

## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HENAN JINYUAN HYDROGENATED CHEMICALS CO., LTD. AND HAITONG INTERNATIONAL CAPITAL LTD.

### Introduction

We report on the historical financial information of Henan Jinyuan Hydrogenated Chemicals Co., Ltd.\* 河南金源氢化化工股份有限公司(the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-100 which comprises the combined statements of financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 June 2023, the statements of financial position of the Company as at 31 December 2020, 2021 and 2022 and 30 June 2023, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 31 December 2022 and the six months ended 30 June 2023 (the “Track Record Period”) and a summary of material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-100 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 12 December 2023 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

## **Reporting accountants' responsibility - continued**

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessment, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2020, 2021 and 2022 and 30 June 2023, of the Company's financial position as of 31 Decembe 2020, 2021 and 2022 and 30 June 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

## **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 June 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

*Dividends*

We refer to Note 12 to the Historical Financial Information which states that no dividends were declared or paid by the Company in respect of the Track Record Period, and contains information about dividends declared or paid by the group entities comprising the Group in respect of the Track Record Period.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
12 December 2023

**HISTORICAL FINANCIAL INFORMATION OF THE GROUP****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of the accountants' report.

The Historical Financial Information in this report was prepared based on financial statements of the Company and Jiyuan Jinning Energy Co., Ltd.\* 濟源市金寧能源實業有限公司 (“Jinning Energy”) and the consolidated financial statements of Henan Jinrui Energy Co., Ltd.\* 河南金瑞能源有限公司 (“Jinrui Energy”) for the Track Record Period and the management accounts of Henan Jinma Qingneng Co., Ltd.\* 河南金馬氫能有限公司 (“Jinma Qingneng”) for the period from 18 February 2021 (date of establishment) to 30 June 2023 (the “Underlying Financial Statements”). The financial statements of the Company and Jinning Energy and the consolidated financial statements of Jinrui Energy have been prepared in accordance with the accounting policies which conform with the International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (the “IASB”) and were audited by us in accordance with International Standards on Auditing issued by the IAASB.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

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\* For identification purpose only.

## COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Six months ended 30 June	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5	1,079,233	1,479,594	2,254,533	1,078,982	1,076,008
Cost of sales		(977,671)	(1,326,461)	(1,966,854)	(914,132)	(969,559)
Gross profit		101,562	153,133	287,679	164,850	106,449
Other income	6	7,348	5,067	6,354	2,673	5,305
Other gains and losses	7	(5,650)	(9,707)	(5,535)	(3,295)	(2,026)
Selling and distribution expenses		(11,606)	(11,963)	(15,366)	(7,025)	(10,189)
Administrative expenses		(21,708)	(22,980)	(31,562)	(14,744)	(14,019)
Finance costs	8	(8,561)	(2,645)	(8,022)	(4,066)	(2,994)
Profit before tax	9	61,385	110,905	233,548	138,393	82,526
Income tax expense	10	(16,751)	(31,429)	(39,467)	(21,649)	(16,812)
Profit for the year/period		44,634	79,476	194,081	116,744	65,714
Other comprehensive income (expense):	11					
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Fair value gain (loss) on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		232	35	327	68	(78)
Total comprehensive income for the year/period		44,866	79,511	194,408	116,812	65,636
Profit for the year/period attributable to						
– Owners of the Company		29,092	72,469	138,229	86,694	50,880
– Non-controlling interests		15,542	7,007	55,852	30,050	14,834
Profit for the year/period		44,634	79,476	194,081	116,744	65,714
Total comprehensive income for the year/period attributable to:						
– Owners of the Company		29,324	72,504	138,556	86,762	50,802
– Non-controlling interests		15,542	7,007	55,852	30,050	14,834
Total comprehensive income for the year/period		44,866	79,511	194,408	116,812	65,636

## STATEMENTS OF FINANCIAL POSITION

NOTES	The Group				The Company				
	As at 31 December			As at	As at 31 December			As at	
	2020	2021	2022	30 June	2020	2021	2022	30 June	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
NON-CURRENT									
ASSETS									
Property, plant and equipment	15	507,407	477,497	559,480	718,512	173,462	164,674	264,130	420,850
Right-of-use assets	16	79,932	114,022	111,353	110,018	24,249	59,642	58,359	57,717
Intangible assets	17	54,910	45,251	28,958	23,781	–	–	–	–
Goodwill	18	8,902	10,669	10,669	10,669	–	–	–	–
Deferred tax assets	19	6,059	6,410	4,796	4,624	1,512	1,771	1,292	1,268
Deposits for acquisition of property, plant and equipment, right-of-use assets and equity investment		19,637	3,239	7,717	6,826	16,522	52	4,673	12,978
		<u>676,847</u>	<u>657,088</u>	<u>722,973</u>	<u>874,430</u>	<u>215,745</u>	<u>226,139</u>	<u>328,454</u>	<u>492,813</u>
CURRENT ASSETS									
Inventories	20	48,772	67,438	65,699	53,726	35,215	47,443	54,750	42,723
Trade and other receivables	21	59,691	55,587	31,135	34,269	20,385	17,408	24,401	30,266
Tax recoverable		–	–	642	1,476	–	–	642	–
Amounts due from related parties	22	–	–	62,380	53,411	–	–	–	–
Bills receivables at FVTOCI	23	108,457	120,424	84,930	119,060	103,543	113,722	81,680	114,659
Restricted bank balances	24	24,087	23,078	15,208	25,211	16,437	23,078	15,208	25,211
Bank balances and cash	24	54,443	50,080	92,470	59,756	4,680	6,117	41,137	44,284
		<u>295,450</u>	<u>316,607</u>	<u>352,464</u>	<u>346,909</u>	<u>180,260</u>	<u>207,768</u>	<u>217,818</u>	<u>257,143</u>
CURRENT LIABILITIES									
Borrowings	25	61,200	36,000	87,000	146,000	61,200	36,000	57,000	116,000
Trade and other payables	26	132,642	109,932	144,180	242,803	62,777	64,317	99,009	186,134
Amount due to a shareholder	27	204,779	214,817	–	19,239	495	–	–	–
Amount due to a related party	28	114	–	–	–	114	–	–	–

NOTES	The Group				The Company				
	As at 31 December			As at	As at 31 December			As at	
	2020	2021	2022	30 June	2020	2021	2022	30 June	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Contract liabilities	29	10,041	10,504	15,426	18,814	5,931	4,988	6,681	8,144
Lease liabilities		18	23	23	23	–	–	–	–
Tax payable		9,862	8,938	13,243	12,598	1,944	1,048	–	3,286
		<u>418,656</u>	<u>380,214</u>	<u>259,872</u>	<u>439,477</u>	<u>132,461</u>	<u>106,353</u>	<u>162,690</u>	<u>313,564</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(123,206)</u>	<u>(63,607)</u>	<u>92,592</u>	<u>(92,568)</u>	<u>47,799</u>	<u>101,415</u>	<u>55,128</u>	<u>(56,421)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>553,641</u>	<u>593,481</u>	<u>815,565</u>	<u>781,862</u>	<u>263,544</u>	<u>327,554</u>	<u>383,582</u>	<u>436,392</u>
CAPITAL AND RESERVES									
Paid-in capital	31	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	31	301,550	358,754	482,010	454,812	137,306	206,425	229,894	255,399
Equity attributable to owners of the Company		401,550	458,754	582,010	554,812	237,306	306,425	329,894	355,399
Non-controlling interests		104,088	96,395	137,547	115,381	–	–	–	–
TOTAL EQUITY		<u>505,638</u>	<u>555,149</u>	<u>719,557</u>	<u>670,193</u>	<u>237,306</u>	<u>306,425</u>	<u>329,894</u>	<u>355,399</u>
NON-CURRENT LIABILITIES									
Borrowings	25	21,000	15,000	78,147	95,746	21,000	15,000	48,147	75,746
Lease liabilities		86	147	131	117	–	–	–	–
Deferred revenue	32	17,792	17,685	16,099	15,306	5,238	6,129	5,541	5,247
Deferred tax liabilities	19	9,125	5,500	1,631	500	–	–	–	–
		<u>48,003</u>	<u>38,332</u>	<u>96,008</u>	<u>111,669</u>	<u>26,238</u>	<u>21,129</u>	<u>53,688</u>	<u>80,993</u>
		<u>553,641</u>	<u>593,481</u>	<u>815,565</u>	<u>781,862</u>	<u>263,544</u>	<u>327,554</u>	<u>383,582</u>	<u>436,392</u>

## COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Paid-in capital RMB'000	Other reserve RMB'000 <i>(Note i)</i>	FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000 <i>(Note ii)</i>	Retained profits RMB'000	Special reserve RMB'000 <i>(Note iii)</i>	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
As at 1 January 2020	100,000	129,960	(1,205)	14,284	110,798	28,589	382,426	98,346	480,772
Profit for the year	-	-	-	-	29,092	-	29,092	15,542	44,634
Other comprehensive income for the year	-	-	232	-	-	-	232	-	232
Total comprehensive income for the year	-	-	232	-	29,092	-	29,324	15,542	44,866
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	(10,200)	-	(10,200)	(9,800)	(20,000)
Transfer	-	-	-	1,286	(5,237)	3,951	-	-	-
As at 31 December 2020	100,000	129,960	(973)	15,570	124,453	32,540	401,550	104,088	505,638
Profit for the year	-	-	-	-	72,469	-	72,469	7,007	79,476
Other comprehensive income for the year	-	-	35	-	-	-	35	-	35
Total comprehensive income for the year	-	-	35	-	72,469	-	72,504	7,007	79,511
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	(15,300)	-	(15,300)	(14,700)	(30,000)
Transfer	-	-	-	6,909	(11,251)	4,342	-	-	-
As at 31 December 2021	100,000	129,960	(938)	22,479	170,371	36,882	458,754	96,395	555,149
Profit for the year	-	-	-	-	138,229	-	138,229	55,852	194,081
Other comprehensive income for the year	-	-	327	-	-	-	327	-	327
Total comprehensive income for the year	-	-	327	-	138,229	-	138,556	55,852	194,408
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	(15,300)	-	(15,300)	(14,700)	(30,000)
Transfer	-	-	-	2,314	2,110	(4,424)	-	-	-



	Attributable to owners of the Company								
	Paid-in capital RMB'000	Other reserve RMB'000 <i>(Note i)</i>	FVTOCI reserve RMB'000	Statutory surplus			Special reserve RMB'000 <i>(Note iii)</i>	Non- controlling interests RMB'000	Total RMB'000
reserve fund RMB'000 <i>(Note ii)</i>				Retained profits RMB'000	Sub-total RMB'000				
As at 31 December 2022	100,000	129,960	(611)	24,793	295,410	32,458	582,010	137,547	719,557
Profit for the period	-	-	-	-	50,880	-	50,880	14,834	65,714
Other comprehensive expense for the period	-	-	(78)	-	-	-	(78)	-	(78)
Total comprehensive (expense) income for the period	-	-	(78)	-	50,880	-	50,802	14,834	65,636
Obligation to acquire non-controlling interest of a subsidiary <i>(Note iv)</i>	-	(20,000)	-	-	-	-	(20,000)	-	(20,000)
Capital injection from controlling shareholder <i>(Note v)</i>	-	5,000	-	-	-	-	5,000	-	5,000
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	(63,000)	-	(63,000)	(37,000)	(100,000)
Transfer	-	-	-	-	(2,698)	2,698	-	-	-
As at 30 June 2023	<u>100,000</u>	<u>114,960</u>	<u>(689)</u>	<u>24,793</u>	<u>280,592</u>	<u>35,156</u>	<u>554,812</u>	<u>115,381</u>	<u>670,193</u>
(Unaudited)									
As at 1 January 2022	100,000	129,960	(938)	22,479	170,371	36,882	458,754	96,395	555,149
Profit for the period	-	-	-	-	86,694	-	86,694	30,050	116,744
Other comprehensive income for the period	-	-	68	-	-	-	68	-	68
Total comprehensive income for the period	-	-	68	-	86,694	-	86,762	30,050	116,812
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	(15,300)	-	(15,300)	(14,700)	(30,000)
Transfer	-	-	-	-	(1,801)	1,801	-	-	-
As at 30 June 2022	<u>100,000</u>	<u>129,960</u>	<u>(870)</u>	<u>22,479</u>	<u>239,964</u>	<u>38,683</u>	<u>530,216</u>	<u>111,745</u>	<u>641,961</u>

*Notes:*

- (i) The balance represents the consideration paid to acquire Jinning Energy and paid-in capital of Jinrui Energy and Jinma Qingneng by Henan Jinma Energy Co., Ltd.\* 河南金馬能源股份有限公司 (“Jinma Energy”), the controlling shareholder of the Company, prior to the completion of the Reorganisation as stipulated in Note 1 of the Historical Financial Information.
- (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 [2012] No. 16 and CaiZi [2022] No. 136 “Administrative measures for the accrual and use of expenses for work safety by 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.
- (iv) On 26 June 2023, the Company has entered into equity transfer agreement with Henan Hongkong (Jiyuan) Coking Group Co., Ltd.\* 豫港(濟源)焦化集團有限公司 (“Yugang Coking”), pursuant to which Yugang Coking has agreed to sell, and the Company has agreed to purchase 10% of the equity interest in Jinrui Energy at the consideration of RMB20,000,000. The non-controlling shareholder is still entitled to profits sharing until this equity transaction is settled on 14 August 2023. The equity transfer agreement to purchase 10% of the equity interest in Jinrui Energy is a forward contract to purchase the Group’s own equity instruments for cash, which results in a financial liability being recognised initially at the redemption amount of RMB20,000,000 with a corresponding debit to equity, and the prepayment of RMB10,000,000 reduced the financial liability to the amount of RMB10,000,000 as at 30 June 2023 (Note 26).
- (v) Jinma Energy injected capital of RMB5,000,000 to Jinma Qingneng during the six months ended 30 June 2023, leading to an increase of other reserve.

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\* For identification purpose only.

## COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>OPERATING ACTIVITIES</b>					
Profit before tax	61,385	110,905	233,548	138,393	82,526
Adjustments for:					
Interest income on bank deposits	(495)	(492)	(1,803)	(276)	(2,160)
Interest income on bills receivables at FVTOCI	(3,267)	(3,188)	(1,922)	(1,195)	(1,200)
(Gain) loss on disposal/write-off of property, plant and equipment	–	(8)	2	–	74
Impairment losses under expected credit loss (“ECL”) model, net of reversal	29	–	–	–	–
Depreciation of property, plant and equipment	33,502	42,341	43,325	21,573	21,798
Depreciation of right-of-use assets	1,936	2,486	2,669	1,335	1,335
Amortisation of intangible assets	15,961	16,293	16,293	8,146	5,177
Finance costs	8,561	2,645	8,022	4,066	2,994
Release of assets-related government subsidies	(1,232)	(1,387)	(1,586)	(793)	(793)
Operating cash flows before movements in working capital	116,380	169,595	298,548	171,249	109,751
(Increase) decrease in inventories	(5,822)	(18,666)	1,739	10,273	11,973
Decrease (increase) in bills receivables at FVTOCI	18,580	14,592	37,852	(23,832)	(33,034)
(Increase) decrease in trade and other receivables	(2,299)	4,647	24,452	32,648	(3,134)
Decrease (increase) in amounts due from related parties	4,525	–	(32,380)	–	8,969
(Decrease) increase in trade and other payables	(140,144)	(3,279)	21,833	(17,356)	(15,848)
Increase (decrease) in amount due to a related party	6	(114)	–	–	–
Change in amounts due to a shareholder	90,179	(32,861)	–	1,760	19,239
Increase in contract liabilities	2,542	463	4,922	2,565	3,388
Cash generated from operations	83,947	134,377	356,966	177,307	101,304
Income tax paid	(22,339)	(35,753)	(38,168)	(16,591)	(19,224)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>61,608</b>	<b>98,624</b>	<b>318,798</b>	<b>160,716</b>	<b>82,080</b>
<b>INVESTING ACTIVITIES</b>					
Assets-related government subsidies received	–	1,280	–	–	–
Interest on bank balances received	495	492	1,803	276	2,160

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of property, plant and equipment	(59,989)	(31,461)	(116,613)	(56,261)	(84,727)
Deposit for right-of-use assets	(16,500)	–	–	–	–
Payments for right-of-use assets	–	(19,995)	–	–	–
Proceeds from disposal of property, plant and equipment	7	13	21	–	–
Acquisition of a business (Note 33)	–	(10,040)	–	–	–
Payment for acquisition of business in prior year	–	–	(425)	–	–
Loan to a related party	–	–	(30,000)	–	–
Placement of time deposit	–	–	(30,000)	–	–
Withdrawal from time deposit	–	–	–	–	30,000
Placement of restricted bank balances	(252,892)	(83,940)	(61,360)	(26,007)	(52,003)
Withdrawal from restricted bank balances	251,532	84,949	69,230	45,900	42,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(77,347)</b>	<b>(58,702)</b>	<b>(167,344)</b>	<b>(36,092)</b>	<b>(62,570)</b>
<b>FINANCING ACTIVITIES</b>					
Interest paid	(8,561)	(2,645)	(8,378)	(4,026)	(5,209)
New bank borrowings raised	94,400	39,270	199,837	134,690	107,599
Repayment of bank borrowings	(164,220)	(70,470)	(85,690)	(33,000)	(31,000)
Repayment of lease liabilities	(12)	(15)	(16)	(14)	(14)
Borrowings received from a shareholder	133,600	36,278	–	–	–
Repayment of borrowings to a shareholder	(22,500)	(16,703)	(214,817)	(162,786)	–
Deposit for acquisition of non-controlling interest of a subsidiary	–	–	–	–	(10,000)
Capital injection from controlling shareholder	–	–	–	–	5,000
Dividends paid to the shareholder	(10,200)	(15,300)	(15,300)	(15,300)	(63,000)
Dividends paid to non-controlling shareholders of subsidiaries	(9,800)	(14,700)	(14,700)	(14,700)	(25,600)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>12,707</b>	<b>(44,285)</b>	<b>(139,064)</b>	<b>(95,136)</b>	<b>(22,224)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,032)</b>	<b>(4,363)</b>	<b>12,390</b>	<b>29,488</b>	<b>(2,714)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD</b>	<b>57,475</b>	<b>54,443</b>	<b>50,080</b>	<b>50,080</b>	<b>62,470</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, REPRESENTED BY</b>					
Bank balances and cash	54,443	50,080	62,470	79,568	59,756

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

**1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

The Company, formerly known as Jiyuan Jinyuan Chemicals Co., Ltd.\* 濟源市金源化工有限公司 (the “Predecessor”), Henan Jinyuan Hydrogen Energy Technology Co., Ltd.\* 河南金源氫能科技股份有限公司 and Henan Jinyuan Hydrogenated Chemicals & Energy Co., Ltd.\* 河南金源氫化能源股份有限公司, was established as a limited liability company in the PRC on 23 November 2012 under the Company Law of the PRC.

The parent company of the Company is Jinma Energy.

The principal activities of the Company and its subsidiaries (Note 41) are mainly engaged in the production and sales of hydrogenated benzene-based chemicals, mainly coal gas, liquefied natural gas (“LNG”), trading of LNG and refined oil and provision of other services, including provision of steam (“Other Services”).

The Predecessor was wholly-owned by Jinma Energy at the beginning of the Track Record Period.

On 9 June 2023, Jinma Energy entered into an equity transfer agreement with Shanghai Jinma Energy Sources Co., Ltd.\* 上海金馬能源有限公司 (“Shanghai Jinma”), a wholly-owned subsidiary of Jinma Energy, for the sale of 1% equity interest in the Predecessor to Shanghai Jinma at the consideration of RMB3,500,000. Following the completion of the equity transfer on 9 June 2023, the Predecessor was held as to 99% by Jinma Energy and 1% by Shanghai Jinma.

On 28 July 2023, the Company was converted from a limited liability company into a joint stock company with 335,000,000 ordinary shares of RMB1 per share.

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 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong. It was registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) on 21 August 2023.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conform with IFRSs issued by the IASB and the principle of merger accounting applicable to group reorganisation under common control (details are set out below).

Prior to the commencement of the corporate reorganisation (the “Reorganisation”) in 2023, Jinning Energy, Jinrui Energy and Jinma Qingneng are under the control of Jinma Energy throughout the Track Record Period. To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Stock Exchange, the Group underwent the Reorganisation, as summarised below and detailed in the section headed “History, Corporate Structure and Reorganisation” in the Prospectus.

The Reorganisation undergone by the Company comprised the following major steps:

- (i) On 26 June 2023, the Predecessor entered into an equity transfer agreement with Yugang Coking for the Company to acquire 10% equity interest in Jinrui Energy held by Yugang Coking at the consideration of RMB20,000,000. Upon completion of the transaction on 14 August 2023, the Predecessor holds 10% equity interest in Jinrui Energy.
- (ii) On 29 July 2023, Jinma Energy and Jinma Qingneng entered into an equity transfer agreement, pursuant to which Jinma Energy agreed to transfer its 49% equity interest in Henan Jinjiang Refinery Co., Ltd.\* 河南金江煉化有限責任公司 (“Jinjiang Refinery”) to Jinma Qingneng at nil consideration. Following the completion of the transaction on 31 July 2023, Jinma Qingneng holds 49% equity interest in Jinjiang Refinery.

\* For identification purpose only.

- (iii) On 12 August 2023, Jinma Energy and the Company entered into equity transfer agreements, pursuant to which Jinma Energy agreed to transfer its respective equity interests in Jinrui Energy and Jinning Energy to the Company at a total consideration of RMB201,061,000, which is settled by the Company issuing 201,060,000 new shares at RMB1 per share. Following the completion of the transaction on 14 and 15 August 2023, the Company holds 81% equity interest in Jinrui Energy (including the 10% held by the Predecessor) and 51% equity interest in Jinning Energy.
- (iv) On 16 August 2023, Jinma Energy and the Company entered into an equity transfer agreement, pursuant to which Jinma Energy agreed to transfer its equity interest in Jinma Qingneng to the Company at a consideration of RMB72,359,000, which is settled by the Company issuing 72,350,000 new shares at RMB1 per share. Following the completion of the transaction on 17 August 2023, Jinma Qingneng became a wholly-owned subsidiary of the Company and the merger accounting for business combination involving entities under common control was applied and its assets, liabilities, results, changes in equity and cash flows were included in Historical Financial Information from 18 February 2021 (date of establishment) to the end of Track Record Period, and Jinjiang Refinery would be accounted for as a joint venture of the Group and be recognised as “investment in a joint venture” using the equity method since 31 July 2023, being the date when Jinma Qingneng acquired 49% equity interests in Jinjiang Refinery.
- (v) On 10 August 2023, the Company entered into an asset transfer agreement with Jinma Energy, pursuant to which the Company agreed to acquire from Jinma Energy the coke granules coal gas facilities at a consideration of RMB108,326,000. The consideration is settled by the Company issuing 108,320,000 new shares at RMB1 per share and the transaction was completed on 16 August 2023.

Following the completion of the Reorganisation, share capital of the Company was increased to RMB716,730,000, divided into 716,730,000 shares at a par value of RMB1. The Company became held as to 99.53% by Jinma Energy and 0.47% by Shanghai Jinma.

Since the Group comprises the Company, Jinning Energy, Jinrui Energy and Jinma Qingneng resulting from the Reorganisation, which have always been under the common control of Jinma Energy throughout the Track Record Period or from the respective dates of establishment to 30 June 2023, the Group is regarded as a continuing entity and merger accounting has been applied for the preparation of the Historical Financial Information.

The Historical Financial Information has been prepared under the principles of common control combination as if the Company had been the holding company of Jinrui Energy, Jinning Energy and Jinma Qingneng throughout the Track Record Period. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of establishment. The combined statements of financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 June 2023 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates taking into account the respective dates of establishment, where applicable.

As at 30 June 2023, the Group had net current liabilities of approximately RMB92,568,000. In addition, there were outstanding capital commitments amounting to RMB23,549,000 (Note 34). The directors of the Company are of the opinion that, taking into account the current operation of the Group and undrawn banking facilities available to the Group of RMB117,254,000 as at 30 June 2023 (Note 39), 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 Historical Financial Information have been prepared on a going concern basis.

## 2. APPLICATION OF AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform the International Accounting Standards (“IASs”), IFRSs, amendments and the related interpretations issued by the IASB, which are effective for the Group’s financial period beginning on 1 January 2023, throughout the Track Record Period.

**Amendments to IFRSs in issue but not yet effective**

At the date of this report, the Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025

The directors of the Company considers that the application of all the new and amendments to IFRSs is unlikely to have a material impact on the Group's financial position and performance in foreseeable future.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

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

The Historical Financial Information 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 Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of 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.

**Basis of combination**

The Historical Financial Information 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.

Combination 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 combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the 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 combination.

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.

**Business combination**

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 “Income Tax” 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.

#### **Merger accounting for business combination involving businesses under common control**

The Historical Financial Information incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are combined using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The combined statements of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

#### **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.

#### **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.

## **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*

#### *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; 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 combined statements of financial position.

*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.

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

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

*The Group as a lessor**Classification and measurement of leases*

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

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.

**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 combined statements 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/period. 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 each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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.

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 combined statements 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.

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 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.

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.

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

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

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent 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.

### **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 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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.
- (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.

*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, 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 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 foregoing, 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 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 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 bank borrowings, trade and other payables, amount due to a shareholder, 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. 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.

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 twelve months.

**Fair value measurement of bills receivables at FVTOCI**

As at 31 December 2020, 2021 and 2022 and 30 June, 2023, the Group's financial assets at FVTOCI amounting to RMB108,457,000, RMB120,424,000, RMB84,930,000 and RMB119,060,000 respectively, 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 39.

## 5. REVENUE AND SEGMENT INFORMATION

## Disaggregation of revenue from contracts with customers

Segments*	For the year ended 31 December 2020				Total RMB'000
	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	
<b>Types of goods or service</b>					
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	584,718	–	–	–	584,718
Coal gas	–	326,408	–	–	326,408
LNG	–	170,381	89,999	–	260,380
Refined oil	–	–	36,700	–	36,700
Others	–	–	–	68	68
	<u>584,718</u>	<u>496,789</u>	<u>126,699</u>	<u>68</u>	<u>1,208,274</u>
<i>Providing services</i>					
Energy supply	–	–	–	7,863	7,863
<b>Total</b>	<u>584,718</u>	<u>496,789</u>	<u>126,699</u>	<u>7,931</u>	<u>1,216,137</u>

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

	For the year ended 31 December 2020		
	Segment revenue RMB'000	Eliminations RMB'000	Combined RMB'000
Refined chemicals	584,718	–	584,718
Energy products	496,789	(77,003)	419,786
Trading	126,699	(59,770)	66,929
Other Services	7,931	(131)	7,800
<b>Revenue from contracts with customers</b>	<u>1,216,137</u>	<u>(136,904)</u>	<u>1,079,233</u>

Segments*	For the year ended 31 December 2021				Total RMB'000
	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	
<b>Types of goods or service</b>					
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	1,065,598	–	–	–	1,065,598
Coal gas	–	266,019	–	–	266,019
LNG	–	15,438	79,962	–	95,400
Refined oil	–	–	56,601	–	56,601
Others	–	–	–	417	417
	<u>1,065,598</u>	<u>281,457</u>	<u>136,563</u>	<u>417</u>	<u>1,484,035</u>
<i>Providing services</i>					
Energy supply	–	–	–	692	692
<b>Total</b>	<u>1,065,598</u>	<u>281,457</u>	<u>136,563</u>	<u>1,109</u>	<u>1,484,727</u>

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 RMB'000	Eliminations RMB'000	Combined RMB'000
Refined chemicals	1,065,598	–	1,065,598
Energy products	281,457	(3,229)	278,228
Trading	136,563	(1,763)	134,800
Other Services	1,109	(141)	968
<b>Revenue from contracts with customers</b>	<u>1,484,727</u>	<u>(5,133)</u>	<u>1,479,594</u>

Segments*	For the year ended 31 December 2022				Total RMB'000
	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	
<b>Types of goods or service</b>					
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	1,313,836	–	–	–	1,313,836
Coal gas	–	414,457	–	–	414,457
LNG	–	424,872	106,958	–	531,830
Refined oil	–	–	108,694	–	108,694
Others	–	–	–	634	634
	<u>1,313,836</u>	<u>839,329</u>	<u>215,652</u>	<u>634</u>	<u>2,369,451</u>
<i>Providing services</i>					
Energy supply	–	–	65	11,532	11,597
<b>Total</b>	<u>1,313,836</u>	<u>839,329</u>	<u>215,717</u>	<u>12,166</u>	<u>2,381,048</u>

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 RMB'000	Eliminations RMB'000	Combined RMB'000
Refined chemicals	1,313,836	–	1,313,836
Energy products	839,329	(91,914)	747,415
Trading	215,717	(34,536)	181,181
Other Services	12,166	(65)	12,101
	<u>2,381,048</u>	<u>(126,515)</u>	<u>2,254,533</u>
<b>Revenue from contracts with customers</b>	<b><u>2,381,048</u></b>	<b><u>(126,515)</u></b>	<b><u>2,254,533</u></b>

	For the six months ended 30 June 2022 (unaudited)				
Segments*	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	Total RMB'000
<b>Types of goods or service</b>					
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	658,701	–	–	–	658,701
Coal gas	–	196,530	–	–	196,530
LNG	–	192,694	40,009	–	232,703
Refined oil	–	–	27,507	–	27,507
Others	–	–	–	375	375
	<u>658,701</u>	<u>389,224</u>	<u>67,516</u>	<u>375</u>	<u>1,115,816</u>
<i>Providing services</i>					
Energy supply	–	–	7	4,650	4,657
	<u>–</u>	<u>–</u>	<u>7</u>	<u>4,650</u>	<u>4,657</u>
<b>Total</b>	<b><u>658,701</u></b>	<b><u>389,224</u></b>	<b><u>67,523</u></b>	<b><u>5,025</u></b>	<b><u>1,120,473</u></b>

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

	For the six months ended 30 June 2022 (unaudited)		
	Segment revenue RMB'000	Eliminations RMB'000	Combined RMB'000
Refined chemicals	658,701	–	658,701
Energy products	389,224	(41,315)	347,909
Trading	67,523	(148)	67,375
Other Services	5,025	(28)	4,997
	<u>1,120,473</u>	<u>(41,491)</u>	<u>1,078,982</u>
<b>Revenue from contracts with customers</b>	<b><u>1,120,473</u></b>	<b><u>(41,491)</u></b>	<b><u>1,078,982</u></b>

Segments*	For the six months ended 30 June 2023				Total RMB'000
	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	
<b>Types of goods or service</b>					
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	647,289	–	–	–	647,289
Coal gas	–	229,252	–	–	229,252
LNG	–	163,663	49,227	–	212,890
Refined oil	–	–	84,211	–	84,211
Others	–	–	–	73	73
	<u>647,289</u>	<u>392,915</u>	<u>133,438</u>	<u>73</u>	<u>1,173,715</u>
<i>Providing services</i>					
Energy supply	–	–	95	5,557	5,652
<b>Total</b>	<u><u>647,289</u></u>	<u><u>392,915</u></u>	<u><u>133,533</u></u>	<u><u>5,630</u></u>	<u><u>1,179,367</u></u>

\* 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 six months ended 30 June 2023		
	Segment revenue RMB'000	Eliminations RMB'000	Combined RMB'000
Refined chemicals	647,289	–	647,289
Energy products	392,915	(59,465)	333,450
Trading	133,533	(43,867)	89,666
Other Services	5,630	(27)	5,603
<b>Revenue from contracts with customers</b>	<u><u>1,179,367</u></u>	<u><u>(103,359)</u></u>	<u><u>1,076,008</u></u>

#### Performance obligations for contracts with customers

The Group is mainly engaged the production and sales of hydrogenated benzene-based chemicals, coal gas, LNG, trading of refined oil and provision of Other Services, for which revenue is recognised at point in time.

For sales of and trading as a principal of 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 ability to direct the use of the products and bears the risks of obsolescence and loss in relation to the products.

In general, for some customers with long-term relationships, the normal credit term is within 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 Track Record Period. 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 benzene based chemicals ("Refined chemicals"), (ii) sales of energy products, mainly coal gas and LNG ("Energy products"), (iii) trading of refined oil and LNG through gas stations ("Trading"), and (iv) 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 2020*

	<b>Refined chemicals</b> <i>RMB'000</i>	<b>Energy products</b> <i>RMB'000</i>	<b>Trading</b> <i>RMB'000</i>	<b>Other Services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
SEGMENT REVENUE					
External sales	584,718	419,786	66,929	7,800	1,079,233
Inter-segment sales	–	77,003	59,770	131	136,904
	<u>584,718</u>	<u>496,789</u>	<u>126,699</u>	<u>7,931</u>	<u>1,216,137</u>
Segment profit	<u>34,719</u>	<u>51,533</u>	<u>9,487</u>	<u>6,575</u>	102,314
Other income					7,348
Other gains and losses					(5,650)
Selling and distribution expenses					(11,606)
Administrative expenses					(21,708)
Finance costs					(8,561)
Unallocated expenses					<u>(752)</u>
Profit before tax					<u>61,385</u>

*For the year ended 31 December 2021*

	<b>Refined chemicals</b> <i>RMB'000</i>	<b>Energy products</b> <i>RMB'000</i>	<b>Trading</b> <i>RMB'000</i>	<b>Other Services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
SEGMENT REVENUE					
External sales	1,065,598	278,228	134,800	968	1,479,594
Inter-segment sales	–	3,229	1,763	141	5,133
	<u>1,065,598</u>	<u>281,457</u>	<u>136,563</u>	<u>1,109</u>	<u>1,484,727</u>
Segment profit	<u>120,135</u>	<u>18,389</u>	<u>15,871</u>	<u>887</u>	155,282
Other income					5,067
Other gains and losses					(9,707)
Selling and distribution expenses					(11,963)
Administrative expenses					(22,980)
Finance costs					(2,645)
Unallocated expenses					<u>(2,149)</u>
Profit before tax					<u>110,905</u>

*For the year ended 31 December 2022*

	<b>Refined chemicals</b> <i>RMB'000</i>	<b>Energy products</b> <i>RMB'000</i>	<b>Trading</b> <i>RMB'000</i>	<b>Other services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
SEGMENT REVENUE					
External sales	1,313,836	747,415	181,181	12,101	2,254,533
Inter-segment sales	–	91,914	34,536	65	126,515
	<u>1,313,836</u>	<u>839,329</u>	<u>215,717</u>	<u>12,166</u>	<u>2,381,048</u>
Segment profit	<u>62,573</u>	<u>201,651</u>	<u>14,475</u>	<u>10,626</u>	289,325
Other income					6,354
Other gains and losses					(5,535)
Selling and distribution expenses					(15,366)
Administrative expenses					(31,562)
Finance costs					(8,022)
Unallocated expenses					<u>(1,646)</u>
Profit before tax					<u>233,548</u>



For the six months ended 30 June 2022 (unaudited)

	<b>Refined chemicals</b> <i>RMB'000</i>	<b>Energy products</b> <i>RMB'000</i>	<b>Trading</b> <i>RMB'000</i>	<b>Other services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
SEGMENT REVENUE					
External sales	658,701	347,909	67,375	4,997	1,078,982
Inter-segment sales	–	41,315	148	28	41,491
	<u>658,701</u>	<u>389,224</u>	<u>67,523</u>	<u>5,025</u>	<u>1,120,473</u>
Segment profit	<u>49,717</u>	<u>103,966</u>	<u>8,024</u>	<u>4,404</u>	166,111
Other income					2,673
Other gains and losses					(3,295)
Selling and distribution expenses					(7,025)
Administrative expenses					(14,744)
Finance costs					(4,066)
Unallocated expenses					<u>(1,261)</u>
Profit before tax					<u>138,393</u>

For the six months ended 30 June 2023

	<b>Refined chemicals</b> <i>RMB'000</i>	<b>Energy products</b> <i>RMB'000</i>	<b>Trading</b> <i>RMB'000</i>	<b>Other services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
SEGMENT REVENUE					
External sales	647,289	333,450	89,666	5,603	1,076,008
Inter-segment sales	–	59,465	43,867	27	103,359
	<u>647,289</u>	<u>392,915</u>	<u>133,533</u>	<u>5,630</u>	<u>1,179,367</u>
Segment profit	<u>50,159</u>	<u>45,886</u>	<u>5,580</u>	<u>4,855</u>	106,480
Other income					5,305
Other gains and losses					(2,026)
Selling and distribution expenses					(10,189)
Administrative expenses					(14,019)
Finance costs					(2,994)
Unallocated expenses					<u>(31)</u>
Profit before tax					<u>82,526</u>

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, selling and distribution expenses, administrative expenses, finance costs. 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**

	<b>Refined chemicals RMB'000</b>	<b>Energy products RMB'000</b>	<b>Trading RMB'000</b>	<b>Other Services RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
For the year ended 31 December 2020 Amounts included in measure of segment results: Depreciation and amortisation	<u>12,149</u>	<u>33,304</u>	<u>3,658</u>	<u>119</u>	<u>2,169</u>	<u>51,399</u>
	<b>Refined chemicals RMB'000</b>	<b>Energy products RMB'000</b>	<b>Trading RMB'000</b>	<b>Other Services RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
For the year ended 31 December 2021 Amounts included in measure of segment results: Depreciation and amortisation	<u>15,902</u>	<u>36,806</u>	<u>5,090</u>	<u>84</u>	<u>3,238</u>	<u>61,120</u>
	<b>Refined chemicals RMB'000</b>	<b>Energy products RMB'000</b>	<b>Trading RMB'000</b>	<b>Other Services RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
For the year ended 31 December 2022 Amounts included in measure of segment results: Depreciation and amortisation	<u>16,090</u>	<u>37,273</u>	<u>5,373</u>	<u>87</u>	<u>3,464</u>	<u>62,287</u>
	<b>Refined chemicals RMB'000</b>	<b>Energy products RMB'000</b>	<b>Trading RMB'000</b>	<b>Other Services RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
For the six months ended 30 June 2022 (unaudited) Amounts included in measure of segment results: Depreciation and amortisation	<u>8,031</u>	<u>18,589</u>	<u>2,658</u>	<u>44</u>	<u>1,732</u>	<u>31,054</u>
	<b>Refined chemicals RMB'000</b>	<b>Energy products RMB'000</b>	<b>Trading RMB'000</b>	<b>Other Services RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
For the six months ended 30 June 2023 Amounts included in measure of segment results: Depreciation and amortisation	<u>8,065</u>	<u>15,762</u>	<u>2,708</u>	<u>44</u>	<u>1,731</u>	<u>28,310</u>

**Entity-wide disclosures*****Geographical information***

During the Track Record Period, all of the Group's revenue from external customers were generated from the PRC whereas all non-current assets are located in the PRC.

***Information about major customers***

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

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
Pingmei Shenma (Note)	371,678	695,869	925,640	494,562	455,153

Note: Revenue from sales of hydrogenated benzene-based chemicals.

**6. OTHER INCOME**

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
Interest income on bank deposits	495	492	1,803	276	2,160
Interest income on bills receivables at FVTOCI	3,267	3,188	1,922	1,195	1,200
Release of assets-related government subsidies (Note 32)	1,232	1,387	1,586	793	793
Government grants	2,334	–	28	–	602
Rental income	–	–	917	408	550
Others	20	–	98	1	–
	<u>7,348</u>	<u>5,067</u>	<u>6,354</u>	<u>2,673</u>	<u>5,305</u>

**7. OTHER GAINS AND LOSSES**

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
Net loss arising on bills receivables at FVTOCI	(6,197)	(9,779)	(6,517)	(3,386)	(3,038)
Gain (loss) on disposal/write-off of property, plant and equipment	–	8	(2)	–	(74)
Gain on disposal of scrap steel	177	77	100	16	–
Reversal of impairment loss under ECL model	29	–	–	–	–
Others	341	(13)	884	75	1,086
	<u>(5,650)</u>	<u>(9,707)</u>	<u>(5,535)</u>	<u>(3,295)</u>	<u>(2,026)</u>

## 8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
Interest expense on:					
– bank borrowings	8,555	2,636	8,601	4,062	5,295
– lease liabilities	6	9	8	4	4
	<u>8,561</u>	<u>2,645</u>	<u>8,609</u>	<u>4,066</u>	<u>5,299</u>
Less: amounts capitalised	–	–	(587)	–	(2,305)
	<u>8,561</u>	<u>2,645</u>	<u>8,022</u>	<u>4,066</u>	<u>2,994</u>
Capitalisation rate – per annum	–	–	5.60%	–	5.60%

## 9. PROFIT BEFORE TAX

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
Profit before tax has been arrived at after charging:					
Staff costs					
Directors', chief executive's and supervisors' remuneration (Note 13)	562	1,243	1,725	446	452
Other staff costs	17,218	20,169	27,189	12,649	13,795
Retirement benefits (Note 30)	120	1,394	1,968	813	1,214
	<u>17,900</u>	<u>22,806</u>	<u>30,882</u>	<u>13,908</u>	<u>15,461</u>
Capitalised in inventories	(8,957)	(14,475)	(17,016)	(7,131)	(9,410)
	<u>8,943</u>	<u>8,331</u>	<u>13,866</u>	<u>6,777</u>	<u>6,051</u>
Depreciation of property, plant and equipment	33,502	42,341	43,325	21,573	21,798
Capitalised in inventories	(30,595)	(37,384)	(38,362)	(19,117)	(19,486)
	<u>2,907</u>	<u>4,957</u>	<u>4,963</u>	<u>2,456</u>	<u>2,312</u>
Depreciation of right-of-use assets	1,936	2,486	2,669	1,335	1,335
Amortisation of intangible assets included in cost of sales	15,961	16,293	16,293	8,146	5,177
	<u>100</u>	<u>100</u>	<u>100</u>	<u>–</u>	<u>–</u>
Auditors' remuneration	100	100	100	–	–
Cost of inventories recognised as expenses	<u>976,919</u>	<u>1,324,312</u>	<u>1,965,208</u>	<u>912,871</u>	<u>969,528</u>

## 10. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
PRC Enterprise Income Tax ("EIT")					
– current tax	19,789	34,681	41,252	22,687	17,629
– under-provision in prior years/periods	233	148	579	263	116
Deferred tax (Note 19)	(3,271)	(3,400)	(2,364)	(1,301)	(933)
	<u>16,751</u>	<u>31,429</u>	<u>39,467</u>	<u>21,649</u>	<u>16,812</u>

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 the Track Record Period.

The taxation charge for the years/periods can be reconciled to the profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000 (unaudited)	2023 RMB'000
Profit before tax	<u>61,385</u>	<u>110,905</u>	<u>233,548</u>	<u>138,393</u>	<u>82,526</u>
Tax charge at the applicable income tax rate of 25%	15,346	27,726	58,387	34,599	20,632
Tax effect of expenses not deductible for tax purposes	694	339	193	246	265
Tax effect of tax losses not recognised	4,868	3,697	–	–	–
Under-provision in prior years/periods	233	148	579	263	116
Tax effect of income not taxable for tax purpose (Note)	(4,259)	(386)	(10,909)	(4,817)	(4,092)
Utilisation of tax losses previously not recognised	(104)	–	(8,565)	(8,565)	–
Income tax at concessionary rate	<u>(27)</u>	<u>(95)</u>	<u>(218)</u>	<u>(77)</u>	<u>(109)</u>
Income tax expense	<u>16,751</u>	<u>31,429</u>	<u>39,467</u>	<u>21,649</u>	<u>16,812</u>

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 years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, the Group had tax deduction under the scheme of RMB4,259,000, RMB386,000, RMB10,909,000, RMB4,817,000 (unaudited) and RMB4,092,000, respectively.

## 11. OTHER COMPREHENSIVE INCOME (EXPENSE)

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other comprehensive income (expense) includes:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value change arising from bills receivables at FVTOCI	9,770	16,268	12,385	6,897	5,117
Reclassification to profit or loss during the year/period upon derecognition of bills receivables at FVTOCI	(9,538)	(16,233)	(12,058)	(6,829)	(5,195)
	<u>232</u>	<u>35</u>	<u>327</u>	<u>68</u>	<u>(78)</u>

## Income tax effect relating to other comprehensive income

	Year ended 31 December 2020			Year ended 31 December 2021			Year ended 31 December 2022		
	Before-tax amount	Tax charge	Net-of-income tax amount	Before-tax amount	Tax charge	Net-of-income tax amount	Before-tax amount	Tax charge	Net-of-income tax amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Item that may be reclassified subsequently to profit or loss:</i>									
Fair value gain (loss) on:									
- bills receivables at FVTOCI	309	(77)	232	47	(12)	35	436	(109)	327

	Year ended 30 June 2022 (unaudited)			Year ended 30 June 2023		
	Before-tax amount	Tax charge	Net-of-income tax amount	Before-tax amount	Tax credit	Net-of-income tax amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Fair value gain (loss) on:						
- bills receivables at FVTOCI	91	(23)	68	(104)	26	(78)

**12. DIVIDENDS**

No dividends were declared or paid by the Company in respect of the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

The dividends declared by Jinning Energy to the non-controlling shareholders amounted to RMB9,800,000, RMB14,700,000, RMB14,700,000, RMB14,700,000 (unaudited) and RMB19,600,000 respectively during the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023. The dividends declared by Jinning Energy to the controlling shareholder amounted to RMB10,200,000, RMB15,300,000, RMB15,300,000, RMB15,300,000 (unaudited) and RMB20,400,000 respectively during the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023.

The dividends declared by Jinrui Energy to the non-controlling shareholders and the controlling shareholder amounted to RMB17,400,000 and RMB42,600,000 respectively during the six months ended 30 June 2023. Save as set out above, no other dividends were declared or paid by Jinrui Energy during the Track Record Period.

**13. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS****Directors', Chief Executive's and Supervisors' emoluments**

Following the completion of the Reorganisation, the executive directors, non-executive director, independent non-executive directors and supervisors of the Company were appointed on 28 July and 16 August 2023. During the Track Record Period, two managements of the Company received remuneration prior to becoming the director or supervisor of the Company. The details are disclosed as below:

	Fees <i>RMB'000</i>	Basic salaries <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended					
31 December 2020					
Executive director and the chief executive:					
Mr. Wang Zengguang	–	174	200	24	398
Mr. Qiao Erwei	–	–	–	–	–
Non-Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors:					
Mr. Di Zhigang	–	–	–	–	–
Ms. Wong Yan Ki	–	–	–	–	–
Ms. Leung Sin Yeng Winnie	–	–	–	–	–
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu, Zhiqiang	–	–	–	–	–
Mr. Li, Hebao	–	77	72	15	164
	–	251	272	39	562

	<b>Fees</b> <i>RMB'000</i>	<b>Basic salaries</b> <i>RMB'000</i>	<b>Performance related bonuses</b> <i>RMB'000</i>	<b>Retirement benefits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
For the year ended					
31 December 2021					
Executive director and the chief executive:					
Mr. Wang Zengguang	–	423	351	24	798
Mr. Qiao Erwei	–	86	75	6	167
Non-Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors:					
Mr. Di Zhigang	–	–	–	–	–
Ms. Wong Yan Ki	–	–	–	–	–
Ms. Leung Sin Yeng Winnie	–	–	–	–	–
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu, Zhiqiang	–	–	–	–	–
Mr. Li, Hebao	–	133	130	15	278
	–	642	556	45	1,243

	<b>Fees</b> <i>RMB'000</i>	<b>Basic salaries</b> <i>RMB'000</i>	<b>Performance related bonuses</b> <i>RMB'000</i>	<b>Retirement benefits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
For the year ended					
31 December 2022					
Executive director and the chief executive:					
Mr. Wang Zengguang	–	427	434	32	893
Mr. Qiao Erwei	–	251	380	19	650
Non-Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors:					
Mr. Di Zhigang	–	–	–	–	–
Ms. Wong Yan Ki	–	–	–	–	–
Ms. Leung Sin Yeng Winnie	–	–	–	–	–
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu, Zhiqiang	–	–	–	–	–
Mr. Li, Hebao	–	132	30	20	182
	–	810	844	71	1,725



	<b>Fees</b> <i>RMB'000</i>	<b>Basic salaries</b> <i>RMB'000</i>	<b>Performance related bonuses</b> <i>RMB'000</i>	<b>Retirement benefits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
For the six months ended 30 June 2022 (unaudited)					
Executive directors and the chief executive:					
Mr. Wang Zengguang	–	214	–	16	230
Mr. Qiao Erwei	–	125	–	7	132
Non-Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors:					
Mr. Di Zhigang	–	–	–	–	–
Ms. Wong Yan Ki	–	–	–	–	–
Ms. Leung Sin Yeng Winnie	–	–	–	–	–
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu, Zhiqiang	–	–	–	–	–
Mr. Li, Hebao	–	77	–	7	84
	–	416	–	30	446

	<b>Fees</b> <i>RMB'000</i>	<b>Basic salaries</b> <i>RMB'000</i>	<b>Performance related bonuses</b> <i>RMB'000</i>	<b>Retirement benefits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
For the six months ended 30 June 2023					
Executive director and the chief executive:					
Mr. Wang Zengguang	–	213	–	20	233
Mr. Qiao Erwei	–	126	–	12	138
Non-Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors:					
Mr. Di Zhigang	–	–	–	–	–
Ms. Wong Yan Ki	–	–	–	–	–
Ms. Leung Sin Yeng Winnie	–	–	–	–	–
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu, Zhiqiang	–	–	–	–	–
Mr. Li, Hebao	–	69	–	12	81
	–	408	–	44	452

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. The performance related bonuses were determined by the management of the Group by reference to the performance.

#### Five individuals with the highest emoluments

One of the five individuals with the highest emoluments in the Group was a director of the Company for the Track Record Period, whose emoluments is included in the disclosure above. The emoluments of the remaining individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, wages and allowance	633	732	1,082	518	525
Performance related bonuses	478	680	510	–	–
Retirement benefits	60	46	65	29	55
	<u>1,171</u>	<u>1,458</u>	<u>1,657</u>	<u>547</u>	<u>580</u>

The number of the highest paid employees who are not the directors nor supervisors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
Nil to Hong Kong Dollar ("HK\$") 1,000,000	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>

No emoluments were paid by the Group to the directors or supervisors 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 the Track Record Period. None of the directors or supervisors waived any emoluments during the Track Record Period.

#### 14. EARNINGS PER SHARE

No earnings per share information is presented as such information is not meaningful having regard to the purpose of this report and the result of the Group during the Track Record Period are presented on a combined basis as set out in Note 1.

## 15. PROPERTY, PLANT AND EQUIPMENT

The Group

	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
<b>Cost</b>						
At 1 January 2020	110,743	395,135	211	35,625	51,818	593,532
Additions	4,809	3,767	1,758	281	44,692	55,307
Transfer	18,907	57,991	–	–	(76,898)	–
Disposals	–	–	(45)	–	–	(45)
At 31 December 2020	134,459	456,893	1,924	35,906	19,612	648,794
Addition on acquisition of business ( <i>Note 33</i> )	422	–	–	511	–	933
Additions	1,486	1,455	230	120	8,212	11,503
Transfer	–	17,503	–	–	(17,503)	–
Disposals	–	(6)	–	–	–	(6)
At 31 December 2021	136,367	475,845	2,154	36,537	10,321	661,224
Additions	1,526	8,076	182	50	115,497	125,331
Disposals	–	(749)	–	–	–	(749)
At 31 December 2022	137,893	483,172	2,336	36,587	125,818	785,806
Additions	–	2,131	–	–	178,773	180,904
Write-off	(85)	–	(22)	–	–	(107)
At 30 June 2023	137,808	485,303	2,314	36,587	304,591	966,603
<b>Depreciation</b>						
At 1 January 2020	14,067	78,638	4	15,214	–	107,923
Provided for the year	4,626	26,378	103	2,395	–	33,502
Eliminated on disposals	–	–	(38)	–	–	(38)
At 31 December 2020	18,693	105,016	69	17,609	–	141,387
Provided for the year	7,165	32,268	384	2,524	–	42,341
Eliminated on disposals	–	(1)	–	–	–	(1)
At 31 December 2021	25,858	137,283	453	20,133	–	183,727
Provided for the year	7,262	33,091	444	2,528	–	43,325
Eliminated on disposals	–	(726)	–	–	–	(726)
At 31 December 2022	33,120	169,648	897	22,661	–	226,326
Provided for the period	3,564	16,753	220	1,261	–	21,798
Eliminated on write-off	(17)	–	(16)	–	–	(33)
At 30 June 2023	36,668	186,401	1,100	23,922	–	248,091
<b>Carrying values</b>						
At 31 December 2020	115,766	351,877	1,855	18,297	19,612	507,407
At 31 December 2021	110,509	338,562	1,701	16,404	10,321	477,497
At 31 December 2022	104,773	313,524	1,439	13,926	125,818	559,480
At 30 June 2023	101,140	298,902	1,214	12,665	304,591	718,512

**The Company**

	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cost</b>						
At 1 January 2020	47,504	128,919	27	33,254	45,781	255,485
Additions	–	–	–	–	7,096	7,096
Transfer	18,907	31,799	–	–	(50,706)	–
At 31 December 2020	66,411	160,718	27	33,254	2,171	262,581
Additions	1,486	429	223	–	5,233	7,371
At 31 December 2021	67,897	161,147	250	33,254	7,404	269,952
Additions	917	1,819	–	–	113,111	115,847
At 31 December 2022	68,814	162,966	250	33,254	120,515	385,799
Additions	–	–	–	–	164,936	164,936
At 30 June 2023	68,814	162,966	250	33,254	285,451	550,735
<b>Depreciation</b>						
At 1 January 2020	10,003	52,817	7	14,099	–	76,926
Provided for the year	1,902	8,190	5	2,096	–	12,193
At 31 December 2020	11,905	61,007	12	16,195	–	89,119
Provided for the year	3,882	10,183	5	2,089	–	16,159
At 31 December 2021	15,787	71,190	17	18,284	–	105,278
Provided for the year	3,968	10,287	47	2,089	–	16,391
At 31 December 2022	19,755	81,477	64	20,373	–	121,669
Provided for the period	1,986	5,162	24	1,044	–	8,216
At 30 June 2023	21,741	86,639	88	21,417	–	129,885
<b>Carrying values</b>						
At 31 December 2020	54,506	99,711	15	17,059	2,171	173,462
At 31 December 2021	52,110	89,957	233	14,970	7,404	164,674
At 31 December 2022	49,059	81,489	186	12,881	120,515	264,130
At 30 June 2023	47,073	76,327	162	11,837	285,451	420,850

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%-19%
Motor vehicles	6%-19%
Office equipment	6%-19%

## 16. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands RMB'000
<b>As at 1 January 2020</b>	81,868
Depreciation charged during the year	<u>(1,936)</u>
<b>As at 31 December 2020</b>	<u>79,932</u>
Additions	36,495
Addition on acquisition of business (Note 33)	81
Depreciation charged during the year	<u>(2,486)</u>
<b>As at 31 December 2021</b>	<u>114,022</u>
Depreciation charged during the year	<u>(2,669)</u>
<b>As at 31 December 2022</b>	<u>111,353</u>
Depreciation charged during the period	<u>(1,335)</u>
<b>As at 30 June 2023</b>	<u><u>110,018</u></u>

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%

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash outflow for leases	<u>16,518</u>	<u>20,019</u>	<u>24</u>	<u>18</u>	<u>18</u>

*Note:* For the Track Record Period, the Group leases lands for its operations. Lease contracts are entered into for fixed term of 5 to 50 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 two, three, three and three leasehold lands with carrying amount of RMB175,000, RMB235,000, RMB214,000 and RMB204,000 in which the Group obtains the right of use under long-term lease contracts as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively.

**Restrictions or covenants on leases**

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.

**The Company**

	<b>Leasehold lands</b> <i>RMB'000</i>
<b>As at 1 January 2020</b>	24,803
Depreciation charged during the year	(554)
<b>As at 31 December 2020</b>	24,249
Additions	36,495
Depreciation charged during the year	(1,102)
<b>As at 31 December 2021</b>	59,642
Depreciation charged during the year	(1,283)
<b>As at 31 December 2022</b>	58,359
Depreciation charged during the period	(642)
<b>As at 30 June 2023</b>	<u>57,717</u>

**17. INTANGIBLE ASSETS****The Group**

	<b>Franchise right</b> <i>RMB'000</i> <i>(Note i)</i>	<b>Operating license</b> <i>RMB'000</i> <i>(Note ii)</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost</b>			
At 1 January and 31 December 2020	93,502	22,385	115,887
Addition on acquisition of business <i>(Note 33)</i>	–	6,634	6,634
At 31 December 2021, 31 December 2022 and 30 June 2023	<u>93,502</u>	<u>29,019</u>	<u>122,521</u>
<b>Amortisation</b>			
At 1 January 2020	44,525	491	45,016
Charge for the year	14,842	1,119	15,961
At 31 December 2020	59,367	1,610	60,977
Charge for the year	14,842	1,451	16,293
At 31 December 2021	74,209	3,061	77,270
Charge for the year	14,842	1,451	16,293
At 31 December 2022	89,051	4,512	93,563
Charge for the period	4,451	726	5,177
At 30 June 2023	<u>93,502</u>	<u>5,238</u>	<u>98,740</u>
<b>Carrying values</b>			
At 31 December 2020	<u>34,135</u>	<u>20,775</u>	<u>54,910</u>
At 31 December 2021	<u>19,293</u>	<u>25,958</u>	<u>45,251</u>
At 31 December 2022	<u>4,451</u>	<u>24,507</u>	<u>28,958</u>
At 30 June 2023	<u>–</u>	<u>23,781</u>	<u>23,781</u>

*Notes:*

- (i) Franchise right represents the concession agreement Jinning Energy entered into with the local government whereby it was granted the exclusive right to transport coal gas to the industrial enterprises in the vicinity of Huan Cheng Road (環城路) and the residents of Du Village (杜村) in Chengliu town (承留鎮), Jiyuan city.
- (ii) Operating license represents the license for sale of refined oil, which was acquired from business acquisition in prior year. The useful life of 20 years is estimated with reference to the expected useful life of property, plant and equipment and the lease term of the leasehold lands use right at initial recognition.

The total useful life of the franchise right on sales of coal gas is 6.3 years and that of the operating license of refined oil is 20 years. The above intangible assets are amortised on a straight-line basis over the useful life and have remaining useful lives listed as below:

	As at 31 December			As at
	2020	2021	2022	30 June
	years	years	years	2023
				years
Franchise right – sales of coal gas	2.3	1.3	0.3	–
Operating license of refined oil	18.3	17.3	16.3	15.8

**18. GOODWILL****The Group**

	Jinning Energy	Gas Stations	Total
	RMB'000	RMB'000	RMB'000
<b>Cost</b>			
At 1 January 2020 and 31 December 2020	8,001	3,068	11,069
Addition on acquisition of business (Note 33)	–	1,767	1,767
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2021, 31 December 2022 and 30 June 2023	8,001	4,835	12,836
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Impairment</b>			
At 1 January 2020, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 (Note)	–	2,167	2,167
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying values</b>			
At 31 December 2020	8,001	901	8,902
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2021	8,001	2,668	10,669
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2022	8,001	2,668	10,669
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 2023	8,001	2,668	10,669
	<u>          </u>	<u>          </u>	<u>          </u>

*Note:* The impairment of goodwill related to Unit B amounting to RMB2,167,000 was recognised before the Track Record Period.

For the purposes of impairment testing, goodwill has been allocated to numbers of individual CGUs setting out as follows:

	Numbers of CGUs			
	2020/12/31 <i>RMB'000</i>	2021/12/31 <i>RMB'000</i>	2022/12/31 <i>RMB'000</i>	2023/06/30 <i>RMB'000</i>
Subsidiary engaged in distribution and sales of coal gas	1	1	1	1
Gas stations engaged in retail of refined oil	2	3	3	3
	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>

The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill			
	2020/12/31 <i>RMB'000</i>	2021/12/31 <i>RMB'000</i>	2022/12/31 <i>RMB'000</i>	2023/06/30 <i>RMB'000</i>
Sales of coal gas – Jinning Energy (Unit A)	8,001	8,001	8,001	8,001
Retail of refined oil - Ouya Gasoline Station (as defined in Note 41) (Unit B)	253	253	253	253
Retail of refined oil – Liandong Gas Station (Unit C)	648	648	648	648
Retail of refined oil – Jidong Gas Station (Unit D)	N/A	1,767	1,767	1,767
	<u>8,902</u>	<u>10,669</u>	<u>10,669</u>	<u>10,669</u>

In addition to goodwill above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purpose of impairment assessment. The carrying values of the operating license of refined oil are determined and allocated to Unit B, Unit C and Unit D based on the purchase price allocation exercise. Unit C and Unit D are included in Jinrui Gas (as defined in Note 41).

The recoverable amount of Unit A has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period for the years ended 31 December 2020, 2021 and 2022 and pre-tax discount rate listed as follows:

	2020/12/31	2021/12/31	2022/12/31
Pre-tax discount rate	28.5%	28.5%	28.5%

The management of the Group adopted a pre-tax discount rate of 28.5% for Unit A for each of the reporting period mainly considering that during the Track Record Period, (i) the Group being the exclusive supplier of coal gas in the vicinity of Huancheng Road (環城路) and to the residents of Du Village (杜村) in Chengliu town (承留鎮), Jiyuan city, the production process, customer demands and sales activities of Unit A remained stable, and the gross margin level was in line with the expectation of the management; (ii) with sufficient working capital, Unit A did not raise any borrowings and maintained stable capital structure; and (iii) the slightly changes in interest rate of government bonds in PRC had immaterial effect on the pre-tax discount rate.



Cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate for each reporting period. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to Unit A.

As at 31 December 2020, 2021 and 2022, the recoverable amount of Unit A exceeds its carrying amount by RMB27,042,000, RMB17,954,000 and RMB97,300,000 respectively. If the discount rate increased by 2%, while other parameters remain constant, the recoverable amount of Unit A exceeds its carrying amount by RMB15,708,000, RMB10,398,000 and RMB85,475,000 respectively as at 31 December 2020, 2021 and 2022.

The management of the Group determines that there is no impairment of Unit A during the Track Record Period and believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of Unit A to exceed its recoverable amount. Also management of the Group determines that there is no further impairment on Unit B and no impairment on other units during the Track Record Period after impairment assessment. As at 30 June 2023, the management of the Group is not aware of any impairment indicator that would trigger the recoverable amounts of these units to be lower than their respective carrying amounts.

#### 19. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

##### The Group

	ECL provision RMB'000	Accelerated tax depreciation RMB'000	Fair value change of bills receivables at FVTOCI RMB'000	Fair value adjustments upon acquisition of business RMB'000	Deferred revenue RMB'000	Total RMB'000
At 1 January 2020	2	–	245	(11,100)	4,593	(6,260)
(Charge) credit to profit or loss	(2)	–	35	3,546	(308)	3,271
Charge to the other comprehensive income	–	–	(77)	–	–	(77)
At 31 December 2020	–	–	203	(7,554)	4,285	(3,066)
Credit (charge) to profit or loss	–	–	47	3,380	(27)	3,400
Charge to the other comprehensive income	–	–	(12)	–	–	(12)
Addition on acquisition (Note 33)	–	–	–	588	–	588
At 31 December 2021	–	–	238	(3,586)	4,258	910
(Charge) credit to profit or loss	–	(944)	28	3,676	(396)	2,364
Charge to the other comprehensive income	–	–	(109)	–	–	(109)

	ECL provision <i>RMB'000</i>	Accelerated tax depreciation <i>RMB'000</i>	Fair value change of bills receivables at FVTOCI <i>RMB'000</i>	Fair value adjustments upon acquisition of business <i>RMB'000</i>	Deferred revenue <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2022	–	(944)	157	90	3,862	3,165
Credit (charge) to profit or loss	–	81	16	1,034	(198)	933
Credit to the other comprehensive income	–	–	26	–	–	26
At 30 June 2023	–	(863)	199	1,124	3,664	4,124
(Unaudited)						
At 1 January 2022	–	–	238	(3,586)	4,258	910
(Charge) credit to profit or loss	–	(137)	(22)	1,658	(198)	1,301
Charge to the other comprehensive income	–	–	(23)	–	–	(23)
At 30 June 2022	–	(137)	193	(1,928)	4,060	2,188

For the purpose of presentation in the combined statements 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:

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	6,059	6,410	4,796	4,624
Deferred tax liabilities	(9,125)	(5,500)	(1,631)	(500)
	(3,066)	910	3,165	4,124

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Group had unused tax losses of RMB19,466,000, RMB34,254,000, nil and nil, respectively, available to offset against future profits. All tax losses will expire within 5 years from the year of origination. No deferred tax asset has been recognised in respect of the losses due to the unpredictability of future profit streams during the Track Record Period.

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Group had no other material unrecognised deductible temporary differences.

**The Company**

	<b>Accelerated tax depreciation RMB'000</b>	<b>Fair value change of bills receivables at FVTOCI RMB'000</b>	<b>Deferred revenue RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2020	–	245	1,368	1,613
Credit (charge) to profit or loss	–	35	(59)	(24)
Charge to the other comprehensive income	–	(77)	–	(77)
At 31 December 2020	–	203	1,309	1,512
Credit to profit or loss	–	47	224	271
Charge to the other comprehensive income	–	(12)	–	(12)
At 31 December 2021	–	238	1,533	1,771
(Charge) credit to profit or loss	(250)	28	(148)	(370)
Charge to the other comprehensive income	–	(109)	–	(109)
At 31 December 2022	(250)	157	1,385	1,292
Credit (charge) to profit or loss	8	16	(74)	(50)
Credit to the other comprehensive income	–	26	–	26
At 30 June 2023	(242)	199	1,311	1,268
(Unaudited)				
At 1 January 2022	–	238	1,533	1,771
(Charge) credit to profit or loss	–	(22)	(73)	(95)
Charge to the other comprehensive income	–	(23)	–	(23)
At 30 June 2022	–	193	1,460	1,653

The Company had no unused tax losses and thus no deferred tax asset has been recognised in respect of tax losses as at 31 December 2020, 2021 and 2022 and 30 June 2023.

As at 31 December, 2020, 2021 and 2022 and 30 June 2023, the Company had no other material unrecognised deductible temporary differences.

## 20. INVENTORIES

The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	33,480	40,349	37,128	28,473
Finished goods	15,292	27,089	28,571	25,253
	<u>48,772</u>	<u>67,438</u>	<u>65,699</u>	<u>53,726</u>

The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	23,147	29,768	34,001	24,031
Finished goods	12,068	17,675	20,749	18,692
	<u>35,215</u>	<u>47,443</u>	<u>54,750</u>	<u>42,723</u>

## 21. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables – contract with customers	21,431	11,915	13,757	16,556
Other receivables	502	129	199	219
Prepayments to suppliers	3,019	9,432	6,435	11,478
Prepaid other taxes and charges	34,739	34,111	10,744	6,016
	<u>59,691</u>	<u>55,587</u>	<u>31,135</u>	<u>34,269</u>

As at 1 January 2020, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB19,377,000.

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
Within 90 days	21,431	11,915	13,463	16,262
181 – 365 days	–	–	204	–
More than 1 year	–	–	90	294
	<u>21,431</u>	<u>11,915</u>	<u>13,757</u>	<u>16,556</u>

The normal credit term to the customers is within 60 days. At the end of each reporting period, the amount of debtors included in the Group's trade receivables balances that are past due as at the reporting date is insignificant and the Group is satisfied with the subsequent settlements and the credit quality of these customers had not been deteriorated.

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 39.

#### The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
Trade receivables – contract with customers	17,729	9,025	10,104	12,975
Other receivables	71	33	71	82
Prepayments to suppliers	2,585	8,350	6,369	11,416
Prepaid other taxes and charges	–	–	7,857	5,793
	<u>20,385</u>	<u>17,408</u>	<u>24,401</u>	<u>30,266</u>

As at 1 January 2020, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB11,730,000.

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
Within 90 days	17,729	9,025	9,810	12,681
181 – 365 days	–	–	204	–
More than 1 year	–	–	90	294
	<u>17,729</u>	<u>9,025</u>	<u>10,104</u>	<u>12,975</u>

The normal credit term to the customers is within 60 days. At the end of each reporting period, the amount of debtors included in the Company's trade receivables balances that are past due as at the reporting date is insignificant and the Company is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated.

The Company does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 39.

## 22. AMOUNTS DUE FROM RELATED PARTIES

### The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Trade nature</b>				
Xinyang Steel Jingang Energy Co., Ltd.* 信陽鋼鐵金港能源有限公司 ("Xinyang Jingang") (Note i)	–	–	32,372	23,411
Jiyuan Fangsheng Chemicals Co., Ltd.* 濟源市方升化學有限公司 ("Fangsheng Chemicals") (Note ii)	–	–	8	–
	–	–	32,380	23,411
<b>Non-trade nature</b>				
Xinyang Jingang (Note iii)	–	–	30,000	30,000
	–	–	30,000	30,000
<b>Total</b>	–	–	62,380	53,411

\* For identification purpose only.

#### Notes:

- (i) The entity is controlled by Jinma Energy.
- (ii) The entity is significant influenced by a key management personnel of the Group and significant influenced by Jiyuan Jinma Xingye Investment Co., Ltd.\* 濟源市金馬興業投資有限公司, a shareholder of Jinma Energy.
- (iii) The balance as at 1 January 2020 is amounted to nil. Its maximum amounts outstanding during the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 are nil, nil, RMB30,000,000 and RMB30,000,000, respectively. The amount was unsecured and bearing an annual interest of 5% and will be repaid before 31 December 2023.

The amounts in trade nature are from contract with customers. The following is an ageing analysis of amounts due from related parties, presented based on invoice date at the end of each reporting period.

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Trade nature</b>				
Within 90 days	–	–	31,592	–
91 – 180 days	–	–	788	21,039
181 – 365 days	–	–	–	2,372
	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,372</u>
	<u>–</u>	<u>–</u>	<u>32,380</u>	<u>23,411</u>

The normal credit term to the customers is within 60 days. None of the balance is past due at the end of each reporting period.

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 39.

### 23. BILLS RECEIVABLES AT FVTOCI

#### The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Bills receivables	<u>108,457</u>	<u>120,424</u>	<u>84,930</u>	<u>119,060</u>

#### The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Bills receivables	<u>103,543</u>	<u>113,722</u>	<u>81,680</u>	<u>114,659</u>

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 the end of each reporting period, 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 39.

**24. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH****The Group**

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.20% to 1.65% per annum as at the end of each reporting period. As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Group holds time deposits amounting to nil, nil, RMB30,000,000 and nil, respectively, included in the bank balances.

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

Details of impairment assessment of bank balances are set out in Note 39.

**The Company**

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.20% to 1.30% per annum as at the end of each reporting period. The Company holds no time deposits as at the end of each reporting period.

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

Details of impairment assessment of bank balances are set out in Note 39.

**25. BORROWINGS****The Group**

	<b>As at 31 December</b>			<b>As at</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>30 June</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>2023</b>
				<i>RMB'000</i>
Bank borrowings	82,200	51,000	165,147	241,746
Secured	5,200	–	105,147	147,746
Unsecured ( <i>Note</i> )	77,000	51,000	60,000	94,000
	82,200	51,000	165,147	241,746
Fixed-rate borrowings	77,000	51,000	30,000	50,000
Floating-rate borrowings	5,200	–	135,147	191,746
	82,200	51,000	165,147	241,746
Carrying amount repayable: (based on scheduled payment terms)				
Within one year	61,200	36,000	87,000	146,000
More than one year, but not more than two years	6,000	15,000	68,147	95,746
More than two years, but not more than five years	15,000	–	10,000	–
	82,200	51,000	165,147	241,746
Less: Amount due for settlement within 12 months shown under current liabilities	(61,200)	(36,000)	(87,000)	(146,000)
Amount due for settlement after 12 months shown under non-current liabilities	21,000	15,000	78,147	95,746

*Note:* As at 31 December 2020, the Group's borrowings of RMB20,000,000 were guaranteed by Jinma Energy.



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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Effective interest rate per annum:				
– Fixed-rate borrowings	5.30%	5.30%	5.30%	3.85%
– Floating-rate borrowings	3.56%-4.90%	N/A	3.99%-5.60%	3.61%-5.60%

### The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Bank borrowings	82,200	51,000	105,147	191,746
Secured	5,200	–	55,147	107,746
Unsecured (Note)	77,000	51,000	50,000	84,000
	82,200	51,000	105,147	191,746
Fixed-rate borrowings	77,000	51,000	30,000	50,000
Floating-rate borrowings	5,200	–	75,147	141,746
	82,200	51,000	105,147	191,746
Carrying amount repayable: (based on scheduled payment terms)				
Within one year	61,200	36,000	57,000	116,000
More than one year, but not more than two years	6,000	15,000	48,147	75,746
More than two years, but not more than five years	15,000	–	–	–
	82,200	51,000	105,147	191,746
Less: Amount due for settlement within 12 months shown under current liabilities	(61,200)	(36,000)	(57,000)	(116,000)
Amount due for settlement after 12 months shown under non-current liabilities	21,000	15,000	48,147	75,746

Note: As at 31 December 2020, the Company's borrowings of RMB20,000,000 were guaranteed by Jinma Energy.

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Effective interest rate per annum:				
– Fixed-rate borrowings	5.30%	5.30%	5.30%	3.85%
– Floating-rate borrowings	3.56%-3.76%	N/A	3.99%-5.60%	4.00%-5.60%

## 26. TRADE AND OTHER PAYABLES

### The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade payables	11,288	3,919	10,601	8,327
Bills payables	43,840	45,900	57,000	50,000
	<u>55,128</u>	<u>49,819</u>	<u>67,601</u>	<u>58,327</u>
Salaries and wages payables	4,530	5,403	6,586	1,765
Other tax payables	5,476	5,902	5,138	5,812
Accruals	297	1,149	2,053	454
Interest payable	–	–	231	321
Consideration payable for acquisition of				
– property, plant and equipment	65,322	45,466	58,075	151,056
– business	–	425	–	–
Obligation arising from acquisition of				
– non-controlling interest a subsidiary	–	–	–	10,000
Refundable deposit from suppliers	1,299	1,149	2,901	2,596
Dividend payables	–	–	–	11,400
Other payables	590	619	1,595	1,072
	<u>77,514</u>	<u>60,113</u>	<u>76,579</u>	<u>184,476</u>
	<u>132,642</u>	<u>109,932</u>	<u>144,180</u>	<u>242,803</u>

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

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Within 90 days	33,720	23,458	36,959	7,445
91 – 180 days	16,969	25,922	30,306	50,299
181 – 365 days	873	214	1	465
Over 1 year	3,566	225	335	118
	<u>55,128</u>	<u>49,819</u>	<u>67,601</u>	<u>58,327</u>

At the end of each 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.

**The Company**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade payables	3,105	3,557	7,122	6,093
Bills payables	43,840	45,900	57,000	50,000
	<u>46,945</u>	<u>49,457</u>	<u>64,122</u>	<u>56,093</u>
Salaries and wages payables	1,433	2,688	1,890	1,001
Other tax payables	3,229	2,312	1,126	1,619
Consideration payable for purchase of property, plant and equipment	10,014	8,236	28,338	124,395
Accruals	205	–	575	412
Interest payable	–	–	105	212
Refundable deposit from suppliers	950	1,100	2,671	2,376
Other payables	1	524	182	26
	<u>15,832</u>	<u>14,860</u>	<u>34,887</u>	<u>130,041</u>
	<u>62,777</u>	<u>64,317</u>	<u>99,009</u>	<u>186,134</u>

The normal credit term to the Group is within 60 days.

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Within 90 days	30,445	23,326	34,011	6,093
91 – 180 days	16,500	25,922	30,111	50,000
181 – 365 days	–	209	–	–
	<u>46,945</u>	<u>49,457</u>	<u>64,122</u>	<u>56,093</u>

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

## 27. AMOUNT DUE TO A SHAREHOLDER

The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Trade nature</b>				
Jinma Energy	32,861	–	–	19,239
<b>Non-trade nature</b>				
Jinma Energy (Note)	171,918	214,817	–	–
<b>Total</b>	204,779	214,817	–	19,239

Note: The balance as at 1 January, 2020 is amounted to RMB57,318,000. Its maximum amounts outstanding during the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 are RMB171,918,000, RMB214,817,000, nil and nil, respectively. The amount was unsecured and interest-free and had no repayment terms.

The normal credit term to the Group is within 60 days.

The following is an ageing analysis of amount due to a shareholder in trade nature presented based on the invoice date at the end of each reporting period:

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Trade nature</b>				
Within 90 days	15,805	–	–	19,239
91 – 180 days	17,056	–	–	–
	32,861	–	–	19,239

The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Trade nature</b>				
Jinma Energy	495	–	–	–

The normal credit term to the Company is within 60 days.

The following is an ageing analysis of amount due to a shareholder in trade nature presented based on the invoice date at the end of each reporting period:

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
				<i>RMB'000</i>
<b>Trade nature</b>				
0-90 days	495	–	–	–

## 28. AMOUNT DUE TO A RELATED PARTY

### The Group and the Company

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
				<i>RMB'000</i>
<b>Trade nature</b>				
Jinjiang Refinery	114	–	–	–

The normal credit term to the Group is within 60 days.

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

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
				<i>RMB'000</i>
<b>Trade nature</b>				
Within 90 days	114	–	–	–

## 29. CONTRACT LIABILITIES

### The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
				<i>RMB'000</i>
Sales of goods	10,041	10,504	15,426	18,814

As at 1 January 2020, contract liabilities amounted to RMB7,499,000.

The following table shows the revenue recognised to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Sale of goods</b>				
Balance at the beginning of the year/period	7,499	10,041	10,504	15,426
Decrease in contract liabilities as a result of recognition of revenue during the year/period	(7,499)	(10,041)	(10,504)	(15,426)
Increase in contract liabilities as a result of receiving prepayments for sale of goods during the year/period	10,041	10,504	15,426	18,814
	<u>10,041</u>	<u>10,504</u>	<u>15,426</u>	<u>18,814</u>
Balance at the end of the year/period	<u>10,041</u>	<u>10,504</u>	<u>15,426</u>	<u>18,814</u>

#### The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Sales of goods	<u>5,931</u>	<u>4,988</u>	<u>6,681</u>	<u>8,144</u>

As at 1 January 2020, contract liabilities amounted to RMB2,627,000.

The following table shows the revenue recognised to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Sale of goods</b>				
Balance at the beginning of the year/period	2,627	5,931	4,988	6,681
Decrease in contract liabilities as a result of recognition of revenue during the year/period	(2,627)	(5,931)	(4,988)	(6,681)
Increase in contract liabilities as a result of receiving prepayments for sale of goods during the year/period	5,931	4,988	6,681	8,144
	<u>5,931</u>	<u>4,988</u>	<u>6,681</u>	<u>8,144</u>
Balance at the end of the year/period	<u>5,931</u>	<u>4,988</u>	<u>6,681</u>	<u>8,144</u>

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

### 30. 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 as incurred for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023 under such arrangement are RMB159,000, RMB1,439,000, RMB2,039,000, RMB844,000 (unaudited) and RMB1,258,000, respectively.

### 31. PAID-IN CAPITAL AND RESERVES

The paid-in capital of RMB100,000,000 at the end of each reporting period represented the paid in capital of the Company prior to the completion of the Reorganisation as stipulated in Note 1 of the Historical Financial Information.

#### Reserves of the Company:

Below table sets out the details of the reserves of the Company

	FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Special reserve RMB'000	Total RMB'000
As at 1 January 2020	(1,205)	14,284	90,209	20,921	124,209
Profit for the year	–	–	12,865	–	12,865
Other comprehensive income for the year	232	–	–	–	232
Total comprehensive income for the year	232	–	12,865	–	13,097
Transfer	–	1,286	924	(2,210)	–
As at 31 December 2020	(973)	15,570	103,998	18,711	137,306
Profit for the year	–	–	69,084	–	69,084
Other comprehensive income for the year	35	–	–	–	35
Total comprehensive income for the year	35	–	69,084	–	69,119
Transfer	–	6,909	(5,176)	(1,733)	–

	FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Special reserve RMB'000	Total RMB'000
As at 31 December 2021	(938)	22,479	167,906	16,978	206,425
Profit for the year	–	–	23,142	–	23,142
Other comprehensive income for the year	327	–	–	–	327
Total comprehensive income for the year	327	–	23,142	–	23,469
Transfer	–	2,314	(97)	(2,217)	–
As at 31 December 2022	(611)	24,793	190,951	14,761	229,894
Profit for the period	–	–	25,583	–	25,583
Other comprehensive expense for the period	(78)	–	–	–	(78)
Total comprehensive (expense) income for the period	(78)	–	25,583	–	25,505
Transfer	–	–	(761)	761	–
As at 30 June 2023	<u>(689)</u>	<u>24,793</u>	<u>215,773</u>	<u>15,522</u>	<u>255,399</u>
(Unaudited)					
As at 1 January 2022	(938)	22,479	167,906	16,978	206,425
Profit for the period	–	–	25,875	–	25,875
Other comprehensive income for the period	68	–	–	–	68
Total comprehensive income for the period	68	–	25,875	–	25,943
Transfer	–	–	(562)	562	–
As at 30 June 2022	<u>(870)</u>	<u>22,479</u>	<u>193,219</u>	<u>17,540</u>	<u>232,368</u>

### 32. DEFERRED REVENUE

#### The Group

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Assets-related government subsidies	<u>17,792</u>	<u>17,685</u>	<u>16,099</u>	<u>15,306</u>

During the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, the Group received nil, RMB1,280,000, nil, nil (unaudited) and nil in relation to incentives for certain plants and equipment acquired by the Group. The amounts were recorded as deferred revenue and released to profit or loss on a systematic basis over the useful lives of the relevant assets. During the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, subsidy income of approximately RMB1,232,000, RMB1,387,000, RMB1,586,000, RMB793,000 (unaudited) and RMB793,000 was released to profit or loss.



The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Assets-related government subsidies	5,238	6,129	5,541	5,247

During the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, the Company received nil, RMB1,280,000, nil, nil (unaudited) and nil in relation to incentives for certain plants and equipment acquired by the Company. 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 years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, subsidy income of approximately RMB235,000, RMB389,000, RMB588,000, RMB294,000 (unaudited) and RMB294,000 was released to profit or loss.

**33. ACQUISITION OF BUSINESS**

On 4 January 2021, the Group acquired the business of Jidong Gas Station from an independent third party for cash consideration of RMB10,465,000. Jidong Gas Station is principally engaged in the retail of gasoline and diesel oil and was acquired with the objective of improving the Group's downstream distribution. The acquisition was completed on 4 January 2021, when the Group obtained the control of Jidong Gas Station. The acquisition has been accounted for using acquisition method. The amount of goodwill arising as a result of the acquisition was RMB1,767,000.

**Fair value of assets acquired and liabilities recognised at the date of acquisition are as follows:**

	<i>RMB'000</i>
Intangible assets – operating license of refined oil	6,634
Property, plant and equipment	933
Right-of-use assets	81
Deferred tax assets	588
Other receivables	543
Lease liabilities	(81)
	<u>8,698</u>

The other receivables acquired at the date of acquisition were prepaid other taxes.

**Goodwill arising on acquisition**

	<i>RMB'000</i>
Consideration at fair value:	
– cash transferred	10,040
– included in trade and other payables	425
	<u>10,465</u>
Less: recognised amount of identifiable net assets acquired (100%)	<u>(8,698)</u>
Goodwill arising on acquisition	<u>1,767</u>

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

**Net cash outflows arising on acquisition**

	<i>RMB'000</i>
Cash consideration paid	10,040

**Impact of acquisition on the results of the Group**

Included in the profit for the year ended 31 December 2021 is RMB32,000 attributable to Jidong Gas Station. Revenue for the year ended 31 December 2021 included RMB2,054,000 generated from Jidong Gas Station.

Had the acquisition of Jidong Gas Station been completed on 1 January 2021, revenue and profit for the year ended 31 December 2021 of the Group would have been no material difference. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had Jidong Gas Station been acquired at the beginning of the year, the directors of the Company calculated depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets based on the recognised amounts of property, plant and equipment, intangible assets and right-of-use assets, at the date of the acquisition.

**34. CAPITAL COMMITMENTS**

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure contracted for but not provided in the Historical Financial Information in respect of:				
Acquisition of property, plant and equipment	2,478	590	36,068	23,549

**35. PLEDGE OF ASSETS**

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

**The Group**

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment ( <i>Note</i> )	–	–	141,888	410,709
Right-of-use assets	–	–	51,742	51,177
Restricted bank balances	24,087	23,078	15,208	25,211
Bills receivables at FVTOCI	46,352	26,000	27,000	–
	70,439	49,078	235,838	487,097

*Note:* As at 30 June 2023, carrying amounts of property, plant and equipment of approximately RMB274,747,000 was pledged to banks as securities but no hypothecation has been established.

The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Property, plant and equipment ( <i>Note</i> )	–	–	–	274,747
Right-of-use assets	–	–	35,217	34,852
Restricted bank balances	16,437	23,078	15,208	25,211
Bills receivables at FVTOCI	46,352	26,000	27,000	–
	<u>62,789</u>	<u>49,078</u>	<u>77,425</u>	<u>334,810</u>

*Note:* As at 30 June 2023, carrying amounts of property, plant and equipment of approximately RMB274,747,000 was pledged to banks as securities but no hypothecation has been established.

**36. 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 combined statements of financial position. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of each reporting period are as follows:

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Endorsed bills for settlement of payables	152,173	353,130	162,406	105,274
Discounted bills for raising cash	84,267	214,484	277,421	220,730
	<u>236,440</u>	<u>567,614</u>	<u>439,827</u>	<u>326,004</u>

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

**37. 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 Historical Financial Information, the Group entered into the following transactions with its related parties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>Sales of products and services to:</b>					
Jinma Energy	12,032	4,833	17,617	7,695	8,289
Bohigh Chemicals ( <i>Note i</i> )	11,839	18,891	30,644	12,449	11,039
Zhongdong Energy ( <i>Note ii</i> )	42	119	523	291	216
Xinyang Jingang	–	71	30,331	374	19,372
Jinjiang Refinery	80,368	99,123	120,103	60,198	52,081
Fangsheng Chemical	–	–	7	–	–
Yan'an Jinneng ( <i>Note iii</i> )	55	347	N/A	N/A	N/A
<b>Purchase of raw materials and services from:</b>					
Jinma Energy	394,889	296,574	387,553	172,953	178,333
Bohigh Chemicals	529	128	600	280	–
Jinma Zhongdong	–	–	337,958	155,125	183,531
Jinjiang Refinery	5,523	6,303	8,749	4,315	3,951

*Notes:*

- (i) Henan Bohigh Chemicals Co., Ltd.\* 河南博海化工有限公司 (“Bohigh Chemicals”) is a wholly-owned subsidiary of Jinma Energy.
- (ii) Henan Jinma Zhongdong Energy Co., Ltd.\* 河南金馬中東能源有限公司 (“Jinma Zhongdong”) is controlled by Jinma Energy.
- (iii) Yan'an Jinneng Railway Logistics Technology Co., Ltd.\* 延安金能鐵路物流科技有限公司 (“Yan'an Jinneng”) was a fellow subsidiary of the Company since its establishment on 21 May 2020 and ceased to be a related party due to being disposed by Jinma Energy on 30 September 2021.

**(b) Compensation of key management personnel**

The remuneration of key management personnel of the Group during the Track Record Period was as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and allowance	261	899	1,077	542	552
Performance related bonuses	292	727	1,164	–	–
Retirement benefits	30	54	91	36	51
	<u>583</u>	<u>1,680</u>	<u>2,332</u>	<u>578</u>	<u>603</u>

Key management represents the directors of the Company disclosed in Note 13 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.

\* For identification purpose only.

### 38. 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 during the Track Record Period.

The capital structure of the Group consists of net debt (which includes borrowings, lease liabilities, amount due to a shareholder in non-trade nature, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising paid-in 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.

### 39. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

##### The Group

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Financial assets</b>				
Bills receivables at FVTOCI	108,457	120,424	84,930	119,060
Financial assets at amortised cost				
– Bank balances and cash	54,443	50,080	92,470	59,756
– Restricted bank balances	24,087	23,078	15,208	25,211
– Trade and other receivables*	21,933	12,044	13,956	16,775
– Amounts due from related parties	–	–	62,380	53,411

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Financial liabilities</b>				
Amortised cost				
– Borrowings	82,200	51,000	165,147	241,746
– Trade and other payables*	122,636	98,627	132,456	235,226
– Amount due to a shareholder	204,779	214,817	–	19,239
– Amount due to a related party	114	–	–	–

\* Excluded salaries and wages payables, and other tax payables.

The Company

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Financial assets</b>				
Bills receivables at FVTOCI	103,543	113,722	81,680	114,659
Financial assets at amortised cost				
– Bank balances and cash	4,680	6,117	41,137	44,284
– Restricted bank balances	16,437	23,078	15,208	25,211
– Trade and other receivables*	17,800	9,058	10,175	13,057

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Financial liabilities</b>				
Amortised cost				
– Borrowings	82,200	51,000	105,147	191,746
– Trade and other payables*	58,115	59,317	95,993	183,514
– Amount due to a shareholder	495	–	–	–
– Amount due to a related party	114	–	–	–

\* Excluded salaries and wages payables, and other tax payables.

**Financial risk management objectives and policies**

The Group's and the Company's major financial instruments include trade and other receivables, amounts due from related parties, bills receivables at FVTOCI, restricted bank balances, bank balances and cash, trade and other payables, amounts due to a shareholder/a related party, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The Group and the Company have no exposure to foreign exchange risk. The policies on how to mitigate these risks are set out below. The management of the Group and 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 and the Company is exposed to fair value interest rate risk in relation to certain interest-bearing restricted bank balances, bills receivables at FVTOCI, borrowings and lease liabilities, all bear fixed interest rates. The Group and the Company is also exposed to cash flow interest rate risk in relation to certain bank balances and borrowings at floating interest rates. The Group and the Company currently does not have an interest rate hedging policy. There are no concentration on the Group's and the Company's interest rate risks. However, the management of the Group and the Company 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 each 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 RMB20,000, nil, RMB507,000 and RMB719,000 for the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023, respectively. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2020, 2021, 2022 and 30 June 2023.

If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Company's profit after tax would decrease/increase by approximately RMB20,000, nil, RMB282,000 and RMB532,000 for the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023, respectively. This is mainly attributable to the Company's exposure to interest rates on its floating-rate borrowings as at 31 December 2020, 2021, 2022 and 30 June 2023.

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 each reporting period does not reflect the exposure during the Track Record Period.

**Credit risk and impairment assessment**

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

The Group and the Company 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 and the Company mainly conducts transactions with customers with good quality and long-term relationship. When accepting new customers, the Group and the Company requests advanced payment before the goods delivered. In order to minimise the credit risk, the management of the Group and the Company continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group and the Company 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.

The Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the Track Record Period. The percentage of Trade-related Receivables attributable to these five largest customers amounted to 64%, 76%, 21% and 90% as at 31 December 2020, 2021, 2022 and 30 June 2023, respectively.

The Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 95%, 99%, 99% and 99% of total Trade-related Receivables outstanding balances as at 31 December 2020, 2021, 2022, and 30 June 2023, respectively.

The Group and the Company 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 the end of each reporting period.

All 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. ECL on Trade-related Receivables was insignificant for the Track Record Period.

#### *Other receivables*

For other receivables, the Group and the Company 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. ECL on other receivables was insignificant for the Track Record Period.

#### *Bank balances and restricted bank balances*

The Group's and the Company'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 for the Track Record Period.

#### *Bills receivables at FVTOCI*

The Group and the Company only accepts bills receivables with low credit risk. The Group's and the Company's bills receivables at FVTOCI are bank acceptance bills and therefore are considered to be low credit risk financial instruments. For the Track Record Period, ECL on bills receivables at FVTOCI was insignificant.

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

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade-related Receivables</b>	<b>Other receivables</b>
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 and the Company's financial assets, which are subject to ECL assessment:

**The Group**

	External credit rating	Internal credit rating	12m or lifetime ECL	As at 31 December			As at
				2020	2021	2022	30 June
				Gross carrying amount			2023
				RMB'000	RMB'000	RMB'000	RMB'000
<b>Bills receivables at FVTOCI</b>							
Bills receivables	AAA – A	N/A	12m ECL	108,457	120,424	84,930	119,060
<b>Financial assets at amortised cost</b>							
Amounts due from related parties (non-trade nature)	N/A	Low risk	12m ECL	–	–	30,000	30,000
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	21,431	11,915	45,843	39,673
		Watch list	Lifetime ECL (not credit-impaired)	–	–	294	294
				<u>21,431</u>	<u>11,915</u>	<u>46,137</u>	<u>39,967</u>
Bank balances and restricted bank balances	AAA – AA+	N/A	12m ECL	78,530	73,158	107,678	84,967
Other receivables	N/A	Low risk	12m ECL	<u>502</u>	<u>129</u>	<u>199</u>	<u>219</u>

**The Company**

	External credit rating	Internal credit rating	12m or lifetime ECL	As at 31 December			As at
				2020	2021	2022	30 June
				Gross carrying amount			2023
				RMB'000	RMB'000	RMB'000	RMB'000
<b>Bills receivables at FVTOCI</b>							
Bills receivables	AAA – A	N/A	12m ECL	103,543	113,722	81,680	114,659
<b>Financial assets at amortised cost</b>							
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	17,729	9,025	9,810	12,681
		Watch list	Lifetime ECL (not credit-impaired)	–	–	294	294
				<u>17,729</u>	<u>9,025</u>	<u>10,104</u>	<u>12,975</u>
Bank balances and restricted bank balances	AAA – AA+	N/A	12m ECL	21,117	29,195	56,345	69,495
Other receivables	N/A	Low risk	12m ECL	<u>71</u>	<u>33</u>	<u>71</u>	<u>82</u>

As part of the Group's and the Company's credit risk management, the Group and the Company 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 nil was assessed individually.

## The Group

## Gross carrying amount

Internal credit rating	As at 31 December 2020			As at 31 December 2021		
	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	0.05%	21,431	—*	0.13%	11,915	—*
		<u>21,431</u>	<u>—*</u>		<u>11,915</u>	<u>—*</u>
Internal credit rating	As at 31 December 2022			As at 30 June 2023		
	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	0.10%	45,843	—*	0.10%	39,673	—*
Watch list	1.00%	294	—*	1.00%	294	—*
		<u>46,137</u>	<u>—</u>		<u>39,967</u>	<u>—</u>

\* The amount of ECL loss is immaterial for the Track Record Period.

## The Company

## Gross carrying amount

Internal credit rating	As at 31 December 2020			As at 31 December 2021		
	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	0.05%	17,729	—*	0.13%	9,025	—*
		<u>17,729</u>	<u>—*</u>		<u>9,025</u>	<u>—*</u>
Internal credit rating	As at 31 December 2022			As at 30 June 2023		
	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	0.10%	9,810	—*	0.10%	12,681	—*
Watch list	1.00%	294	—*	1.00%	294	—*
		<u>10,104</u>	<u>—</u>		<u>12,975</u>	<u>—</u>

\* The amount of ECL loss is immaterial for the Track Record Period.

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.

**Liquidity risk**

In the management of the liquidity risk, the Group and the Company 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 and the Company to meet in full its financial obligations as they fall due for the foreseeable future.

The Group and the Company relies on bank borrowings as a significant source of liquidity. As at 31 December 2020, 2021, 2022 and 30 June 2023, the Group had unutilised bank facilities of approximately RMB4,800,000, RMB27,000,000, RMB194,853,000 and RMB117,254,000, respectively. And as at 31 December 2020, 2021, 2022 and 30 June 2023, the Company had unutilised bank facilities of approximately RMB4,800,000, RMB27,000,000, RMB184,853,000 and RMB117,254,000, respectively.

The following tables detail the Group's and the Company'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 and the Company 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 each reporting period.

**The Group****Liquidity tables**

As at 31 December 2020							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.56%~5.30%	82,200	62,583	7,019	15,329	–	84,931
Lease liabilities	4.50%~5.96%	104	24	24	73	129	250
Trade and other payables	N/A	122,636	122,636	–	–	–	122,636
Amount due to a shareholder	N/A	204,779	204,779	–	–	–	204,779
Amount due to a related party	N/A	114	114	–	–	–	114
		<u>409,833</u>	<u>390,136</u>	<u>7,043</u>	<u>15,402</u>	<u>129</u>	<u>412,710</u>

As at 31 December 2021							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.56%~5.30%	51,000	37,018	15,329	–	–	52,347
Lease liabilities	4.50%~5.96%	170	24	24	73	105	226
Trade and other payables	N/A	98,627	98,627	–	–	–	98,627
Amount due to a shareholder	N/A	214,817	214,817	–	–	–	214,817
		<u>364,614</u>	<u>350,486</u>	<u>15,353</u>	<u>73</u>	<u>105</u>	<u>366,017</u>

As at 31 December 2022							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.99%~5.60%	165,147	92,391	70,313	10,187	–	172,891
Lease liabilities	4.50%~5.96%	154	24	24	73	81	202
Trade and other payables	N/A	132,456	132,456	–	–	–	132,456
		<u>297,757</u>	<u>224,871</u>	<u>70,337</u>	<u>10,260</u>	<u>81</u>	<u>305,549</u>

As at 30 June 2023							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.61%~5.60%	241,746	154,885	98,568	–	–	253,453
Lease liabilities	4.50%~5.96%	140	24	24	55	81	184
Trade and other payables	N/A	235,226	235,226	–	–	–	235,226
Amount due to a shareholder	N/A	19,239	19,239	–	–	–	19,239
		<u>496,351</u>	<u>409,374</u>	<u>98,592</u>	<u>55</u>	<u>81</u>	<u>508,102</u>

### The Company

#### Liquidity tables

As at 31 December 2020							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.56%~5.30%	82,200	62,583	7,019	15,329	–	84,931
Trade and other payables	N/A	58,115	58,115	–	–	–	58,115
Amount due to a shareholder	N/A	495	495	–	–	–	495
Amount due to a related party	N/A	114	114	–	–	–	114
		<u>140,924</u>	<u>121,307</u>	<u>7,019</u>	<u>15,329</u>	<u>–</u>	<u>143,655</u>

As at 31 December 2021							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	5.30%	51,000	37,018	15,329	–	–	52,347
Trade and other payables	N/A	59,317	59,317	–	–	–	59,317
		<u>110,317</u>	<u>96,335</u>	<u>15,329</u>	<u>–</u>	<u>–</u>	<u>111,664</u>
As at 31 December 2022							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.99%~5.60%	105,147	60,536	49,394	–	–	109,930
Trade and other payables	N/A	95,993	95,993	–	–	–	95,993
		<u>201,140</u>	<u>156,529</u>	<u>49,394</u>	<u>–</u>	<u>–</u>	<u>205,923</u>
As at 30 June 2023							
	Interest rate	Carrying amounts RMB'000	On demand or within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000
Bank borrowings	3.85%~5.60%	191,746	122,572	76,924	–	–	199,496
Trade and other payables	N/A	183,514	183,514	–	–	–	183,514
		<u>375,260</u>	<u>306,086</u>	<u>76,924</u>	<u>–</u>	<u>–</u>	<u>383,010</u>

***Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis***

Some of the Group's and the Company'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.

**Fair value measurements of financial instruments****The Group**

Financial assets	2020	Fair value as at		As at 30 June 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
		As at 31 December 2021	2022			
Bills receivables at FVTOCI	Assets- RMB108,457,000	Assets- RMB120,424,000	Assets- RMB84,930,000	Assets- RMB119,060,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.

**The Company**

Financial assets	2020	Fair value as at		As at 30 June 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
		As at 31 December 2021	2022			
Bills receivables at FVTOCI	Assets- RMB103,543,000	Assets- RMB113,722,000	Assets- RMB81,680,000	Assets- RMB114,659,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the 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 combined statements of financial position approximate their fair values.

## 40. 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 combined statements of cash flows as cash flows from financing activities.

	<b>Bank borrowings</b>	<b>Borrowing from a shareholder</b>	<b>Dividend Payable</b>	<b>Lease liabilities</b>	<b>Interest payables</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	152,020	57,318	–	116	–	209,454
Financing cash flows ( <i>Note</i> )	(69,820)	111,100	(20,000)	(18)	(8,555)	12,707
Dividend declared	–	–	20,000	–	–	20,000
Bill receivables from shareholder	–	3,500	–	–	–	3,500
Finance costs recognised	–	–	–	6	8,555	8,561
At 31 December 2020	82,200	171,918	–	104	–	254,222
Financing cash flows ( <i>Note</i> )	(31,200)	19,575	(30,000)	(24)	(2,636)	(44,285)
Dividend declared	–	–	30,000	–	–	30,000
Acquisition of a business ( <i>Note 33</i> )	–	–	–	81	–	81
Bill receivables from shareholder	–	23,324	–	–	–	23,324
Finance costs recognised	–	–	–	9	2,636	2,645
At 31 December 2021	51,000	214,817	–	170	–	265,987
Financing cash flows ( <i>Note</i> )	114,147	(214,817)	(30,000)	(24)	(8,370)	(139,064)
Dividend declared	–	–	30,000	–	–	30,000
Finance costs recognised	–	–	–	8	8,601	8,609
At 31 December 2022	165,147	–	–	154	231	165,532
Financing cash flows ( <i>Note</i> )	76,599	–	(88,600)	(18)	(5,205)	(17,224)
Dividend declared	–	–	100,000	–	–	100,000
Finance costs recognised	–	–	–	4	5,295	5,299
At 30 June 2023	<u>241,746</u>	<u>–</u>	<u>11,400</u>	<u>140</u>	<u>321</u>	<u>253,607</u>
At 1 January 2022	51,000	214,817	–	170	–	265,987
Financing cash flows ( <i>Note</i> ) (unaudited)	101,690	(162,786)	(30,000)	(18)	(4,022)	(95,136)
Dividend declared (unaudited)	–	–	30,000	–	–	30,000
Finance costs recognised (unaudited)	–	–	–	4	4,062	4,066
At 30 June 2022 (unaudited)	<u>152,690</u>	<u>52,031</u>	<u>–</u>	<u>156</u>	<u>40</u>	<u>204,917</u>

*Note:* The cash flows represent new bank borrowings raised, the repayment of bank borrowings, borrowing received from a shareholder, repayment of borrowings to a shareholder, interest paid, repayments of lease liabilities and dividend paid received in the combined statements of cash flows.

## 41. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries.

Name of subsidiary*	Place and date of establishment/ incorporation	Equity interest attributable to the Group					Paid-in registered capital	Principal activities
		As at 31 December		As at 30 June		At date of this report		
		2020	2021	2022	2023	report		
		%	%	%	%	%		
<i>Directly held:</i>								
Jinning Energy	PRC 2 July 2007	51	51	51	51	51	RMB10,000,000	Distribution and sale of coal gas
Jinrui Energy	PRC 24 May 2016	71	71	71	71	81	RMB100,000,000	Manufacturing and sale of LNG
Jinma Qingneng	PRC 18 February 2021	N/A	80	100	100	100	2020, 2021 and 2022 – nil 30 June 2023 – RMB5,000,000/ RMB200,000,000	Provision of multimodal transportation, warehouse and distribution services for coal products
<i>Indirectly held:</i>								
Henan Jinrui Gas Co., Ltd. 河南金瑞燃氣有限公司 (“Jinrui Gas”)	PRC 24 May 2016	71	71	71	71	81	RMB25,500,000	Sales and retail of LNG and oil
Jiyuan Ouya Gasoline Station Co., Ltd. 濟源市歐亞加油站有限公司 (“Ouya Gasoline Station”)	PRC 26 April 2012	71	71	71	71	81	RMB500,000	Sales and retail of refined oil

\* English name for identification only.

All the subsidiaries of the Company are domestic limited liability companies. None of the subsidiaries had any debt securities outstanding as at 31 December 2020, 2021, 2022 and 30 June 2023 or at any time during the Track Record Period.

The audited financial statements of the Company and its subsidiaries established in the PRC were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprise and were audited by the following certified public accountants registered in the PRC.

Name of enterprise	Financial year ended	Name of auditors
The Company	31 December 2020	Deloitte Touche Tohmatsu Certified Public Accountants LLP 德勤華永會計師事務所(特殊普通合伙)
	31 December 2021	Deloitte Touche Tohmatsu Certified Public Accountants LLP 德勤華永會計師事務所(特殊普通合伙)
	31 December 2022	Deloitte Touche Tohmatsu Certified Public Accountants LLP 德勤華永會計師事務所(特殊普通合伙)
Jinning Energy	31 December 2020	Deloitte Touche Tohmatsu Certified Public Accountants LLP 德勤華永會計師事務所(特殊普通合伙)



<b>Name of enterprise</b>	<b>Financial year ended</b>	<b>Name of auditors</b>
	31 December 2021	Deloitte Touche Tohmatsu Certified Public Accountants LLP 德勤華永會計師事務所(特殊普通合夥)
	31 December 2022	Deloitte Touche Tohmatsu Certified Public Accountants LLP 德勤華永會計師事務所(特殊普通合夥)
Jinrui Energy	31 December 2020	Note i
	31 December 2021	Shanghai Certified Public Accountants (Special General Partners) Henan Branch 上會會計師事務所(特殊普通合夥)河南分所
	31 December 2022	Shanghai Certified Public Accountants (Special General Partners) Henan Branch 上會會計師事務所(特殊普通合夥)河南分所
Jinrui Gas	31 December 2020	Henan Huifeng Chenghe Certified Public Accountants Co., Ltd. 河南滙豐誠和會計師事務所有限公司
	31 December 2021	Shanghai Certified Public Accountants (Special General Partners) Henan Branch 上會會計師事務所(特殊普通合夥)河南分所
	31 December 2022	Shanghai Certified Public Accountants (Special General Partners) Henan Branch 上會會計師事務所(特殊普通合夥)河南分所

*Notes:*

- (i) No statutory financial statements have been prepared for Jinrui Energy for the year ended 31 December 2020 as there were no requirements to issue audited statutory financial statements by the local authorities.
- (ii) No statutory financial statements have been prepared for Jinma Qingneng since its establishment as there were no requirements to issue audited statutory financial statements by the local authorities.
- (iii) No statutory financial statements have been prepared for Ouya Gasoline Station for each of the year ended 31 December 2020, 2021 and 2022 as there were no requirements to issue audited statutory financial statements by the local authorities.

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

Name of subsidiary	Proportion ownership interest held by non-controlling interests				Profit (loss) allocated to non-controlling interests				Accumulated non-controlling interests			
	At 31 December		At 30 June		Year ended 31 December		Six months ended 30 June		At 31 December		At 30 June	
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
	%	%	%	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jinning Energy	49	49	49	49	14,664	9,517	16,740	9,175	66,575	61,392	63,432	51,896
Jinrui Energy	29	29	29	29	878	(2,510)	39,112	20,875	37,513	35,003	74,115	63,485
					15,542	7,007	55,852	30,050	104,088	96,395	137,547	115,381

(unaudited)

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

## Jinning Energy

	As at 31 December			As at 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000	2023 RMB'000
Current assets	43,914	43,433	60,231		37,818
Non-current assets	119,938	102,476	87,502		87,857
Current liabilities	19,450	15,794	17,167		19,553
Non-current liabilities	8,534	4,824	1,113		211
Net equity	135,868	125,291	129,453		105,911
Equity attributable to owners of the Company	69,293	63,899	66,021		54,015
Equity attributable to non-controlling interests	66,575	61,392	63,432		51,896
				Six months ended 30 June	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000	2023 RMB'000
				<i>(unaudited)</i>	
Revenue	326,463	266,436	415,089	196,904	229,323
Expenses (Note)	286,728	240,795	370,081	172,091	207,569
Profit and total comprehensive income for the year/period	29,927	19,423	34,162	18,719	16,458
Profit and total comprehensive income attributable to					
– the owners of the Company	15,263	9,906	17,422	9,544	8,394
– the non-controlling interests	14,664	9,517	16,740	9,175	8,064
Profit and total comprehensive income for the year/period	29,927	19,423	34,162	18,719	16,458
Dividends declared and paid to non-controlling interests	9,800	14,700	14,700	14,700	19,600
Net cash from operating activities	47,315	36,625	44,262	21,109	26,631
Net cash (used in) from investing activities	(38,492)	(6,784)	(36,097)	4,826	812
Net cash used in financing activities	(20,000)	(30,000)	(30,000)	(30,000)	(40,000)
Net cash outflow	(11,177)	(159)	(21,835)	(4,065)	(12,557)

Note: The expenses include cost of sales, selling and distribution expenses, administrative expenses and finance costs.

## Jinrui Energy

	As at 31 December			As at 30 June 2023	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	RMB'000	
Current assets	<u>74,714</u>	<u>68,918</u>	<u>82,415</u>	<u>50,797</u>	
Non-current assets	<u>337,336</u>	<u>324,156</u>	<u>302,377</u>	<u>295,319</u>	
Current liabilities	<u>270,185</u>	<u>261,580</u>	<u>88,015</u>	<u>96,360</u>	
Non-current liabilities	<u>13,232</u>	<u>12,379</u>	<u>41,209</u>	<u>30,676</u>	
Net equity	<u>128,633</u>	<u>119,115</u>	<u>255,568</u>	<u>219,080</u>	
Equity attributable to owners of the Company	<u>91,120</u>	<u>84,112</u>	<u>181,453</u>	<u>155,595</u>	
Equity attributable to non-controlling interests	<u>37,513</u>	<u>35,003</u>	<u>74,115</u>	<u>63,485</u>	
				<b>Six months ended</b>	
	<b>Year ended 31 December</b>			<b>30 June</b>	
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2022 RMB'000	2023 RMB'000
				<i>(unaudited)</i>	
Revenue	<u>263,936</u>	<u>150,934</u>	<u>621,000</u>	<u>264,868</u>	<u>302,541</u>
Expenses (Note)	<u>259,850</u>	<u>159,880</u>	<u>468,376</u>	<u>187,482</u>	<u>279,740</u>
Profit (loss) and total comprehensive income (expense) for the year/period	<u>3,188</u>	<u>(9,518)</u>	<u>136,453</u>	<u>71,987</u>	<u>23,512</u>
Profit (loss) and total comprehensive income (expense) attributable to					
– the owners of the Company	<u>2,310</u>	<u>(7,008)</u>	<u>97,341</u>	<u>51,112</u>	<u>16,742</u>
– the non-controlling interests	<u>878</u>	<u>(2,510)</u>	<u>39,112</u>	<u>20,875</u>	<u>6,770</u>
Profit (loss) and total comprehensive income (expense) for the year/period	<u>3,188</u>	<u>(9,518)</u>	<u>136,453</u>	<u>71,987</u>	<u>23,512</u>
Dividends declared and paid to non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>17,400</u>

	Year ended 31 December			Six months ended	
	2020	2021	2022	30 June	
	RMB'000	RMB'000	RMB'000	2022	2023
				<i>(unaudited)</i>	
Net cash from (used in) operating activities	44,971	(7,692)	189,841	137,449	40,005
Net cash (used in) from investing activities	(27,759)	(17,501)	(40,163)	(7,209)	23,273
Net cash (used in) from financing activities	(12,579)	19,551	(150,471)	(95,664)	(59,755)
Net cash inflow (outflow)	<u>4,633</u>	<u>(5,642)</u>	<u>(793)</u>	<u>34,576</u>	<u>3,523</u>

*Note:* The expenses include cost of sales, selling and distribution expenses, administrative expenses and finance costs.

#### 42. EVENTS AFTER THE TRACK RECORD PERIOD

Subsequent to the end of the Track Record Period, the Company converted into a joint stock company with 335,000,000 ordinary shares of RMB1 per share and issued additional 381,730,000 ordinary shares, which included (i) 201,060,000 shares for acquisitions of the equity interests in Jinrui Energy and Jinning, (ii) 72,350,000 shares for the acquisitions of the equity interest in Jinma Qingneng and (iii) 108,320,000 shares for acquisitions of the coke granules coal gas facilities by the Company, pursuant to the Reorganisation as detailed in Note 1. In addition, on 17 August 2023, the Group completed the Reorganisation.

As stated in Note 1 to the Historical Financial Information, Jinma Qingneng acquired 49% equity interest in Jinjiang Refinery on 31 July 2023 and Jinma Qingneng became a wholly-owned subsidiary of the Company on 17 August 2023. Following the completion of these transactions, Jinjiang Refinery would be accounted for as a joint venture of the Group, which is accounted for under equity method since 31 July 2023.

The major financial information of Jinjiang Refinery for the Track Record Period has been prepared in accordance with the accounting policies set out in Note 3 and Note A below, which conform with IFRSs issued by IASB.

#### Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Year ended 31 December			Six months ended	
		2020	2021	2022	30 June	
		RMB'000	RMB'000	RMB'000	2022	2023
					<i>(unaudited)</i>	
Revenue	B	151,271	182,612	283,752	143,399	116,754
Cost of sales		(145,761)	(176,070)	(222,689)	(109,321)	(95,586)
Gross profit		5,510	6,542	61,063	34,078	21,168
Other income	C	5,301	6,245	7,143	311	798
Other gains and losses	D	(282)	63	(267)	(14)	(137)
Finance costs		(953)	(68)	–	–	–
Administrative expenses		(5,113)	(5,964)	(5,385)	(1,981)	(1,801)
Profit before tax	E	<u>4,463</u>	<u>6,818</u>	<u>62,554</u>	<u>32,394</u>	<u>20,028</u>
Income tax expense	F	–	–	–	–	(2,088)
Profit and total comprehensive income for the year/period		<u>4,463</u>	<u>6,818</u>	<u>62,554</u>	<u>32,394</u>	<u>17,940</u>

## Statement of Financial Position

	NOTES	As at 31 December			As at
		2020	2021	2022	30 June
		RMB'000	RMB'000	RMB'000	2023
					RMB'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	<i>H</i>	106,643	86,709	70,613	62,667
Right-of-use assets	<i>I</i>	23,400	22,873	22,345	22,081
Investment properties	<i>J</i>	–	3,364	3,121	3,000
Deposits for acquisition of property, plant and equipment		6	–	–	402
		<u>130,049</u>	<u>112,946</u>	<u>96,079</u>	<u>88,150</u>
<b>CURRENT ASSETS</b>					
Inventories	<i>K</i>	6,285	3,293	938	639
Trade and other receivables	<i>L</i>	281	119	419	375
Tax recoverable		–	–	635	275
Amount due from a shareholder	<i>M</i>	3,200	6,643	44,321	20
Amount due from a related party	<i>N</i>	114	–	–	–
Bills receivables at fair value through other comprehensive income (“FVTOCI”)	<i>O</i>	600	–	15,131	23,235
Bank balances and cash	<i>P</i>	8,639	11,444	38,633	38,785
		<u>19,119</u>	<u>21,499</u>	<u>100,077</u>	<u>63,329</u>
<b>CURRENT LIABILITIES</b>					
Borrowings	<i>Q</i>	10,000	–	–	–
Trade and other payables	<i>R</i>	19,060	7,761	17,160	4,664
		<u>29,060</u>	<u>7,761</u>	<u>17,160</u>	<u>4,664</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<u>(9,941)</u>	<u>13,738</u>	<u>82,917</u>	<u>58,665</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>120,108</u>	<u>126,684</u>	<u>178,996</u>	<u>146,815</u>
<b>CAPITAL AND RESERVES</b>					
Paid-in capital	<i>S</i>	100,000	100,000	100,000	100,000
Reserves		9,291	16,109	68,663	36,603
<b>TOTAL EQUITY</b>		<u>109,291</u>	<u>116,109</u>	<u>168,663</u>	<u>136,603</u>
<b>NON-CURRENT LIABILITY</b>					
Deferred revenue	<i>T</i>	10,817	10,575	10,333	10,212
		<u>120,108</u>	<u>126,684</u>	<u>178,996</u>	<u>146,815</u>

## Statement of Changes in Equity

	Paid-in capital <i>RMB'000</i>	Statutory surplus reserve fund <i>RMB'000</i> <i>(Note)</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020	100,000	3,015	1,813	104,828
Profit for the year	–	–	4,463	4,463
Transfer	–	460	(460)	–
As at 31 December 2020	100,000	3,475	5,816	109,291
Profit for the year	–	–	6,818	6,818
Transfer	–	680	(680)	–
As at 31 December 2021	100,000	4,155	11,954	116,109
Profit for the year	–	–	62,554	62,554
Dividends recognised as distribution ( <i>Note G</i> )	–	–	(10,000)	(10,000)
Transfer	–	6,255	(6,255)	–
As at 31 December 2022	100,000	10,410	58,253	168,663
Profit for the period	–	–	17,940	17,940
Dividends recognised as distribution ( <i>Note G</i> )	–	–	(50,000)	(50,000)
As at 30 June 2023	<u>100,000</u>	<u>10,410</u>	<u>26,193</u>	<u>136,603</u>
(Unaudited)				
As at 1 January 2022	100,000	4,155	11,954	116,109
Profit for the period	–	–	32,394	32,394
Dividends recognised as distribution ( <i>Note G</i> )	–	–	(10,000)	(10,000)
As at 30 June 2022	<u>100,000</u>	<u>4,155</u>	<u>34,348</u>	<u>138,503</u>

*Note:* Pursuant to the relevant laws in the PRC, Jinjiang Refinery is required to transfer 10% of its profit after tax as per statutory financial statements (as determined by the management of Jinjiang Refinery) 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 Jinjiang Refinery and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of Jinjiang Refinery.

## Statement of Cash Flows

	Year ended 31 December			Six months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>OPERATING ACTIVITIES</b>					
Profit before tax	4,463	6,818	62,554	32,394	20,028
Adjustments for:					
Interest income on bank deposits	(18)	(32)	(345)	(59)	(180)
Interest income on bills receivables at FVTOCI	(6)	–	(124)	–	(76)
(Gain) loss on disposal of property, plant and equipment	(50)	(71)	1	–	(17)
Depreciation of property, plant and equipment	16,661	16,487	16,416	8,216	8,209
Depreciation of right-of-use assets	528	527	528	264	264
Depreciation of investment properties	–	163	243	121	121
Finance costs	953	68	–	–	–
Investment income from financial assets at fair value through profit or loss (“FVTPL”)	(22)	–	–	–	–
Release of assets-related government subsidies	(242)	(242)	(242)	(121)	(121)
Operating cash flows before movements in working capital	22,267	23,718	79,031	40,815	28,228
(Increase) decrease in inventories	(5,416)	2,992	2,355	661	299
Decrease (increase) in bills receivables at FVTOCI	506	600	(15,007)	(7,700)	(8,028)
(Increase) decrease in trade and other receivables	(162)	162	(300)	(13,233)	44
Decrease (increase) in amounts due from a shareholder	234	(3,443)	(37,678)	6,643	44,301
(Increase) decrease in amounts due from a related party	(114)	114	–	–	–
(Decrease) increase in trade and other payables	(3,990)	(1,299)	9,399	6,623	(12,496)
Cash generated from operations	13,325	22,844	37,800	33,809	52,348
Income tax paid	–	–	(635)	(635)	(1,728)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>13,325</b>	<b>22,844</b>	<b>37,165</b>	<b>33,174</b>	<b>50,620</b>



	Year ended 31 December			Six months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
<b>INVESTING ACTIVITIES</b>					
Interest on bank balances received	18	32	345	59	180
Investment in financial assets at FVTPL	(48,500)	–	–	–	–
Proceeds from disposal of financial assets at FVTPL	55,022	–	–	–	–
Purchase of property, plant and equipment	(491)	(445)	(321)	(146)	(669)
Proceeds from disposal of property, plant and equipment	268	442	–	–	21
	<u>6,317</u>	<u>29</u>	<u>24</u>	<u>(87)</u>	<u>(468)</u>
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>					
<b>FINANCING ACTIVITY</b>					
Interest paid	(953)	(68)	–	–	–
Bank borrowings raised	20,000	–	–	–	–
Repayment of bank borrowings	(40,000)	(10,000)	–	–	–
Dividends paid to shareholders	–	(10,000)	(10,000)	(10,000)	(50,000)
	<u>(20,953)</u>	<u>(20,068)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(50,000)</u>
<b>NET CASH USED IN FINANCING ACTIVITY</b>					
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>					
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	9,950	8,639	11,444	11,444	38,633
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, REPRESENTED BY					
Bank balances and cash	<u>8,639</u>	<u>11,444</u>	<u>38,633</u>	<u>34,531</u>	<u>38,785</u>

#### A. Material Accounting Policy Information

Apart from material accounting policy information set out in Note 3, Jinjiang Refinery has also applied the following accounting policy during the Track Record Period.

##### *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by Jinjiang Refinery under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straightline method.

**B. Revenue***Revenue from contracts with customers*

	Year ended 31 December			Six months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Sales of hydrogen	151,271	182,612	283,752	143,399	116,754

**Performance obligations for contracts with customers**

Jinjiang Refinery is mainly engaged the production and sales of hydrogen, for which revenue is recognised at point in time.

For sales as a principal of hydrogen, revenue is recognised when control of the products has transferred, being when the hydrogen gas have been transmitted through the boundary port specified in the sales contract. Following the delivery, the customer has ability to direct the use of the products and bears the risks in relation to the products.

In general, the normal credit term is within 30 days upon delivery.

Performance obligation of sales of goods 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.

**C. Other Income**

	Year ended 31 December			Six months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Interest income on bank deposits	18	32	345	59	180
Interest income on bills receivables at FVTOCI	6	–	124	–	76
Release of assets-related government subsidies <i>(Note T)</i>	242	242	242	121	121
Refund of value-added tax	4,385	5,764	5,806	–	–
Government grants	252	–	58	–	201
Rental Income	–	147	220	110	220
Others	398	60	348	21	–
	<u>5,301</u>	<u>6,245</u>	<u>7,143</u>	<u>311</u>	<u>798</u>

## D. Other Gains and Losses

	Year ended 31 December			Six months ended	
	2020	2021	2022	30 June 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net loss arising on bills receivables at FVTOCI	(281)	–	(245)	–	(76)
Gain (loss) on disposal of property, plant and equipment	50	71	(1)	–	17
Others	(51)	(8)	(21)	(14)	(78)
	<u>(282)</u>	<u>63</u>	<u>(267)</u>	<u>(14)</u>	<u>(137)</u>

## E. Profit before tax

	Year ended 31 December			Six months ended	
	2020	2021	2022	30 June 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax has been arrived at after charging:					
Staff costs	7,141	8,778	10,611	4,817	3,527
Retirement benefits	34	391	444	202	248
Total staff costs	<u>7,175</u>	<u>9,169</u>	<u>11,055</u>	<u>5,019</u>	<u>3,775</u>
Capitalised in inventories	(4,616)	(5,425)	(7,766)	(3,740)	(3,093)
	<u>2,559</u>	<u>3,744</u>	<u>3,289</u>	<u>1,279</u>	<u>682</u>
Depreciation of property, plant and equipment	16,661	16,487	16,416	8,216	8,209
Capitalised in inventories	(15,705)	(15,705)	(15,809)	(7,883)	(7,934)
	<u>956</u>	<u>782</u>	<u>607</u>	<u>333</u>	<u>275</u>
Depreciation of right-of-use assets	528	527	528	264	264
Depreciation of investment properties	–	163	243	121	121
Cost of inventories recognised as expenses	<u>144,296</u>	<u>174,409</u>	<u>220,065</u>	<u>108,002</u>	<u>94,582</u>

## F. Income tax expense

	Year ended 31 December			Six months ended	
	2020	2021	2022	30 June 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax ("EIT")					
– current tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,088</u>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Jinjiang Refinery is 25% for the Track Record Period.

The taxation charge for the years/periods can be reconciled to the profit before tax per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	4,463	6,818	62,554	32,394	20,028
Tax charge at the applicable income tax rate of 25%	1,116	1,705	15,639	8,099	5,007
Tax effect of expenses not deductible for tax purposes	25	59	48	5	12
Tax effect of income not taxable for tax purpose (Note)	(3,782)	(4,565)	(7,094)	(3,585)	(2,919)
Tax effect of tax losses not recognised	2,641	2,801	–	–	–
Utilisation of tax losses previously not recognised	–	–	(8,593)	(4,519)	(12)
Income tax expense	–	–	–	–	2,088

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 years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, Jinjiang Refinery had tax deduction under the scheme of RMB3,782,000, RMB4,565,000, RMB7,094,000, RMB3,585,000 (unaudited) and RMB2,919,000, respectively.

#### G. Dividends

The dividends declared by Jinjiang Refinery to the shareholders amounted to nil, nil, RMB10,000,000, RMB10,000,000 (unaudited) and RMB50,000,000 respectively during the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023.

## H. Property, plant and equipment

	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cost</b>						
At 1 January 2020	22,095	163,680	492	687	94	187,048
Additions	–	446	–	39	–	485
Disposals	–	(406)	–	–	–	(406)
At 31 December 2020	22,095	163,720	492	726	94	187,127
Additions	–	61	370	20	–	451
Disposals	–	(571)	(402)	–	(94)	(1,067)
Transfer to investment properties	(4,850)	–	–	–	–	(4,850)
At 31 December 2021	17,245	163,210	460	746	–	181,661
Additions	–	156	–	165	–	321
Disposals	–	–	–	(18)	–	(18)
At 31 December 2022	17,245	163,366	460	893	–	181,964
Additions	–	36	101	130	–	267
Disposals	–	–	(87)	–	–	(87)
At 30 June 2023	17,245	163,402	474	1,023	–	182,144
<b>Depreciation</b>						
At 1 January 2020	4,896	58,171	463	481	–	64,011
Provided for the year	1,114	15,451	5	91	–	16,661
Eliminated on disposals	–	(188)	–	–	–	(188)
At 31 December 2020	6,010	73,434	468	572	–	80,484
Provided for the year	951	15,459	23	54	–	16,487
Eliminated on disposals	–	(315)	(381)	–	–	(696)
Transfer to investment properties	(1,323)	–	–	–	–	(1,323)
At 31 December 2021	5,638	88,578	110	626	–	94,952
Provided for the year	864	15,426	70	56	–	16,416
Eliminated on disposals	–	–	–	(17)	–	(17)
At 31 December 2022	6,502	104,004	180	665	–	111,351
Provided for the period	431	7,711	37	30	–	8,209
Eliminated on disposals	–	–	(83)	–	–	(83)
At 30 June 2023	6,933	111,715	134	695	–	119,477
<b>Carrying values</b>						
At 31 December 2020	16,085	90,286	24	154	94	106,643
At 31 December 2021	11,607	74,632	350	120	–	86,709
At 31 December 2022	10,743	59,362	280	228	–	70,613
At 30 June 2023	10,312	51,687	340	328	–	62,667

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	5%
Machinery and equipment	5%-10%
Motor vehicles	19%-24%
Office equipment	19%-32%

#### I. Right-of-use Assets

	<b>Leasehold lands</b> <i>RMB'000</i>
<b>As at 1 January 2020</b>	23,928
Depreciation charged during the year	528
<b>As at 31 December 2020</b>	23,400
Depreciation charged during the year	527
<b>As at 31 December 2021</b>	22,873
Depreciation charged during the year	528
<b>As at 31 December 2022</b>	22,345
Depreciation charged during the period	264
<b>As at 30 June 2023</b>	<u>22,081</u>

The above right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives at the following rate per annum. Jinjiang Refinery has obtained the land use right certificates for all leasehold lands.

Leasehold lands	2%
-----------------	----

During the Track Record Period, Jinjiang Refinery paid no cash for the lease.

#### *Restrictions or covenants on leases*

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The leasehold lands were pledged for borrowing as set out in Note Q.

#### J. Investment Properties

Jinjiang Refinery leases out office buildings under an operating lease with rentals payable monthly. The lease runs for an initial period of 3 years from 1 May 2021.

Jinjiang Refinery is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currency of Jinjiang Refinery. The lease contracts do not contain residual value guarantee and lessee's option to purchase the property at the end of lease term.

	<b>Investment properties</b> <i>RMB'000</i>
<b>Cost</b>	
At 1 January 2020, 2021	–
Transfer from property, plant and equipment	4,850
	<hr/>
At 31 December 2021, 2022 and 30 June 2023	4,850
	<hr/>
<b>Depreciation</b>	
At 1 January 2020, 2021	–
Transfer from property, plant and equipment	1,323
Provided for the year	163
	<hr/>
At 31 December 2021	1,486
Provided for the year	243
	<hr/>
At 31 December 2022	1,729
Provided for the period	121
	<hr/>
At 30 June 2023	1,850
	<hr/>
<b>Carrying values</b>	
At 31 December 2020	–
	<hr/> <hr/>
At 31 December 2021	3,364
	<hr/> <hr/>
At 31 December 2022	3,121
	<hr/> <hr/>
At 30 June 2023	3,000
	<hr/> <hr/>

As at 31 December 2020, 2021 and 2022 and 30 June 2023, none of Jinjiang Refinery's investment properties have been pledged to secure banking facilities.

#### **K. Inventories**

	<b>As at 31 December</b>			<b>As at</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>30 June</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials ( <i>Note</i> )	6,285	3,293	938	639
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Note:* Raw materials are mainly adsorbents and catalysts to be used in the production process.

**L. Trade and other receivables**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade receivables – contract with customers	–	–	234	94
Other receivables	117	100	101	101
Prepaid other taxes and charges	164	19	84	180
	<u>281</u>	<u>119</u>	<u>419</u>	<u>375</u>

As at 1 January 2020, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to nil.

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 each reporting period:

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Within 90 days	<u>–</u>	<u>–</u>	<u>234</u>	<u>94</u>

The normal credit term to the customers is within 30 days. At the end of each reporting period, the amount of debtors included in Jinjiang Refinery's trade receivables balances that are past due as at the reporting date is insignificant and Jinjiang Refinery is satisfied with the subsequent settlements and the credit quality of these customers had not been deteriorated.

Jinjiang Refinery does not hold any collateral over these balances.

**M. Amount due from a shareholder**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
<b>Trade nature</b>				
Luoyang Refinery Co., Ltd.* 洛陽煉 化有限責任公司 (“Luoyang Refinery”)	<u>3,200</u>	<u>6,643</u>	<u>44,321</u>	<u>20</u>

\* English name for identification only.

The balance as at 1 January 2020 is amounted to RMB3,434,000.



The amounts in trade nature are from contract with customers. The following is an aging analysis of amounts due from a shareholder, presented based on invoice date at the end of each reporting period.

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
<b>Trade nature</b>				<b>RMB'000</b>
Within 90 days	3,200	6,643	44,321	20

The normal credit term to the customers is within 30 days. None of the balance is past due at the end of each reporting period.

Jinjiang Refinery does not hold any collateral over these balances.

**N. Amount due from a related party**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
<b>Trade nature</b>				<b>RMB'000</b>
The Company	114	–	–	–

The balance as at 1 January 2020 is amounted to nil.

The amounts in trade nature are from contract with customers. The following is an aging analysis of amounts due from a related party, presented based on invoice date at the end of each reporting period.

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
<b>Trade nature</b>				<b>RMB'000</b>
Within 90 days	114	–	–	–

The normal credit term to the customers is within 30 days. None of the balance is past due at the end of each reporting period.

Jinjiang Refinery does not hold any collateral over these balances.

**O. Bills receivables at FVTOCI**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
Bills receivables	600	–	15,131	23,235

Under IFRS 9, certain bills which were held by Jinjiang Refinery for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as “bills receivables at FVTOCI”. At the end of each reporting period, all the bills are with a maturity period of less than one year.

Jinjiang Refinery 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.

**P. Bank balances and cash**

Bank balances carry interest at prevailing market interest rates ranging from 0.2% to 1.9% per annum as at the end of each reporting period.

**Q. Borrowings**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Bank borrowings	10,000	–	–	–
Secured ( <i>Note</i> )	10,000	–	–	–
Floating-rate borrowings	10,000	–	–	–
Carrying amount repayable: (based on scheduled payment terms)				
Within one year shown under current liabilities	10,000	–	–	–

*Note:* As at 31 December 2020, Jinjiang Refinery's borrowings of RMB10,000,000 were secured by leasehold lands with carrying amount of RMB23,400,000.

The effective interest rate of the Jinjiang Refinery's bank borrowings is 5.1%.

**R. Trade and other payables**

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade payables	4,840	3,930	6,385	1,698
Salaries and wages payables	1,626	1,523	3,649	688
Other tax payables	1,308	1,161	4,687	105
Consideration payable for acquisition of property, plant and equipment	396	229	236	216
Accruals	660	722	1,750	1,800
Dividend payables	10,000	–	–	–
Refundable deposit from suppliers	4	4	4	4
Other payables	226	192	449	153
	19,060	7,761	17,160	4,664

The normal credit term to Jinjiang Refinery is within 30 days.

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

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
Within 90 days	3,828	3,474	5,902	499
91 – 180 days	135	109	14	1,000
181 – 365 days	200	108	440	170
Over 1 year	677	239	29	29
	<u>4,840</u>	<u>3,930</u>	<u>6,385</u>	<u>1,698</u>

#### S. Paid-in capital

	As at 31 December						As at 30 June	
	2020		2021		2022		2023	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Luoyang Refinery	51,000	51	51,000	51	51,000	51	51,000	51
Jinma Energy	49,000	49	49,000	49	49,000	49	49,000	49
	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

#### T. Deferred revenue

	As at 31 December			As at
	2020	2021	2022	30 June
	RMB'000	RMB'000	RMB'000	2023
Assets-related government subsidies	10,817	10,575	10,333	10,212
	<u>10,817</u>	<u>10,575</u>	<u>10,333</u>	<u>10,212</u>

During the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, subsidy income of approximately RMB242,000, RMB242,000, RMB242,000, RMB121,000 (unaudited) and RMB121,000 was released to profit or loss.

#### U. Related parties' transactions

Details of transactions between Jinjiang Refinery and other related parties are disclosed below.

*(a) Transactions with related parties*

Other than the transactions and balances with related parties disclosed in Notes L and M above, Jinjiang Refinery entered into the following transactions with its related parties during the Track Record Period:

	Year ended 31 December			Six months ended	
	2020	2021	2022	30 June	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
<b>Sales of products and services to:</b>					
Luoyang Refinery and its subsidiary	145,917	176,424	274,742	139,084	112,694
Jinma Energy and its subsidiaries	5,523	6,303	8,969	4,315	3,951
<b>Purchase of raw materials and services from:</b>					
Jinma Energy and its subsidiaries	118,049	104,098	126,689	63,258	78,747

In the opinion of the directors of Jinjiang Refinery, the related party transactions were carried out in the ordinary course of business, at terms negotiated and mutually agreed between Jinjiang Refinery and the respective related parties.

*(b) Compensation of key management personnel*

The remuneration of key management personnel of Jinjiang Refinery during the Track Record Period was as follows:

	Year ended 31 December			Six months ended	
	2020	2021	2022	30 June	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Salaries and allowance	384	397	401	199	199
Performance related bonuses	427	788	1,077	438	443
Retirement benefit	28	26	28	13	15
	<u>839</u>	<u>1,211</u>	<u>1,506</u>	<u>650</u>	<u>657</u>

Key management represents the directors of Jinjiang Refinery and other senior management personnel of Jinjiang Refinery. The remuneration of key management is determined with reference to the performance of Jinjiang Refinery and the individuals.

**43. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 30 June 2023.