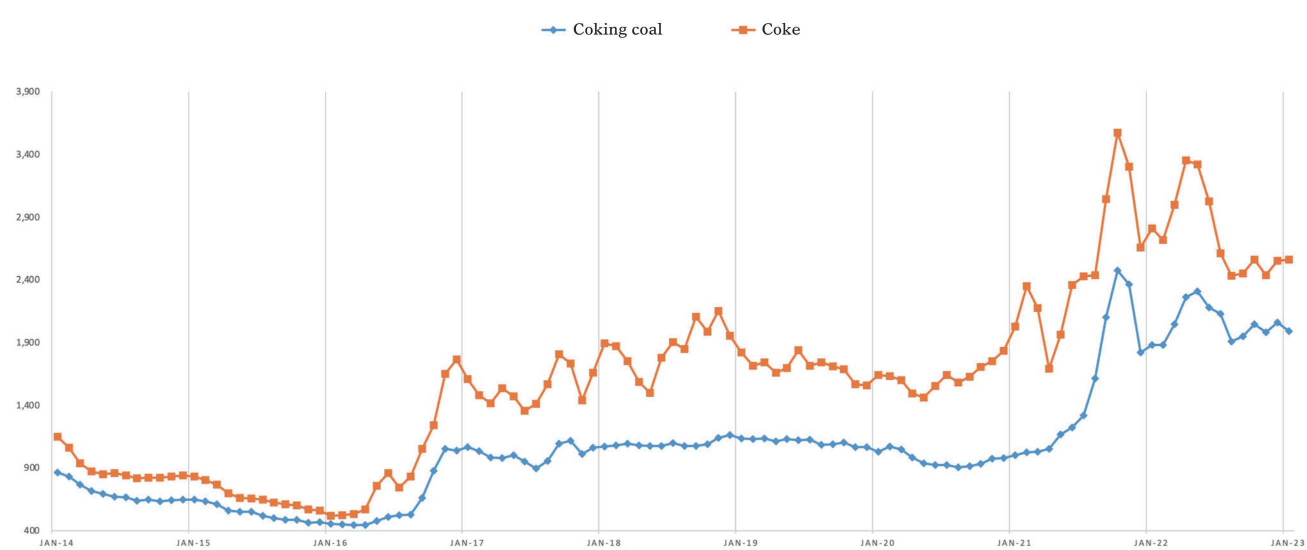
The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during 2022 and 2021 according to the Group's internal records.

	Year ended 31 December	
	2022	2021
	Average selling price(1)	Average selling price(1)
	RMB/ton (except coal gas in RMB/m³)	*RMB/ton (except coal gas in RMB/m³)*
Coke	**2,768.78**	2,575.40
Coke	**2,930.02**	2,730.00
Coke breeze	**1,625.88**	1,407.75
Refined Chemicals		
Benzene based chemicals	**7,102.14**	6,046.21
Pure benzene	**7,171.24**	6,200.37
Toluene	**6,505.35**	4,432.83
Coal tar based chemicals	**5,333.80**	3,886.01
Coal asphalt	**5,795.35**	4,263.64
Anthracene oil	**4,824.56**	3,360.14
Industrial naphthalene	**4,757.89**	3,442.80
Energy Products		
Coal gas	**0.74**	0.71
LNG	**6,128.70**	4,706.29

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

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

Increases or decreases in the prices of coal may not immediately result in changes in the prices of the Group's products or vice versa. In a rising market for the Group's products, the Group may benefit from the widening spread between the prices of raw materials and the Group's products. While in a falling market for the Group's products, the Group may suffer from the narrowing spread. Following the second half of 2016 when the price spread between the Group's purchase of coal and sale of coke widened, the spread continued to expand in 2017 and sustained in 2018 and remained stable in 2019, though fell from the highest average spread in the past 5 years from 2018, 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, up to the middle of 2022, and then started to decrease, in which the purchasing price of coal also rose substantially, resulting in the Group's gross margin percentage of coke in 2022 was significantly reduced as compared with 2021. The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2014 to January 2023 according to the Group's internal records:



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

Production Capacity and Sales Volume

The fluctuations of the Group's results of operations were mainly driven by the changes in the average selling price of the Group's products and the average purchase price of coal, while the sales volume of the Group's products was mainly determined by the Group's production capacity. The business of the Group in 2022 remained stable, with production capacity utilization rate of each of the principal products substantially maintained. In essence, full sales of the Group's products have been consistently achieved. In 2022, the Group's production capacity for coke was approximately 2.8 million tons per annum, and the Group's processing capacity for coal tar and crude benzene was approximately 180,000 tons and 200,000 tons per annum, respectively. At the same time, the Group's production capacity for coal gas was approximately1,000 million m^3 per annum in 2022, for self-use (including the use in production of LNG and hydrogen) and sales, while the production capacity of LNG production facilities was approximately 123.0 million m^3 per annum, and the production capacity of hydrogen was 300.0 million m^3 per annum.

Access to and Cost of Financing

In addition to cash generated from the Group's operations, the Group financed the Group's operations and capital expenditures primarily through bank and financial institution borrowings during the period. The Group's interest-bearing borrowings for the years ended 31 December 2022 and 2021 were approximately RMB3,143.1 million and RMB1,800.9 million, respectively. The Group's finance costs for the years ended 31 December 2022 and 2021 were approximately RMB94.2 million and RMB48.3 million, respectively, accounting for approximately 0.8% and 0.7% of the Group's total revenue for the respective periods. The Group's ability to pay the interest incurred with respect to the borrowings, or repay or refinance the Group's borrowings could have an impact on the financial position and operation results of the Group.

RESULTS OF OPERATIONS

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
Continuing operations		
Revenue	**12,448,644**	7,398,260
Cost of sales	**(11,307,824)**	(6,383,003)
Gross profit	**1,140,820**	1,015,257
Other income	**51,121**	43,673
Other gains and losses	**(25,658)**	(93,209)
Impairment losses under expected credit loss model ("**ECL**"), net of reversal	**48,821**	(2,907)
Selling and distribution expenses	**(251,033)**	(104,398)
Administrative expenses	**(173,081)**	(140,288)
Finance costs	**(94,182)**	(48,285)
Share of result of a joint venture	**28,482**	3,334
Share of result of an associate	**1,969**	–
Profit before tax	**727,259**	673,177
Income tax expense	**(156,475)**	(172,497)
Profit for the year from continuing operations	**570,784**	500,680
Discontinued operations		
Profit for the year from discontinued operations	**–**	7,067
Profit for the year	**570,784**	507,747

	Year ended 31/12/2022 *RMB'000*	Year ended 31/12/2021 *RMB'000*
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**")	**(36)**	(2,291)
Total comprehensive income for the year	**570,748**	505,456
Profit for the year attributable to owners of the Company:		
– from continuing operations	**421,950**	486,367
– from discontinued operations	**–**	155
	421,950	486,522
Profit for the year attributable to non-controlling interests:		
– from continuing operations	**148,834**	14,313
– from discontinued operations	**–**	6,912
	148,834	21,225
Total comprehensive income for the year attributable to:		
– Owners of the Company	**422,423**	485,911
– Non-controlling interests	**148,325**	19,545
	570,748	505,456
Total comprehensive income for the year attributable to owners of the Company:		
– from continuing operations	**422,423**	485,756
– from discontinued operations	**–**	155
	422,423	485,911
Earnings per share (RMB)		
From continuing and discontinued operations		
– Basic	**0.79**	0.91
From continuing operations		
– Basic	**0.79**	0.91

Consolidated Financial Information

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

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

- ***Other Income***

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

- ***Other gains and Losses***

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

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

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

- ***Selling and Distribution Expenses***

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

- ***Administrative Expenses***

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

- ***Finance Costs***

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

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

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

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

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

- ***Profit Before Tax***

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

- ***Income Tax Expense***

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

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

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

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

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

Business Segment Result

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

	Year ended 31 December							
	Segment revenue		**Segment results**		**Segment gross margin**		**Percentage in total revenue of the Group**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***%***	*%*	***%***	*%*
Coke	**8,550,856**	3,822,397	**953,113**	918,716	**11.1**	24.0	**68.7**	51.7
Refined Chemicals	**2,175,112**	1,705,980	**4,032**	119,175	**0.2**	7.0	**17.5**	23.1
Energy Products	**736,454**	299,331	**109,673**	(64,686)	**14.9**	(21.6)	**5.9**	4.0
Trading	**889,176**	1,519,077	**56,234**	61,741	**6.3**	4.1	**7.1**	20.1

In 2022, as Jinma Zhongdong's coking furnaces with production capacity of 1.8 million tonnes of coke started to operate at full capacity at the beginning of the year, the revenue of the coke segment increased significantly. However coke prices fell from the middle of the year, only an average increase of approximately 7.3% was recorded for the whole year, while for coal price, it rose sharply during the same period, and with the average purchase price per ton increased by nearly 30.0% as compared with 2021, this resulted in a decrease in the gross profit margin of the coke segment from 24.0% in 2021 to 11.2% in 2022. Furthermore, as coal is the main raw material for other products, the refined chemicals segment's gross margin also decreased significantly to 0.2%.

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

The trading segment's revenue in 2022 decreased by RMB629.9 million or 41.5% as compared with 2021. This decrease was mainly due to the decrease in the volume of coke trading business when coke prices fell in the second half of the year, but for the trading of the coal, benefiting from the increase in prices, it achieved an increase in gross margin, increasing the gross profit margin of the trading segment to 6.3%, that resulted in the overall segment results only decreased by 8.9% as compared with last year.

FINANCIAL POSITION

Financial Resources

In 2022, the Group's major financial resources were funded by the proceeds from the sales of the Group's products, shareholders' equity and borrowings from bank and financial institutions. The Directors have confirmed that the Group did not experience any liquidity problems in 2022.

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

Cash Flow

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

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

- **Cash Flow from Operating Activities**

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

- **Cash Flow from Investing Activities**

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

- **Cash Flow from Financing Activities**

  The Group's net cash from financing activities of approximately RMB1,167.6 million in 2022 was primarily due to (i) net increase in bank and other borrowings of approximately RMB1,435.1 million; yet partially offset by (ii) payment of dividends of approximately RMB149.5 million; and (iii) interest expenses of approximately RMB118.1 million.

Liabilities

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

	As at 31 December		
	2022	2021	Increase/ (decrease)
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	**3,143,120**	1,800,863	1,340,257
Secured	**1,891,040**	753,429	1,137,611
Unsecured	**1,252,080**	1,047,434	204,646
	3,143,120	1,800,863	1,342,257
Fixed-rate borrowings	**1,926,491**	575,500	1,350,991
Floating-rate borrowings	**1,216,629**	1,225,363	(8,734)
	3,143,120	1,800,863	1,342,257
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**1,307,680**	972,434	335,246
More than one year, but not more than two years	**771,747**	285,000	486,747
More than two years, but not more than five years	**1,063,693**	543,429	520,264
	3,143,120	1,800,863	1,342,257
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,307,680)**	(972,434)	(335,246)
Amount due for settlement after 12 months shown under non-current liabilities	**1,835,440**	828,429	1,007,011

The Group's bank borrowings in 2022 and 2021 were all borrowings denominated in Renminbi. As at 31 December 2022, RMB1,891.0 million of the Group's borrowings were secured by the Group's property, plant and equipment, right-of-use assets, restricted bank balances and bills receivables. All remaining borrowings were credit borrowings. For further details, please refer to Note 30 of the "Consolidated Financial Statements" in this announcement. As at 31 December 2021, RMB753.4 million of the Group's borrowings were secured by the Group's property, plant and equipment, right-of-use assets, restricted bank balances and bills receivables. All remaining borrowings were credit borrowings. As at 31 December 2022 and 2021, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

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

	As at 31 December	
	2022	2021
Effective interest rate per annum:		
—Fixed-rate borrowings	**3.70%-6.30%**	4.25%-6.30%
—Floating-rate borrowings	**3.62%-5.60%**	3.56%-5.46%

As at 31 December 2022, the Group had obtained banking facilities in an aggregate amount of approximately RMB3,660.0 million (2021: RMB2,776.0 million), of which total amount of approximately RMB629.4 million (2021: RMB2,010.9 million) is still available for use. As at 31 December 2022, the Group had total outstanding bank borrowings of approximately RMB3,143.1 million (2021: RMB1,800.9 million). The Group intends to refinance the Group's bank borrowings or repay the Group's bank borrowings as and when they fall due with the Group's internally generated funds (refinancing has been achieved for bank borrowings of RMB588.1 million falling due in 2022 according to needs).

Save as disclosed in this "Financial Position" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 31 December 2022 and up to the date of this announcement. As at 31 December 2022, save as disclosed in this "Financial Position" section and apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, the Group did not have any outstanding mortgages, charges or pledges, debentures or other debt securities, term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, acceptance liabilities or acceptance credits), finance leases or any guarantees or other material contingent liabilities.

The Directors confirm that, for the year ended 31 December 2022, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2022, the Group did not experience any difficulty in obtaining bank loans and other borrowings, or any default in payment of bank loans and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

FINANCIAL RATIOS

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

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

Gearing Ratio

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

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

Return on Equity

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

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

Return on Assets

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

The decrease in return on assets in 2022 was mainly due to the decrease in profit of the Group.

CONTRACTUAL OBLIGATIONS AND CAPITAL EXPENDITURE

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Group's consolidated financial statements	**1,133,486**	1,802,512

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

Other than the transactions described in the above table, as at 31 December 2022, the Group had no other material contractual commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Group did not have any material off-balance sheet arrangements as at 31 December 2022. Specifically, the Group has not entered into any derivative contracts that are indexed to the Group's shares and classified as shareholders' equity, or that are not reflected in the Group's audited consolidated financial statements. Furthermore, the Group does not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group does not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

CONTINGENT LIABILITIES

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

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

Save as disclosed above and as of 31 December 2022, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group. The Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2022 up to the date of this 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 2022, the Group has not entered into any foreign exchange or interest rate hedging contract or forward purchase or sale contract for commodities.

Other than the Hong Kong dollar ("**HKD**") proceeds of listing (HK$5.4 million and HK$7.5 million as at 31 December 2022 and 2021 respectively) pending remittance back to China, the Group has no exposure to significant exchange risks as all its operations are within China where there are no foreign currencies transactions, assets or liabilities.

Commodity Price Risk

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

Interest Rate Risk

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

As at 31 December 2022, the Group had fixed-rate borrowings in the amount of approximately RMB2,006.5 million (2021: RMB575.5 million). The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

Credit Risk

In the event that the Group's counterparties fail to perform their obligations, the Group's exposure to credit risk in relation to each class of recognized financial assets as at 31 December 2022 is the carrying amount of those assets stated in the consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities as disclosed in the consolidate financial statement.

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

The Group has concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 78% and 81% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2022 and 2021, respectively. The Group believes the Group's credit risks on bank balances and deposits or bills receivables are limited and there is no significant concentration of credit risk because the Group's bank deposits or bills are deposited in or contracted with reputable state-owned banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

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

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

	As at 31 December 2022						
	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***
Bank borrowings	**3.62%-6.30%**	**3,143,120**	**610,198**	**811,304**	**1,933,608**	**–**	**3,355,110**
Other borrowing	**12%**	**80,000**	**80,432**	**–**	**–**	**–**	**80,432**
Lease liabilities	**4.50%-5.96%**	**4,557**	**898**	**1,032**	**1,268**	**2,759**	**5,957**
Trade and other payables	**N/A**	**2,843,033**	**2,843,033**	**–**	**–**	**–**	**2,843,033**
Perpetual loan	**10.25%**	**15,630**	**–**	**1,600**	**6,400**	**15,630**	**23,630**
		6,006,340	**3,454,561**	**813,936**	**1,941,276**	**18,389**	**6,228,162**

	As at 31 December 2021						
	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*
Bank borrowings	3.56%-6.30%	1,800,863	379,988	671,380	906,944	–	1,958,312
Lease liabilities	4.50%-5.96%	5,012	1,228	713	1,624	3,027	6,592
Trade and other payables	N/A	2,155,479	2,155,479	–	–	–	2,155,479
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

NO MATERIAL ADVERSE CHANGE

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

DISTRIBUTABLE RESERVES

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

DIVIDEND AND DIVIDEND POLICY

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

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

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

MAJOR DEVELOPMENTS

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

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

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

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

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

- ***Hydrogen Energy Industry Chain***

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

- ***Expansion Plan for Benzene Based Chemicals***

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

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

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group had a total of 2,848 employees (2021: 2,253), including 11 senior management (2021: 11), 113 middle management (2021: 103) and 2,724 ordinary employees (2020: 2,139). For the year ended 31 December 2022, the staff cost of the Group amounted to approximately RMB256.3 million as compared to approximately RMB207.8 million for the same period of last year.

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

Their emoluments were within the following bands:

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

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

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

Pension Schemes

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

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

CORPORATE GOVERNANCE

The Company persists in becoming an enterprise with strong sense of social responsibility. Consistently adhering to the pathway of harmonious development of economic benefit and social benefit, it promotes technological advancement in the industry and assumes its social responsibility proactively.

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

Corporate Governance Code and the Articles of Association

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

Meanwhile, based on the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules, the Company has also formulated a series of rules (such as Internal Audit Rules, Internal Control Evaluation Rules, Compliance Management Rules, Authorization Management Rules and Management Rules for External Investment, etc.) as well as the Terms of Reference of Nomination Committee, Remuneration Committee and Audit Committee, to achieve the objective of good corporate governance. This report will further clarify how the Company applies the principles of good corporate governance as set out in the Code, so as to enable shareholders' evaluation of such application.

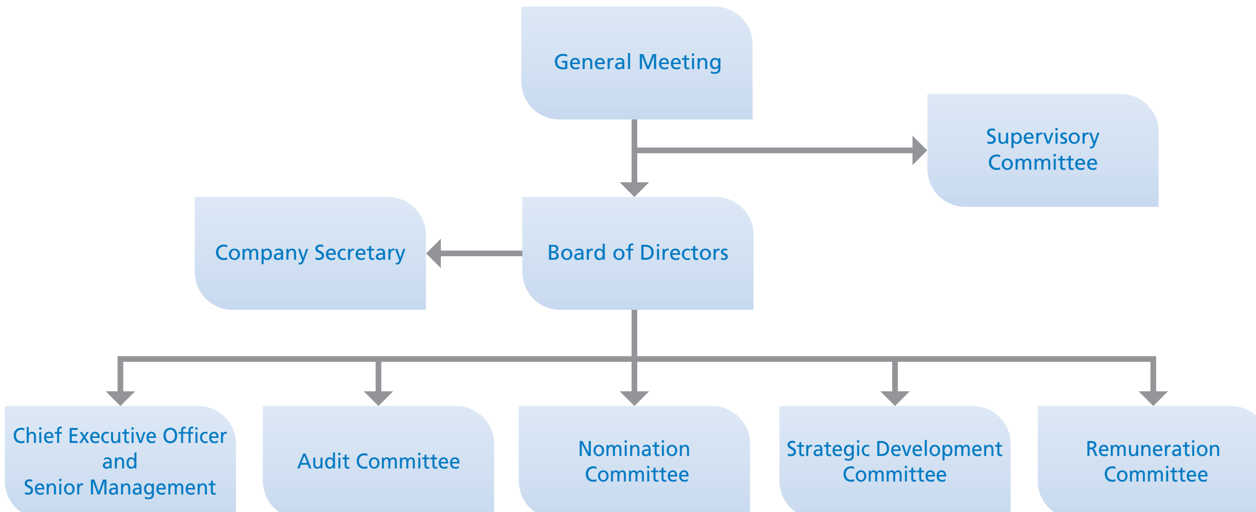
During the Reporting Period, in light of the actual situation and the business development needs of the Company, the Company revised the Articles in accordance with the Company Law and the relevant regulations to further improve the corporate governance system. For details of resolutions on the amendments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

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

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

Corporate Governance Functions

The corporate governance structure of the Company is as follows:



The Board is responsible for performing corporate governance functions. In 2022, the Board has performed the following responsibilities in relation to its corporate governance functions (for details, please refer to the summary of the main work performed by the Board in 2022 on page 107 of this announcement):

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

Securities Transactions by Directors

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

Change of Session of the Board of Directors

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

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

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

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

The Directors of the third session of the Board of Directors were appointed at the annual general meeting held on 23 May 2022 for a term of three years until the conclusion of the annual general meeting for the year ending 31 December 2024. The third session of the Board of Directors comprises nine directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The members of the third session of the Board of Directors are listed as follows:

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

Non-executive Directors
Mr. Xu Baochun (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao

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

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

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

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

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

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

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

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

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

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

The Board comprises three independent non-executive Directors, accounting for one-third of the members of the Board. The three independent non-executive Directors are experts in coking, economics and accounting respectively and have appropriate professional qualifications. Among them, Mr. Wu Tak Lung, chairman of the Audit Committee, has the appropriate accounting and financial management expertise and experience. The terms of office of three independent non-executive Directors commence from 23 May 2022 and expire upon the conclusion of the annual general meeting for the year ending 31 December 2024.

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

The Board confirms that none of the independent non-executive Directors has served for more than nine years, and equity-based remuneration linked to performance has not been granted to any independent non-executive Directors. All the three independent non-executive Directors have submitted written confirmations to the Company for their independence.

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

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

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

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

- approved the working report of the Board and annual results announcement for 2021 of the Company;

- reviewed the auditor's report and annual report for 2021 of the Company;

- approved the interim report and interim results announcement for 2022 of the Company;

- considered and proposed the payment of the final dividend for 2021 and the interim dividend for 2022;

- approved the amendments to the Articles of the Company;

- approved the election of chairman and deputy chairman of the third session of Board of Directors;

- approved the nomination of candidates for members of the third session of Board of Directors;

- approved the establishment of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Development Committee under the third session of the Board;

- approved the re-appointment of secretary of the Board of Directors, chief financial officer and general manager of the Company;

- approved the use of the proceeds raised from listing of the H Shares;

- considered and proposed the re-appointment of auditor; and

- approved the agenda for convening general meetings.

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

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

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

Audit Committee

The Board has established the Audit Committee.

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

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

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

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

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

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

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

Remuneration Committee

The Board has established the Remuneration Committee.

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

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

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

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

Nomination Committee

The Board has established the Nomination Committee.

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

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

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

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

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

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

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

- reputation and integrity;

- achievements, talents, skills, knowledge and experience in the coal chemical industry, business and economics area, accounting;

- views and perspectives that can be brought to the Board;

- commitment in respect of available time and relevant interest;

- independence of independent non-executive Directors; and

- the objective of the Board diversity considering factors including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, etc.

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

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

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

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

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

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

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

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

Strategic Development Committee

The Board has established the Strategic Development Committee.

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

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

Directors

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

Auditor's Remuneration

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

Responsibilities of Directors and Auditor for Financial Statements

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

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

The statements of the auditor about its responsibility for reporting the financial statements will be contained in the annual report of the Company for the year ended 31 December 2022.

Company Secretary

The company secretary of the Company is Mr. Wong Hok Leung. The company secretary attended relevant professional training for not less than 15 hours in 2022.

Shareholders' Right

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

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

Communications with Shareholders and Investors

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

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

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

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

- by post to the principal place of business of the Company in Hong Kong at Room 2801, 28/F, 88 Hing Fat Street, Causeway Bay, and addressed to the company secretary;

- call +852 3115 7766;

- send an email to paulwong@hnjmny.com; or

- put enquiries at the general meeting.

Amendments to Articles

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

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

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

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

Principles of Development

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

Principle of Honesty

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

Achievement of Excellence

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

Development Strategies

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

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

Regulations on Management of Anti-corruption and Whistleblowing Mechanism

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

Risk Management and Internal Control

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

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

Risk management and internal control procedures

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

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

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

- ***Risk management procedures***

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

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

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

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

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

- ***Internal control measures***

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

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

- ***Inside information disclosure***

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

Opinions of the Audit Committee

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

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

Purchase, Sale or Redemption of Securities of the Company

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements for the year approved by the Directors. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters. The Audit Committee was established with written terms of reference in compliance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee comprises Mr. Wu Tak Lung, Mr. Xu Baochun and Mr. Meng Zhihe.

RELATED MATTERS

Payment of Dividends

The Board recommended the payment of a final dividend of RMB0.05 per share for the year ended 31 December 2022 in cash to shareholders whose names appear on the register of members of the Company on 31 May 2023. The final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 22 May 2023 (the "**AGM**"). The final dividend is expected to be distributed on or before 30 June 2023.

The final dividend in respect of H Shares will be declared in Renminbi. In respect of the H Shares converted pursuant to the "Full Circulation" scheme, the final dividend will be paid in Renminbi and in respect of the other H Shares, the final dividend will be paid in Hong Kong Dollars. The applicable exchange rate will be calculated according to the average of the exchange rates for RMB to HKD as announced by the People's Bank of China for the seven calendar days prior to the date of convening the AGM.

Tax on Dividends for H Shareholders

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

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

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

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the State Administration of Taxation on the Administrative Measures on Enjoying Tax Treaty Treatment by Non-resident Taxpayers (Announcement No. 35 2019 of the State Administrative of Taxation) ("**Tax Treaty Announcement**"), the Company will withhold and pay individual income tax for the H Shareholders according to the following arrangement:

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

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

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

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

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

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

Annual General Meeting

The AGM will be held on Monday, 22 May 2023. The notice of the AGM will be issued and despatched to the shareholders of the Company, and will also be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.hnjmny.com in due course.

To attend and vote at the Annual General Meeting

For determining the entitlement to attend and vote at the AGM to be held on Monday, 22 May 2023, the Company will not process registration of transfers of the H shares of the Company from Wednesday, 17 May 2023 to Monday, 22 May 2023 (both days inclusive).

To qualify for attendance and voting at the AGM, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company's H-share Registrar and Transfer Office (the "**Company's H-share Registrar**"), Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 16 May 2023.

To qualify for the proposed distribution of final dividend

As disclosed above, the Board ("**Board**") recommended the payment of a final dividend of RMB0.05 per share for the year ended 31 December 2022, which is subject to the approval of the shareholders of the Company at the AGM.

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

For holders of H shares of the Company

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 25 May 2023
Closure of register of members	From Friday, 26 May 2023 to Wednesday, 31 May 2023 (both days inclusive)
Record date	Wednesday, 31 May 2023
Final dividend payment date	On or before Friday, 30 June 2023

During the above closure period, no transfer of H shares will be registered. To be eligible to qualify for the final dividend, if any, documents on transfers of H Shares, accompanied by the relevant share certificates must be lodged for registration with the Company's H-share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 25 May 2023

Publication of the Annual Report

The 2022 annual report of the Company will be dispatched to the shareholders of the Company, and will also be made available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hnjmny.com in due course.

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

Hong Kong, 24 March 2023

As at the date of this announcement, the executive Directors of the Company are Mr. YIU Chiu Fai, Mr. WANG Mingzhong and Mr. LI Tianxi; the non-executive Directors of the Company are Mr. XU Baochun, Mr. WANG Kaibao and Ms. YE Ting; and the independent non-executive Directors of the Company are Mr. WU Tak Lung, Mr. MENG Zhihe and Mr. CAO Hongbin.