河南金源氫化化工股份有限公司

HENAN JINYUAN HYDROGENATED CHEMICALS CO., LTD.*

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

(Stock Code: 2502)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

Revenue	:	RMB2,330.2 million
Profit attributable to shareholders	:	RMB54.9 million
Basic earnings per share	:	RMB0.09
Proposed final dividend per share	:	RMB0.02

RESULTS

The board (the "**Board**") of directors (the "**Director**") of Henan Jinyuan Hydrogenated Chemicals Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") of the reporting period (the "**Reporting Period**") for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022.

Presented below are the reportings with regard to Group's consolidated financial statements, management discussion and analysis, corporate governance and related matters.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**Year ended 31/12/2023** ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Revenue	*5*	**2,330,228**	2,254,533
Cost of sales		**(2,181,429)**	(1,966,854)
Gross profit		**148,799**	287,679
Other income	*6*	**8,553**	6,354
Other gains and losses	*7*	**(4,397)**	(5,535)
Selling and distribution expenses		**(18,420)**	(15,366)
Administrative expenses		**(31,315)**	(31,562)
Listing expenses		**(1,415)**	–
Finance costs	*8*	**(6,064)**	(8,022)
Share of result of a joint venture		**3,148**	–
Profit before tax	*9*	**98,889**	233,548
Income tax expense	*10*	**(16,568)**	(39,467)
Profit for the year		**82,321**	194,081
Other comprehensive income:	*11*		
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**"), net of income tax		**66**	327
Total comprehensive income for the year		**82,387**	194,408
Profit for the year attributable to:			
– Owners of the Company		**54,925**	138,229
– Non-controlling interests		**27,396**	55,852
Profit for the year		**82,321**	194,081
Total comprehensive income for the year attributable to:			
– Owners of the Company		**55,126**	138,556
– Non-controlling interests		**27,261**	55,852
Total comprehensive income for the year		**82,387**	194,408
Earnings per share (RMB)			
– Basic	*14*	**0.09**	0.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	**31/12/2023**	31/12/2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**870,605**	559,480
Right-of-use assets	*16*	**112,491**	111,353
Intangible assets	*17*	**23,056**	28,958
Goodwill	*19*	**10,669**	10,669
Interest in a joint venture	*20*	**90,911**	–
Deferred tax assets	*21*	**3,887**	4,796
Deposits for acquisition of property, plant and equipment and right-of-use assets		**–**	7,717
		1,111,619	722,973
CURRENT ASSETS			
Inventories	*22*	**117,484**	65,699
Trade and other receivables	*23*	**32,034**	31,135
Tax recoverable		**9,407**	642
Amounts due from related parties	*24*	**23,411**	62,380
Bills receivables at FVTOCI	*25*	**68,721**	84,930
Restricted bank balances	*26*	**–**	15,208
Bank balances and cash	*26*	**300,710**	92,470
		551,767	352,464
CURRENT LIABILITIES			
Borrowings	*27*	**142,000**	87,000
Trade and other payables	*28*	**199,010**	144,180
Amount due to a shareholder	*29*	**1,977**	–
Amount due to a related party	*30*	**1,063**	–
Contract liabilities	*31*	**28,834**	15,426
Lease liabilities	*32*	**652**	23
Tax payable		**9,037**	13,243
		382,573	259,872
NET CURRENT ASSETS		**169,194**	92,592
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,280,813**	815,565

	NOTES	31/12/2023	31/12/2022
		RMB'000	RMB'000
CAPITAL AND RESERVES			
Share capital/paid-in capital	*34*	**955,640**	100,000
Reserves		**66,135**	482,010
Equity attributable to owners of the Company		**1,021,775**	582,010
Non-controlling interests		**105,665**	137,547
TOTAL EQUITY		**1,127,440**	719,557
NON-CURRENT LIABILITIES			
Borrowings	*27*	**116,762**	78,147
Payables for purchase of property, plant and equipment		**18,062**	–
Lease liabilities	*32*	**3,554**	131
Deferred revenue	*35*	**14,513**	16,099
Deferred tax liabilities	*21*	**482**	1,631
		153,373	96,008
		1,280,813	815,565

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (Note i)	FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000 (Note ii)	Retained profits RMB'000	Special reserve RMB'000 (Note iii)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	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 *(Note 12)*	–	–	–	–	(15,300)	–	(15,300)	(14,700)	(30,000)
Transfer	–	–	–	2,314	2,110	(4,424)	–	–	–
At 31 December 2022 and 1 January 2023	100,000	129,960	(611)	24,793	295,410	32,458	582,010	137,547	719,557
Profit for the year	**–**	**–**	**–**	**–**	**54,925**	**–**	**54,925**	**27,396**	**82,321**
Other comprehensive income (expense) for the year	**–**	**–**	**201**	**–**	**–**	**–**	**201**	**(135)**	**66**
Total comprehensive income for the year	**–**	**–**	**201**	**–**	**54,925**	**–**	**55,126**	**27,261**	**82,387**
Conversion of equity accounts	**235,000**	**3,533**	**769**	**(25,015)**	**(214,287)**	**–**	**–**	**–**	**–**
Acquisition of non-controlling interests	**–**	**2,143**	**–**	**–**	**–**	**–**	**2,143**	**(22,143)**	**(20,000)**
Capital injection from a shareholder *(Note 34)*	**381,730**	**(135,636)**	**–**	**–**	**(30,923)**	**–**	**215,171**	**–**	**215,171**
Issue of shares	**238,910**	**21,977**	**–**	**–**	**–**	**–**	**260,887**	**–**	**260,887**
Transaction costs attributable to issue of shares	**–**	**(30,562)**	**–**	**–**	**–**	**–**	**(30,562)**	**–**	**(30,562)**
Dividends recognised as distribution *(Note 12)*	**–**	**–**	**–**	**–**	**(63,000)**	**–**	**(63,000)**	**(37,000)**	**(100,000)**
Transfer	**–**	**–**	**(769)**	**644**	**(3,788)**	**3,913**	**–**	**–**	**–**
At 31 December 2023	**955,640**	**(8,585)**	**(410)**	**422**	**38,337**	**36,371**	**1,021,775**	**105,665**	**1,127,440**

Notes:

(i) The balance mainly comprises (i) reserves arose from corporate reorganisation of the Company (the "**Reorganisation**") prior to the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") and the share premium, net with transaction costs, arising from the issue of H shares for the Listing in year 2023 and (ii) the difference between the carrying amount of consideration paid and 10% of the net assets value of Henan Jinrui Energy Co., Ltd.* 河南金瑞能源有限公司 ("**Jinrui Energy**") when acquiring the non-controlling interest of Jinrui Energy from Henan Hongkong (Jiyuan) Coking Group Co., Ltd.* 豫港(濟源)焦化集團有限公司 ("**Yugang Coking**") in year 2023.

(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. The reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the entity.

(iii) The Group is required to make appropriations based on its revenue in accordance with CaiQi [2006] No. 478 and CaiZi [2022] No. 136 "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.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**98,889**	233,548
Adjustments for:		
Interest income on bank deposits	**(3,384)**	(1,803)
Interest income on bills receivables at FVTOCI	**(1,813)**	(1,922)
Loss on retirement or disposal of property, plant and equipment	**73**	2
Depreciation of property, plant and equipment	**49,763**	43,325
Depreciation of right-of-use assets	**2,856**	2,669
Amortisation of intangible assets	**5,902**	16,293
Share of result of a joint venture	**(3,148)**	–
Finance costs	**6,064**	8,022
Release of assets-related government subsidies	**(1,586)**	(1,586)
Net foreign exchange loss	**104**	–
Operating cash flows before movements in working capital	**153,720**	298,548
(Increase) decrease in inventories	**(51,785)**	1,739
Decrease in bills receivables at FVTOCI	**18,110**	37,852
Decrease in trade and other receivables	**13,183**	24,452
Decrease (increase) in amounts due from related parties	**8,969**	(32,380)
(Decrease) increase in trade and other payables	**(24,385)**	21,833
Increase in amount due to a shareholder	**1,977**	–
Increase in amount due to a related party	**1,063**	–
Increase in contract liabilities	**13,408**	4,922
Cash generated from operations	**134,260**	356,966
Income tax paid	**(29,801)**	(38,168)
NET CASH FROM OPERATING ACTIVITIES	**104,459**	318,798

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
INVESTING ACTIVITIES		
Interest on bank balances received	**3,384**	1,803
Purchase of property, plant and equipment	**(148,404)**	(118,365)
Refundable deposit returned to constructors	**(1,600)**	(49)
Refundable deposit received from constructors	**350**	1,801
Proceeds from disposal of property, plant and equipment	**–**	21
Payment for acquisition of business in prior year	**–**	(425)
Repayment from (loan to) a related party	**30,000**	(30,000)
Placement of restricted bank balances	**(52,003)**	(61,360)
Placement of time deposit	**–**	(30,000)
Withdrawal from time deposit	**30,000**	–
Withdrawal from restricted bank balances	**67,211**	69,230
NET CASH USED IN INVESTING ACTIVITIES	**71,062**	(167,344)
FINANCING ACTIVITIES		
Interest paid	**(11,412)**	(8,378)
Bank borrowings raised	**166,615**	199,837
Repayment of bank borrowings	**(73,000)**	(85,690)
Repayment of lease liabilities	**(24)**	(16)
Repayment of borrowings to a shareholder	**–**	(214,817)
Dividends paid to the shareholder	**(63,000)**	(15,300)
Dividends paid to non-controlling shareholders of subsidiaries	**(37,000)**	(14,700)
Acquisition of non-controlling interests	**(20,000)**	–
Capital injection from a shareholder to a subsidiary	**5,000**	–
Issue of new shares	**260,887**	–
Transaction costs attributable to issue of shares	**(23,119)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**204,947**	(139,064)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**238,344**	12,390
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**62,470**	50,080
Effect of foreign exchange rate changes	**(104)**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	**300,710**	62,470

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Henan Jinyuan Hydrogenated Chemicals Co., Ltd.* 河南金源氫化化工股份有限公司 (the "**Company**") was established in the PRC on 13 February 2003 as a limited liability company under the Company Law of the PRC. Its parent is Henan Jinma Energy Co., Ltd* 河南金馬能源股份有限公司 ("**Jinma Energy**") (incorporated in the PRC).

The principal activities of the Company and its subsidiaries (Note 18) (the "**Group**") are mainly engaged in the production and sales of hydrogenated benzene-based chemicals, mainly coal gas, liquefied natural gas ("**LNG**"), trading of LNG, refined oil and hydrogen and provision of other services, including provision of steam ("**Other Services**").

The address of the registered office and the principal place of business of the Company is West First Ring Road South, Jiyuan, Henan Province, the PRC. The Company established a place of business in Hong Kong at 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.

With a series of equity transfer arrangements, the Company was owned by Jinma Energy and Shanghai Jinma Energy Sources Co., Ltd.* 上海金馬能源有限公司 ("**Shanghai Jinma**") since June 2023. 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. Pursuant to the Reorganisation, the Group acquired the equity interests in Jiyuan Jinning Energy Co., Ltd.* 濟源市金寧能源實業有限公司 ("**Jinning Energy**"), Jinrui Energy and Henan Jinma Qingneng Co., Ltd.* 河南金馬氫能有限公司 ("**Jinma Qingneng**") from Jinma Energy, by issuing 273,410,000 new shares at RMB1 per share. Pursuant to a prospectus issued by the Company dated 12 December 2023 in relation to its global offering of the Company's shares, the Company issued 238,910,000 H shares, which were listed on the Stock Exchange on 20 December 2023.

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

* *For identification purpose only*

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

For the purpose of preparing and presenting the consolidated financial statements for the years ended 31 December 2022 and 2023, the Group has consistently applied the accounting policies which conform with the IFRSs, International Accounting Standards ("**IASs**"), amendments and the related interpretations issued by the International Accounting Standards Board ("**IASB**"), which are effective for the financial year beginning on 1 January 2023.

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

Amendments to IFRSs in issue but not yet effective

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[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Agreements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

Prior to the completion of the Reorganisation in 2023, Jinning Energy, Jinrui Energy and Jinma Qingneng are under the common control of Jinma Energy, the Group is regarded as a continuing entity and merger accounting has been applied for the preparation of the consolidated financial statements.

The consolidated financial statements 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 both years. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for both years 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 reporting period, or since their respective dates of establishment.

The consolidated statement of financial position of the Group as at 31 December 2022 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 that date taking into account the respective dates of establishment, where applicable.

3.2 Material accounting policy information

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving businesses under common control

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

The net assets of the consolidated businesses are consolidated 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 consolidated statement of profit or loss and other comprehensive income includes the results of each of the consolidated 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 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. 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).

Investment in a joint venture

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

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in the joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

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

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

Revenue from contracts with customers

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

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

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

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

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

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service. Details about the Group's accounting policies relating to contracts with customers is provided in Note 5.

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 Leases 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, less any lease incentives received; and

- any initial direct costs incurred by the Group.

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

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

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

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 consolidated statement 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.

Foreign currencies

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

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

Borrowing costs

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

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

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

Government grants

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

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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 recognized in profit or loss, except when they relate to items that are recognized 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.

Property, plant and equipment

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

Buildings and structures and machinery and 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.

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

All financial liabilities including borrowings, trade and other payables, amount due to a shareholder/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, 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 2023, the Group's bills receivables at FVTOCI amounting to RMB68,721,000 (2022: RMB84,930,000) are measured at fair values with fair values being determined based on observable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques which is reflective of the current market conditions and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of fair value measurement of financial instruments are set out in Note 41.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Segments*	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading# *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
	For the year ended 31 December 2023				
Types of goods or service					
Sales of goods					
Hydrogenated benzene-based chemicals	**1,502,282**	**–**	**–**	**–**	**1,502,282**
Coal gas	**–**	**476,947**	**–**	**–**	**476,947**
LNG	**–**	**308,868**	**78,630**	**–**	**387,498**
Refined oil	**–**	**–**	**157,767**	**–**	**157,767**
Hydrogen	**–**	**–**	**1,003**	**–**	**1,003**
Others	**–**	**–**	**–**	**146**	**146**
	1,502,282	**785,815**	**237,400**	**146**	**2,525,643**
Providing services					
Energy supply	**–**	**–**	**178**	**10,788**	**10,966**
Total	**1,502,282**	**785,815**	**237,578**	**10,934**	**2,536,609**

\# Included in trading segment represented intra-group retail sales of LNG, refined oil and hydrogen amounting to approximately RMB442,000 through gas stations operated by the Group. The Group recognised revenue from retails sales of LNG, refined oil and hydrogen to external customers amounting to approximately RMB197,201,000 through gas stations.

* 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.

	Segment revenue *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
	For the year ended 31 December 2023		
Refined chemicals	**1,502,282**	**–**	**1,502,282**
Energy products	**785,815**	**(133,625)**	**652,190**
Trading	**237,578**	**(72,696)**	**164,882**
Other Services	**10,934**	**(60)**	**10,874**
Revenue from contracts with customers	**2,536,609**	**(206,381)**	**2,330,228**

Segments*	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading# *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
	For the year ended 31 December 2022				
Types of goods or service					
Sales of goods					
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
	1,313,836	839,329	215,652	634	2,369,451
Providing services					
Energy supply	–	–	65	11,532	11,597
Total	1,313,836	839,329	215,717	12,166	2,381,048

\# Included in trading segment represented intra-group retail sales of LNG, refined oil amounting to approximately RMB119,000 through gas stations operated by the Group. The Group recognised revenue from retails sales of LNG, refined oil to external customers amounting to approximately RMB161,158,000 through gas stations.

* 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.

	Segment revenue *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
	For the year ended 31 December 2022		
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
Revenue from contracts with customers	2,381,048	(126,515)	2,254,533

Performance obligations for contracts with customers and revenue recognition policies

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

For sales of hydrogenated benzene-based 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.

For trading of products to retail customers, revenue is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the gas station. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For providing steam, which is the major services provided in Other Services segment, revenue is recognised when control of the goods has been transferred, being when the steam have been transmitted through the boundary of port specified in the sales contract.

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

Segment information

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

The Group's operating segments under IFRS 8 "Operating Segments" are (i) sales of hydrogenated benzene based chemicals ("**Refined chemicals**"), (ii) sales of energy products, mainly coal gas and LNG ("**Energy products**"), (iii) trading of refined oil, LNG and hydrogen 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 2023

	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE					
External sales	**1,502,282**	**652,190**	**164,882**	**10,874**	**2,330,228**
Inter-segment sales	**–**	**133,625**	**72,696**	**60**	**206,381**
	1,502,282	**785,815**	**237,578**	**10,934**	**2,536,609**
Segment profit	**42,029**	**87,196**	**10,764**	**9,335**	**149,324**
Other income					**8,553**
Other gains and losses					**(4,397)**
Selling and distribution expenses					**(18,420)**
Administrative expenses					**(31,315)**
Listing expenses					**(1,415)**
Finance costs					**(6,064)**
Share of result of a joint venture					**3,148**
Unallocated expenses					**(525)**
Profit before tax					**98,889**

For the year ended 31 December 2022

	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
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
	1,313,836	839,329	215,717	12,166	2,381,048
Segment profit	62,573	201,651	14,475	10,626	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					(1,646)
Profit before tax					233,548

The accounting policies of the operating segments are the same as the Group's accounting policies described as above and 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 and share of result of a joint venture. 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

	Refined chemicals ***RMB'000***	**Energy products** ***RMB'000***	**Trading** ***RMB'000***	**Other Services** ***RMB'000***	**Unallocated** ***RMB'000***	**Total** ***RMB'000***
For the year ended 31 December 2023						
Amounts included in measure of segment results:						
Depreciation and amortisation	**21,778**	**27,448**	**5,529**	**123**	**3,643**	**58,521**

	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022						
Amounts included in measure of segment results:						
Depreciation and amortisation	16,090	37,273	5,373	87	3,464	62,287

Entity-wide disclosures

Geographical information

During the years ended 31 December 2023 and 2022, all of the Group's revenue from external customers, from continuing operations, were generated from the PRC whereas all non-current assets are located in the PRC.

Information about major customers

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

	Year ended	
	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
China Pingmei Shenma Holding Group Co., Ltd* 中國平煤神馬控股集團有限公司 and its subsidiaries *(Note)*	**833,131**	925,640

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

6. OTHER INCOME

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	*RMB'000*
Interest income on bank deposits	**3,384**	1,803
Interest income on bills receivables at FVTOCI	**1,813**	1,922
Release of assets-related government subsidies *(Note 35)*	**1,586**	1,586
Government grants	**669**	28
Rental income	**1,101**	917
Others	**–**	98
	8,553	6,354

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	*RMB'000*
Net loss arising on bills receivables at FVTOCI	**(5,495)**	(6,517)
Loss on retirement or disposal of property, plant and equipment	**(73)**	(2)
Foreign exchange loss, net	**(104)**	–
Gain on disposal of scrap steel	**21**	100
Others	**1,254**	884
	(4,397)	(5,535)

8. FINANCE COSTS

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Interest expense on:		
– bank borrowings	**11,941**	8,601
– lease liabilities	**82**	8
	12,023	8,609
Less: amounts capitalised	**(5,959)**	(587)
	6,064	8,022
Capitalisation rate – per annum	**5.60%**	5.60%

9. PROFIT BEFORE TAX

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Profit before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration *(Note 13)*	**932**	1,725
Other staff costs	**26,157**	25,415
Other staff benefits *(Note 33)*	**5,155**	3,742
Total staff costs	**32,244**	30,882
Capitalised in inventories	**(20,408)**	(17,016)
	11,836	13,866
Depreciation of property, plant and equipment	**49,763**	43,325
Capitalised in inventories	**(44,891)**	(38,362)
	4,872	4,963
Depreciation of right-of-use assets	**2,856**	2,669
Amortisation of intangible assets included in cost of sales	**5,902**	16,293
Auditors' remuneration	**800**	100
Cost of inventories recognised as expenses	**2,180,904**	1,965,208

10. INCOME TAX EXPENSE

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**16,337**	41,252
– under-provision in prior years	**493**	579
Deferred tax *(Note 21)*	**(262)**	(2,364)
	16,568	39,467

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

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

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Profit before tax	**98,889**	233,548
Tax charge at the applicable income tax rate of 25% (2022: 25%)	**24,722**	58,387
Tax effect of expenses not deductible for tax purposes	**184**	193
Tax effect of share of result of a joint venture	**(787)**	–
Tax effect of tax losses not recognised	**23**	–
Under-provision in prior years	**493**	579
Tax effect of income not taxable for tax purpose *(Note)*	**(7,990)**	(10,909)
Utilisation of tax losses previously not recognised	**–**	(8,565)
Income tax at concessionary rate	**(77)**	(218)
Income tax expense	**16,568**	39,467

Note: Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources ("資源綜合利用") is exempted from EIT. During the year ended 31 December 2023, the Group had tax deduction under the scheme of RMB7,990,000 (2022: RMB10,909,000).

11. OTHER COMPREHENSIVE INCOME

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Other comprehensive income includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value change arising from bills receivables at FVTOCI	**10,985**	12,385
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	**(10,919)**	(12,058)
	66	327

Income tax effect relating to other comprehensive income

	Year ended 31/12/2023			Year ended 31/12/2022		
	Before-tax amount *RMB'000*	**Tax charge** *RMB'000*	**Net-of-income tax amount** *RMB'000*	Before-tax amount *RMB'000*	Tax charge *RMB'000*	Net-of-income tax amount *RMB'000*
Item that may be reclassified subsequently to profit or loss:						
Fair value gain on:						
– bills receivables at FVTOCI	**88**	**(22)**	**66**	436	(109)	327

12. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB0.02 per share, in an aggregate amount of RMB19,113,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividends declared by subsidiaries of the Company to the non-controlling shareholders amounted to RMB37,000,000 (2022: RMB14,700,000) during the year ended 31 December 2023. In addition, the dividends were declared and paid to the previous controlling shareholder before the Reorganisation, Jinma Energy, amounted to RMB63,000,000 (2022: RMB15,300,000) during the year ended 31 December 2023.

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, 16 August and 22 October 2023. Details of the emoluments paid to the individuals who were appointed as the directors, chief executive and supervisors (including the emoluments prior to becoming the director or supervisor of the Company) are as follows:

	Fees	Salaries, allowance and benefits in kind	Performance related bonuses	Retirement benefit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2023					
Executive directors:					
Mr. Wang Zengguang	–	415	–	40	455
Mr. Qiao Erwei	–	247	–	24	271
Non-executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors[#]:					
Mr. Di Zhigang	10	–	–	–	10
Ms. Wong Yan Ki Angel	19	–	–	–	19
Ms. Leung Sin Yeng Winnie	15	–	–	–	15
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu Zhiqiang	–	–	–	–	–
Mr. Li Hebao	–	139	–	23	162
	44	801	–	87	932

[#] Mr. Cheung Kwong Tat was appointed on 28 July 2023 and resigned on 22 October 2023.

	Fees *RMB'000*	Salaries, allowance and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefit *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022					
Executive directors:					
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 Angel	–	–	–	–	–
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

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

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

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

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

Five individuals with the highest emoluments

Of the five individuals with the highest emoluments in the Group, two (2022: one) were directors of the Company for the year ended 31 December 2023, whose emoluments is included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Salaries, allowance and benefits in kind	**799**	1,082
Performance related bonuses	**–**	510
Retirement benefit	**87**	65
	886	1,657

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

	Number of employees	
	2023	2022
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**3**	4

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

14. EARNINGS PER SHARE

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

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**54,925**	138,229
	'000	*'000*
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**612,015**	536,060

Note: The weighted average number of ordinary shares for the year ended 31 December 2022 included 335,000,000 shares issued during the equity conversion and the 201,060,000 shares issued to acquire the equity interests in Jinning Energy and Jinrui Energy under common control.

No diluted earnings per share is presented as there was no dilutive potential ordinary share in issue for the both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2022	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#	234	112,820	–	184	247,723	360,961
Transfer	57,266	292,171	–	–	(349,437)	–
Disposals	(85)	–	(22)	–	–	(107)
At 31 December 2023	195,308	888,163	2,314	36,771	24,104	1,146,660
Depreciation						
At 1 January 2022	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 year	7,667	39,203	428	2,465	–	49,763
Eliminated on disposals	(17)	–	(17)	–	–	(34)
At 31 December 2023	40,770	208,851	1,308	25,126	–	276,055
Carrying values						
At 31 December 2023	154,538	679,312	1,006	11,645	24,104	870,605
At 31 December 2022	104,773	313,524	1,439	13,926	125,818	559,480

\# Included RMB108,326,000 which represented fair value of the coke granules coal gas facilities acquired from Jinma Energy by issuing new shares, as detailed in note 34

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	19%
Office equipment	6%-19%

16. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
As at 1 January 2022	114,022	–	114,022
Depreciation charged during the year	(2,669)	–	(2,669)
As at 31 December 2022	111,353	–	111,353
Additions	–	3,994	3,994
Depreciation charged during the year	(2,669)	(187)	(2,856)
As at 31 December 2023	108,684	3,807	112,491

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%
Leased properties	10%-33%

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Expense relating to short-term leases *(Note)*	**161**	–
Total cash outflow for leases	**185**	24

Note: The short-term leases are mainly office premises and machinery. The Group has elected the recognition exemption on short-term leases and recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The Group leases offices and plants for its operations. Lease contracts are entered into for fixed term of 3 years to 10 years during the year (2022: N/A). 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 three (2022: three) leasehold lands with carrying amount of RMB194,000 (2022: RMB214,000) in which the Group obtains the right of use under long-term lease contracts as at 31 December 2023.

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.

17. INTANGIBLE ASSETS

	Franchise right *RMB'000* *(Note i)*	**Operating license** *RMB'000* *(Note ii)*	**Total** *RMB'000*
Cost			
At 1 January 2022, 31 December 2022 and 2023	93,502	29,019	122,521
Amortisation			
At 1 January 2022	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 year	4,451	1,451	5,902
At 31 December 2023	93,502	5,963	99,465
Carrying values			
At 31 December 2023	–	23,056	23,056
At 31 December 2022	4,451	24,507	28,958

Notes:

(i) Franchise right represents the concession agreement that 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 Huancheng 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:

	31/12/2023 ***years***	31/12/2022 *years*
Franchise right – sales of coal gas	**–**	0.3
Operating license of refined oil	**15.3**	16.3

18. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries are set out below.

Name of subsidiary*	Place and date of establishment/ incorporation/ operation	Class of shares held	Equity interest attributable to the Group 2023	2022	Issued/authorised share capital	Principal activities
Directly held:						
Jinning Energy	PRC 2 July 2017	Ordinary shares	**51%**	51%	RMB10,000,000	Distribution and sale of coal gas
Jinrui Energy	PRC 24 May 2016	Ordinary shares	**81%**	71%	RMB100,000,000	Manufacturing and sale of LNG
Jinma Qingneng	PRC 18 February 2021	Ordinary shares	**100%**	100%	2023: RMB15,000,000/ RMB200,000,000 (2022: Nil/ RMB200,000,000)	Provision of multimodal transportation, warehouse and distribution services for coal products
Indirectly held:						
河南金瑞燃氣有限公司 (Henan Jinrui Gas Co., Ltd.) ("**Jinrui Gas**")	PRC	Ordinary shares	**81%**	71%	RMB25,500,000	Sales and retail of LNG and refined oil
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) ("**Ouya Gas Station**")	PRC	Ordinary shares	**81%**	71%	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 at 31 December 2023 and 2022 or at any time during both years.

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

Name of subsidiary	Proportion ownership interest held by non-controlling interests At 31 December 2023 %	2022 %	Profit allocated to non-controlling interests Year ended 31 December 2023 *RMB'000*	2022 *RMB'000*	Accumulated non-controlling interests At 31 December 2023 *RMB'000*	2022 *RMB'000*
Jinning Energy	**49**	49	**17,730**	16,740	**61,427**	63,432
Jinrui Energy	**19**	29	**9,666**	39,112	**44,238**	74,115
			27,396	55,852	**105,665**	137,547

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

Jinning Energy

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Current assets	**52,686**	60,231
Non-current assets	**88,788**	87,502
Current liabilities	**15,940**	17,167
Non-current liabilities	**173**	1,113
Net equity	**125,361**	129,453
Equity attributable to owners of the Company	**63,934**	66,021
Equity attributable to non-controlling interests	**61,427**	63,432

	Year ended	Year ended
	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Revenue	**464,050**	415,089
Expenses *(Note)*	**427,868**	380,927
Profit for the year	**36,182**	34,162
Profit attributable to		
– the owners of the Company	**18,452**	17,422
– the non-controlling interests	**17,730**	16,740
Profit for the year	**36,182**	34,162
Other comprehensive expense attributable to		
– the owners of the Company	**139**	–
– the non-controlling interests	**135**	–
Other comprehensive expense for the year	**274**	–
Total comprehensive income attributable to		
– the owners of the Company	**18,313**	17,422
– the non-controlling interests	**17,595**	16,740
Total comprehensive income for the year	**35,908**	34,162

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Dividends declared and paid to non-controlling interests	**19,600**	14,700
Net cash from operating activities	**43,039**	44,262
Net cash used in investing activities	**(2,793)**	(36,097)
Net cash used in financing activities	**(40,000)**	(30,000)
Net cash inflow (outflow)	**246**	(21,835)

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

Jinrui Energy

	31/12/2023 RMB'000	31/12/2022 RMB'000
Current assets	**55,104**	82,415
Non-current assets	**287,476**	302,377
Current liabilities	**87,871**	88,015
Non-current liabilities	**21,550**	41,209
Net equity	**233,159**	255,568
Equity attributable to owners of the Company	**188,921**	181,453
Equity attributable to non-controlling interests	**44,238**	74,115

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Revenue	**489,150**	652,124
Expenses *(Note)*	**451,559**	515,671
Profit and total comprehensive income for the year	**37,591**	136,453
Profit and total comprehensive income attributable to		
– the owners of the Company	**27,925**	97,341
– the non-controlling interests	**9,666**	39,112
Profit and total comprehensive income for the year	**37,591**	136,453
Dividends declared and paid to non-controlling interests	**17,400**	–
Net cash from operating activities	**59,926**	189,841
Net cash used in investing activities	**(9,179)**	(40,163)
Net cash used in financing activities	**(72,342)**	(150,471)
Net cash outflow	**(21,595)**	(793)

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

19. GOODWILL

	Jinning Energy *RMB'000*	**Gas Stations** *RMB'000*	**Total** *RMB'000*
Cost			
At 1 January 2022, 31 December 2022 and 2023	8,001	4,835	12,836
Impairment			
At 1 January 2022, 31 December 2022 and 2023 *(Note)*	–	2,167	2,167
Carrying values			
At 31 December 2022 and 2023	8,001	2,668	10,669

Note: The impairment of goodwill related to Unit B (as defined below) amounting to RMB2,167,000 was recognised before 1 January 2022.

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

	Number of CGUs	
	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Subsidiary engaged in distribution and sales of coal gas	**1**	1
Gas stations engaged in retail of refined oil	**3**	3
	4	4

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

	Number of CGUs	
	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Sales of coal gas – Jinning Energy (Unit A)	**8,001**	8,001
Retail of refined oil – Ouya Gas Station (Unit B)	**253**	253
Retail of refined oil – Liandong Gas Station (Unit C)	**648**	648
Retail of refined oil – Jidong Gas Station (Unit D)	**1,767**	1,767
	10,669	10,669

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 the purchase price allocation exercise. Unit C and Unit D are included in Jinrui Gas.

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 and discount rate listed as follows:

	31/12/2023	31/12/2022
Discount rate	**28.5%**	28.5%

Cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate for the years ended 31 December 2023 and 2022. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to Unit A.

The management of the Group determines that there is no impairment of Unit A during the year (2022: Nil) 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 year after impairment assessment. As at 31 December 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.

20. INTEREST IN A JOINT VENTURE

	31/12/2023
	RMB'000
Cost of unlisted investment in a joint venture	87,763
Share of post-acquisition results	3,148
	90,911

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

Name of joint venture*	Place of registration and operations	Fully paid registered capital	Proportion of ownership interest/ voting rights attributable to the Group 2023	2022 *(Note)*	Principal activities
Henan Jinjiang Refinery Co., Ltd. ("**Jinjiang Refinery**") 河南金江煉化有限公司	PRC	RMB100,000,000	**49%**	0%	Manufacture and sale of hydrogen

* English name for identification only

Note: Jinma Qingneng acquired 49% equity interest in Jinjiang Refinery on 31 July 2023 from Jinma Energy with nil consideration. Following the completion of the Reorganisation in August 2023, Jinjiang Refinery was accounted for as a joint venture of the Group under equity method.

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

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

	31/12/2023
	RMB'000
Current assets	93,689
Non-current assets	106,063
Current liabilities	11,697
Non-current liabilities	2,523
The above amounts of assets and liabilities include the followings:	
Cash and cash equivalents	61,034

	Periods from acquisition date to 31/12/2023
	RMB'000
Revenue	111,692
Profit and total comprehensive income for the year	6,425

The above profit for the period includes the following:

Depreciation	7,429
Interest income	180
Income tax expense	810

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

	31/12/2023
	RMB'000
Net assets	185,532
Proportion of the Group's ownership interest in the joint venture	49%
Carrying amount of the Group's interest in the joint venture	90,911

21. DEFERRED TAX ASSETS/LIABILITIES

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

	Accelerated tax depreciation	Fair value change of bills receivables at FVTOCI	Fair value adjustments upon acquisition of business	Deferred revenue	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	238	(3,749)	4,421	–	910
(Charge) credit to profit or loss	(944)	28	3,676	(396)	–	2,364
Charge to the other comprehensive income	–	(109)	–	–	–	(109)
At 31 December 2022	(944)	157	(73)	4,025	–	3,165
(Charge) credit to profit or loss	**(764)**	**42**	**956**	**(397)**	**425**	**262**
Charge to the other comprehensive income	**–**	**(22)**	**–**	**–**	**–**	**(22)**
At 31 December 2023	**(1,708)**	**177**	**883**	**3,628**	**425**	**3,405**

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Deferred tax assets	**3,887**	4,796
Deferred tax liabilities	**(482)**	(1,631)
	3,405	3,165

As at 31 December 2023, the Group had unused tax losses of RMB1,792,000 (2022: Nil) available to offset against future profits. Deferred tax asset of RMB425,000 (2022: Nil) has been recognised in respect of tax losses of RMB1,700,000. All tax losses will expire within 5 years (2022: N/A) from the year of origination. No deferred tax asset has been recognised in respect of the rest losses due to the unpredictability of future profit streams.

At 31 December 2023 and 2022, the Group had no other material unrecognised deductible temporary differences.

22. INVENTORIES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Raw materials	**65,884**	37,128
Finished goods	**51,600**	28,571
	117,484	65,699

23. TRADE AND OTHER RECEIVABLES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade receivables – contract with customers	**8,731**	13,757
Other receivables	**290**	199
Prepayments to suppliers	**11,151**	6,435
Prepaid other taxes and charges	**11,862**	10,744
	32,034	31,135

As at 1 January 2022, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB11,915,000.

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Within 90 days	**8,708**	13,463
91 – 180 days	**23**	–
181 – 365 days	**–**	204
More than 1 year	**–**	90
	8,731	13,757

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 41.

24. AMOUNTS DUE FROM RELATED PARTIES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade nature		
Xinyang Steel Jingang Energy Co., Ltd.* 信陽鋼鐵金港能源有限公司("**Xinyang Jingang**") *(Note i)*	**23,411**	32,372
Jiyuan Fangsheng Chemicals Co., Ltd.* ("**Fangsheng Chemicals**")濟源市方升化學有限公司*(Note ii)*	**–**	8
	23,411	32,380
Non-trade nature		
Xinyang Jingang *(Note iii)*	**–**	30,000
	–	30,000
Total	**23,411**	62,380

* English name for identification only

Notes:

(i) The entity is controlled by Jinma Energy. The balance at 1 January 2022 amounted to nil.

(ii) The entity is significant influenced by a key management personnel of the Company 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. The balance at 1 January 2022 amounted to nil.

(iii) The balance as at 1 January 2022 is amounted to nil. The amount was unsecured and bearing an annual interest of 5% and was repaid before 31 December 2023.

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Within 90 days	**–**	31,592
91 – 180 days	**–**	788
181 – 365 days	**21,039**	–
Over 365 days	**2,372**	–
	23,411	32,380

The normal credit term to the customers is within 60 days and extended credit terms are granted to related parties. None of the balance is past due as at 31 December 2023 and 2022.

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 41.

25. BILLS RECEIVABLES AT FVTOCI

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Bills receivables	**68,721**	84,930

Under IFRS 9, certain bills which were held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as "bills receivables at FVTOCI". At 31 December 2023 and 2022, 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 41.

26. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.20% to 1.25% (2022: from 0.20% to 1.65%) per annum as at 31 December 2023. As at 31 December 2023, no time deposits are included in the bank balances (2022: RMB30,000,000).

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 41.

27. BORROWINGS

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Bank borrowings	**258,762**	165,147
Secured	**166,762**	105,147
Unsecured	**92,000**	60,000
	258,762	165,147
Fixed-rate borrowings	**50,000**	30,000
Floating-rate borrowings	**208,762**	135,147
	258,762	165,147
Carrying amount repayable: (based on scheduled payment terms)		
Within one year	**142,000**	87,000
More than one year, but not more than two years	**60,000**	68,147
More than two years, but not more than five years	**56,762**	10,000
	258,762	165,147
Less: Amount due for settlement within 12 months shown under current liabilities	**(142,000)**	(87,000)
Amount due for settlement after 12 months shown under non-current liabilities	**116,762**	78,147

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

	31/12/2023	31/12/2022
Effective interest rate per annum:		
– Fixed-rate borrowings	**3.85%**	5.30%
– Floating-rate borrowings	**3.61%-5.60%**	3.99%-5.60%

28. TRADE AND OTHER PAYABLES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade payables	**37,320**	10,601
Bills payables	**10,000**	57,000
	47,320	67,601
Salaries and wages payables	**2,089**	6,586
Other tax payables	**7,379**	5,138
Consideration payable for purchase of property, plant and equipment	**130,568**	58,075
Accruals	**1,356**	2,053
Interest payable	**760**	231
Share issue costs payable	**7,443**	–
Refundable deposit from suppliers	**1,651**	2,901
Other payables	**444**	1,595
	151,690	76,579
	199,010	144,180

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

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Within 90 days	**36,705**	36,959
91 – 180 days	**10,167**	30,306
181 – 365 days	**398**	1
Over 1 year	**50**	335
	47,320	67,601

At 31 December 2023, the Group's bills payables were issued by banks with maturities within 6 months and were unsecured (2022: secured by the Group's restricted bank balances and bills receivables at FVTOCI).

29. AMOUNT DUE TO A SHAREHOLDER

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade nature		
Jinma Energy	**1,977**	–

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

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Within 90 days	**1,977**	–

30. AMOUNT DUE TO A RELATED PARTY

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade nature		
Jinjiang Refinery	**1,063**	–

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

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Within 90 days	**1,063**	–

31. CONTRACT LIABILITIES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Sales of goods	**28,834**	15,426

As at 1 January 2022, contract liabilities amounted to RMB10,504,000.

Contract liabilities are all expected to be settled within the Group's normal operating cycle, and are classified as current based on the Group's earliest obligation to transfer goods to the customers. Revenue of RMB15,426,000 (2022: RMB10,504,000) recognised in the current year with performance obligation satisfied includes whole contract liability balance at the beginning of the year.

32. LEASE LIABILITIES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Within one year	**652**	23
Within a period of more than one year but not more than two years	**620**	22
Within a period of more than two years but not more than five years	**1,353**	60
Within a period of more than five years	**1,581**	49
	4,206	154
Less: Amount due for settlement within 12 months shown under current liabilities	**(652)**	(23)
Amount due for settlement after 12 months shown under non-current liabilities	**3,554**	131

The weighted average incremental borrowing rates applied to lease liabilities range from 4.50% to 5.96% (2022: from 4.50% to 5.96%) per annum.

33. RETIREMENT BENEFIT PLANS

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

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans recognised as employee benefit charged to profit or loss and capitalised as production costs or construction in progress as incurred for the year ended 31 December 2023 under such arrangement are RMB2,722,000 (2022: RMB2,039,000).

34. SHARE CAPITAL/PAID-IN CAPITAL

The paid-in capital of RMB100,000,000 at 31 December 2022 represented the paid in capital of the Company prior to the conversion of joint stock company on 28 July 2023.

	Number of shares	**Share capital**
Ordinary shares of RMB1 each	*'000*	*RMB'000*
Authorised and issued and fully paid		
At beginning of year 2023	N/A	N/A
Conversion of equity accounts (i)	335,000	335,000
Issued for the Reorganisation (ii)	381,730	381,730
Total domestic shares	716,730	716,730
Issue of H shares (iii)	238,910	238,910
At end of year 2023	955,640	955,640

Notes:

(i) 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.

(ii) On 16 August 2023, the Company acquired the coke granules coal gas facilities from Jinma Energy by issuing 108,320,000 new shares at RMB1 per share to Jinma Energy. On 12 August 2023 and 16 August 2023, the Company issued 201,060,000 and 72,350,000 new shares at RMB1 per share respectively to acquire from Jinma Energy the equity interests in Jinrui Energy and Jinning Energy, and Jinma Qingneng.

(iii) The Company issued 238,910,000 H shares, which were listed on the Stock Exchange on 20 December 2023. The gross proceeds and the related transaction costs of the H shares issued upon the Listing amounted to RMB260,887,000 and RMB30,562,000 respectively.

35. DEFERRED REVENUE

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Assets-related government subsidies	**14,513**	16,099

Incentives received in prior years for certain plants and equipment acquired by the Group were recorded as deferred revenue and released to profit or loss on a systematic basis over the useful lives of the relevant assets. During the year ended 31 December 2023, subsidy income of approximately RMB1,586,000 (2022: RMB1,586,000) was released to profit or loss.

36. CAPITAL COMMITMENTS

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**829**	36,068

37. PLEDGE OF ASSETS

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Property, plant and equipment *(Note)*	**130,129**	141,888
Right-of-use assets	**50,612**	51,742
Restricted bank balances	**–**	15,208
Bills receivables at FVTOCI	**–**	27,000
	180,741	235,838

Note: As at 31 December 2023, carrying amounts of property, plant and equipment of approximately RMB306,163,000 (2022: RMB113,247,000) was pledged to banks as securities but no hypothecation has been established.

38. 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. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of the reporting period are as follows:

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Endorsed bills for settlement of payables	**45,105**	162,406
Discounted bills for raising cash	**193,917**	277,421
Outstanding endorsed and discounted bills receivables	**239,022**	439,827

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

39. RELATED PARTIES' TRANSACTIONS

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

(a) Transactions with related parties

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

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	*RMB'000*
Sales of products and services to:		
Jinma Energy	**16,455**	17,617
Bohigh Chemicals *(Note i)*	**28,282**	30,644
Jinma Zhongdong *(Note ii)*	**472**	523
Xinyang Jingang	**19,443**	30,331
Jinjiang Refinery	**109,138**	120,103
Fangsheng Chemicals	**–**	7
Purchase of raw materials and services from:		
Jinma Energy	**317,096**	387,553
Bohigh Chemicals	**–**	600
Jinma Zhongdong	**382,854**	337,958
Jinjiang Refinery	**9,589**	8,749

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.

* English name for identification only

(b) Compensation of key management personnel

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

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Salaries and allowance	**1,255**	1,077
Performance related bonuses	**–**	1,164
Retirement benefit	**134**	91
	1,389	2,332

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.

40. CAPITAL RISK MANAGEMENT

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

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

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

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2023 *RMB'000*	31/12/2022 *RMB'000*
Financial assets		
Bills receivables at FVTOCI	**68,721**	84,930
Financial assets at amortised cost		
– Bank balances and cash	**300,710**	92,470
– Restricted bank balances	**–**	15,208
– Trade and other receivables*	**9,021**	13,956
– Amounts due from related parties	**23,411**	62,380

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

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Financial liabilities		
Amortised cost		
– Borrowings	**258,762**	165,147
– Trade and other payables*	**207,604**	132,456
– Amount due to a shareholder	**1,977**	–
– Amount due to a related party	**1,063**	–

* Excluded salaries and wages payables, other tax payables, and included payables for purchase of property, plant and equipment in non-current liabilities.

Financial risk management objectives and policies

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

Interest rate risk

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate for the floating-rate (depends on Loan Prime Rate) borrowings, assuming that the floating-rate borrowings outstanding at the end of the reporting period was outstanding for the whole relevant period. If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately RMB783,000 (2022: RMB507,000) for the year ended 31 December 2023. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2023 and 2022.

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

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

Foreign currency risk

The Company have foreign currency bank balances which expose the Group to foreign currency risk. The carrying amounts of the Group's monetary assets denominated in foreign currencies, which are mainly bank balances, at the end of the reporting period are as follows:

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Assets		
Bank balances and cash – HK$	**252,078**	–

Sensitivity analysis

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

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Increase in post-tax profit	**9,453**	–

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

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

Credit risk and impairment assessment

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

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

Trade-related Receivables arising from contracts with customers

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

As at 31 December 2023, the Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the year. The percentage of Trade-related Receivables attributable to these five largest customers amounted to 22% (2022: 21%).

As at 31 December 2023, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 98% (2022: 99%) of total Trade-related Receivables outstanding balances.

The Group had concentration of credit risk by geographical location as Trade-related Receivables, bills receivables at FVTOCI, restricted bank balances and cash comprise various debtors which are all located in the PRC as at 31 December 2023 and 2022.

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 during the years ended 31 December 2023 and 2022.

Other receivables

For other receivables, the Group makes individual assessment on recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort. ECL on other receivables was insignificant for the years ended 31 December 2023 and 2022.

Bank balances and cash and restricted bank balances

The Group's credit risk on bank balances and cash 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 cash and restricted bank balances was insignificant for the years ended 31 December 2023 and 2022.

Bills receivables at FVTOCI

The Group only accepts bills receivables with low credit risk. The Group's bills receivables at FVTOCI are bank acceptance bills and therefore are considered to be low credit risk financial instruments. During the years ended 31 December 2023 and 2022, ECL on bills receivables at FVTOCI was insignificant in the profit or loss.

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

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

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

	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 31/12/2023 *RMB'000*	31/12/2022 *RMB'000*
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	**68,721**	84,930
Financial assets at amortised cost					
Amounts due from related parties (non-trade nature)	N/A	Low risk	12m ECL	**–**	30,000
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**32,142**	45,843
		Watch list	Lifetime ECL (not credit-impaired)	**–**	294
				32,142	46,137
Bank balances and cash and restricted bank balances	AAA – AA+	N/A	12m ECL	**300,710**	107,678
Other receivables	N/A	Low risk	12m ECL	**290**	199

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. There is no credit-impaired debtors as at 31 December 2023 (2022: Nil).

Gross carrying amount

Internal credit rating	31/12/2023 Average loss rate	Trade-related Receivables *RMB'000*	ECL (not credit-impaired) *RMB'000*	31/12/2022 Average loss rate	Trade-related Receivables *RMB'000*	ECL (not credit-impaired) *RMB'000*
Low risk	**0.14%**	**32,142**	**– ***	0.10%	45,843	– *
Watch list	**1.04%**	**–**	**– ***	1.00%	294	– *
		32,142	**– ***		46,137	– *

* The amount of ECL loss is immaterial for the years ended 31 December 2023 and 2022.

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

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2023, the Group had unutilised bank facilities of approximately RMB258,238,000 (2022: RMB194,853,000).

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

Liquidity tables

			As at 31 December 2023				
	Interest rate	**Carrying amounts** *RMB'000*	**On demand or within 6 months** *RMB'000*	**6 months to 1 year** *RMB'000*	**1 year to to 5 years** *RMB'000*	**>5 years** *RMB'000*	**Total** *RMB'000*
Bank borrowings	**3.61%~5.60%**	**258,762**	**121,585**	**28,544**	**122,359**	**–**	**272,488**
Lease liabilities	**4.50%~5.96%**	**4,206**	**655**	**6**	**2,252**	**2,325**	**5,238**
Trade and other payables	**N/A**	**207,604**	**189,542**	**–**	**18,062**	**–**	**207,604**
Amount due to a shareholder	**N/A**	**1,977**	**1,977**	**–**	**–**	**–**	**1,977**
Amount due to a related party	**N/A**	**1,063**	**1,063**	**–**	**–**	**–**	**1,063**
		473,612	**314,822**	**28,550**	**142,673**	**2,325**	**488,370**

			As at 31 December 2022				
	Interest rate	Carrying amounts *RMB'000*	On demand or within 6 months *RMB'000*	6 months to 1 year *RMB'000*	1 year to to 5 years *RMB'000*	>5 years *RMB'000*	Total *RMB'000*
Bank borrowings	3.99%~5.60%	165,147	92,391	–	80,500	–	172,891
Lease liabilities	4.50%~5.96%	154	18	6	97	81	202
Trade and other payables	N/A	132,456	132,456	–	–	–	132,456
		297,757	224,865	6	80,597	81	305,549

Fair value measurements of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	31/12/2023	31/12/2022		
Bills receivables at FVTOCI	**Assets- RMB68,721,000**	Assets- RMB84,930,000	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 consolidated financial statements approximate their fair values.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Borrowing from a shareholder	Dividend payable	Lease liabilities	Interest payables	Share issue costs payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	51,000	214,817	–	170	–	–	265,987
Financing cash flows *(Note)*	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 *(Note)*	**93,615**	**–**	**(100,000)**	**(24)**	**(11,412)**	**(23,119)**	**(40,940)**
Dividend declared	**–**	**–**	**100,000**	**–**	**–**	**–**	**100,000**
Share issue cost incurred	**–**	**–**	**–**	**–**	**–**	**30,562**	**30,562**
New leases entered	**–**	**–**	**–**	**3,994**	**–**	**–**	**3,994**
Finance costs recognised	**–**	**–**	**–**	**82**	**11,941**	**–**	**12,023**
At 31 December 2023	**258,762**	**–**	**–**	**4,206**	**760**	**7,443**	**271,171**

Note: The cash flows represent new bank borrowings raised, the repayment of bank borrowings, interest paid, repayments of lease liabilities, share issue costs and dividend paid in the consolidated statement of cash flows.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**563,790**	264,130
Right-of-use assets	**60,561**	58,359
Investments in subsidiaries	**321,607**	–
Deferred tax assets	**935**	1,292
Deposit for acquisition of property, plant and equipment	**–**	4,673
	946,893	328,454
CURRENT ASSETS		
Inventories	**106,259**	54,750
Trade and other receivables	**26,198**	24,401
Amount due from a subsidiary	**6,000**	–
Tax recoverable	**6,364**	642
Bills receivables at FVTOCI	**38,389**	81,680
Restricted bank balances	**–**	15,208
Cash and cash equivalents	**268,554**	41,137
	451,764	217,818
CURRENT LIABILITIES		
Borrowings	**112,000**	57,000
Trade and other payables	**152,903**	99,009
Amount due to a shareholder	**997**	–
Amounts due to related parties	**525**	–
Contract liabilities	**18,699**	6,681
Lease liabilities	**497**	–
	285,621	162,690
NET CURRENT ASSETS	**166,143**	55,128
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,113,036**	383,582
CAPITAL AND RESERVES		
Share capital	**955,640**	100,000
Reserves	**24,429**	229,894
TOTAL EQUITY	**980,069**	329,894
NON-CURRENT LIABILITIES		
Borrowings	**106,762**	48,147
Payables for purchase of property, plant and equipment	**18,062**	–
Lease liabilities	**3,191**	–
Deferred revenue	**4,952**	5,541
	132,967	53,688
	1,113,036	383,582

Movement in the Company's reserves:

	Special reserve *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Retained profits (accumulated) (losses) *RMB'000*	FVTOCI reserve *RMB'000*	Total *RMB'000*
At 1 January 2022	16,978	–	22,479	167,906	(938)	206,425
Profit for the year	–	–	–	23,142	–	23,142
Other comprehensive income for the year	–	–	–	–	327	327
Total comprehensive income for the year	–	–	–	23,142	327	23,469
Transfer	(2,217)	–	2,314	(97)	–	–
At 31 December 2022	**14,761**	**–**	**24,793**	**190,951**	**(611)**	**229,894**
Profit for the year	**–**	**–**	**–**	**5,492**	**–**	**5,492**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**341**	**341**
Total comprehensive income for the year	**–**	**–**	**–**	**5,492**	**341**	**5,833**
Conversion of equity accounts	**–**	**3,533**	**(25,015)**	**(214,287)**	**769**	**(235,000)**
Capital injection from a shareholder	**–**	**32,287**	**–**	**–**	**–**	**32,287**
Issue of shares	**–**	**21,977**	**–**	**–**	**–**	**21,977**
Transaction costs attributable to issue of shares	**–**	**(30,562)**	**–**	**–**	**–**	**(30,562)**
Transfer	**1,266**	**–**	**644**	**(1,141)**	**(769)**	**–**
At 31 December 2023	**16,027**	**27,235**	**422**	**(18,985)**	**(270)**	**24,429**

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is a supplier of hydrogenated benzene-based chemicals and energy products in Henan Province. It mainly obtains raw materials (crude benzene and crude coking coal gas) from the upstream of the coking industry, and focuses on the production, processing and sale of (i) hydrogenated benzene-based chemicals (mainly including pure benzene, toluene and xylene); and (ii) energy products, (including liquefied natural gas and coal gas). We have established a diversified customer base, with (i) in respect of hydrogenated benzene-based chemicals, our major customers being nylon and fertilizer manufacturers, refined oil product manufacturers and other chemical companies; (ii) in respect of liquefied natural gas ("**LNG**"), our major customers being industrial users, trading customers and retail customers of our self-operated oil and gas stations; and (iii) in respect of coal gas, our major customers are certain industrial enterprises (including Henan Jinjiang Refinery Co., Ltd. ("**Jinjiang Refinery**"), a joint venture company of the Group that separates the hydrogen component of coal gas for the purpose of hydrogen production) and resident users located in the industrial park where we are situated, namely, the Jiyuan High-tech Industrial Development Zone (Chemical Industry Park), and the nearby areas. In addition, operation of hydrogen gas stations has begun since the fourth quarter of 2023.

In response to the PRC government's commitment to encourage the development of circular economy and "dual carbon target", and to meet the needs of a green and low-carbon transition, we are taking steps to expand our energy business to include hydrogen.

In 2023, the Group's revenue was mainly derived from the following major business segments:

- **Hydrogenated benzene-based chemicals:** involving the processing via hydrogenation of crude benzene, a coking by-product, into a range of benzene-based chemicals and the sale of these by-products;

- **Energy products:** involving the processing of crude coking coal gas into coal gas, the refining of coal gas into LNG, and the sale of coal gas and LNG; and

- **Trading:** mainly the trading of LNG and refined oil products through the oil and gas filling stations operated by the Group.

Factors Affecting Results of Operations and Financial Position of the Group

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

General Economic Conditions and Demand in Downstream Industries

The Group sells all of its products in the PRC. The general economic conditions in the PRC have affected the market price and demand for the Group's products as well as the prices of raw materials, namely crude benzene and crude coking coal gas, which are the major raw materials for the Group's production of hydrogenated benzene-based chemicals and energy products. During an economic downturn, the average selling prices of the Group's products may decrease and the Group may need to adjust the Group's purchasing and selling strategies to cope with such situation, such as reducing the purchases of raw materials or commencing more financing activities to strengthen the Group's working capital. When the economic condition recovers, the Group may increase the selling prices of the Group's products in response to the increase in market demand and the rise of raw materials' prices. In addition, the Group's prepayments for raw materials may increase to secure the supply of raw materials. As a result, the Group's results of operations, working capital position and operating cash flow changed correspondingly.

Sale of the Group's hydrogenated benzene-based chemicals and energy products (mainly LNG and coal gas) depend primarily on the consumption of these products by the domestic chemical industry in the PRC. Benzene-based chemicals are mainly used as raw materials in downstream industries such as rubber and textile, while LNG is mainly supplied to the neighbouring industrial parks for production use and at gas filling stations to provide gas supply services to logistics customers, heavy trucks and buses. In the PRC, thanks to abundant coal resources, hydrogenated benzene-based chemicals produced from crude benzene, a by-product of coking, are cost-competitive substitutes for benzene-based chemicals obtained from petroleum processing, but their prices are also affected by the prices of petroleum and the development of the petroleum industry. As for LNG products, as the PRC is highly dependent on LNG imports, fluctuations in global LNG prices will affect the PRC. Therefore, the prices of LNG in the PRC will maintain a trend similar to that of international LNG prices.

Prices of the Group's Raw Materials and Products

The Group is exposed to the risk of movements in the market prices of the Group's products and raw materials, as well as changes in the spread between those prices. The Group's raw materials are mainly by-products of the upstream of the coking industry (crude benzene and crude coking coal gas), and therefore the prices of the upstream raw material, coal, affect the Group's prices of raw materials. The Group generally determines the selling prices of its products based on the prevailing market prices in the regions where the products are sold with reference to a number of factors applicable to individual customers. Market forces of supply and demand generally determine the pricing of the Group's products. The prices of the Group's products are affected by a number of factors including:

- supply of and demand for the Group's products are mainly affected by the demand of the chemical industry and the PRC domestic as well as global economic cycles;

- changes in the prices of crude benzene and crude coking coal gas, the principal raw materials of the Group, are affected by the supply and demand of coal, the principal raw material for the upstream coking industry, as well as the PRC domestic and global economic cycles;

- the Group's product characteristics and quality;

- prices of chemicals in the international market; and
- the Group's transportation costs, the availability of transportation capacity and means of transportation.

The following table sets forth the average selling and purchase prices (net of VAT) of each of the Group's principal products and the raw materials during 2023 and 2022 according to the Group's internal records.

	Year ended 31 December	
	2023	2022
	Average selling price[1] RMB/tonne (except coal gas in RMB/m³)	Average selling price[1] RMB/tonne (except coal gas in RMB/m³)
Principal Products		
Hydrogenated benzene-based Chemicals	**6,250.10**	6,808.72
Pure benzene	**6,468.50**	7,171.24
Toluene	**6,465.35**	6,505.35
Energy Products		
Coal gas	**0.83**	0.74
LNG	**4,439.95**	6,133.49

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

	2023	2022
	Average purchase price	Average purchase price
Major Raw Materials		
Crude benzene (RMB/tonne)	**5,600.31**	5,976.43
Crude Coking coal gas (RMB/m³)	**0.61**	0.59

Crude benzene:

We purchase crude benzene from a number of suppliers located in Henan and Shanxi (including Jinma Group (Jinma Energy and its subsidiaries (but excluding our Group)), which accounted for approximately 15% of our total purchases of crude benzene during the year). We generally enter into annual supply contracts for crude benzene with our suppliers, which mainly set out the quality requirements, payment and delivery methods, but the actual quantity and prices of the products are based on orders placed by us from time to time. In most cases, we pay all or a portion of the purchase price in advance. The purchase price of crude benzene is generally based on the prevailing market price at the time of purchase. Because the price of crude benzene fluctuates rapidly, we generally recognize our purchases on the basis of weekly purchase orders.

Crude Coking coal gas:

We purchase substantially all of our crude coking coal gas and coke granule coal gas from the Jinma Group. We acquired the coke granule coal gas facilities from the Jinma Group in August 2023 in order to better delineate our business with the Jinma Group, to diversify our sources of raw material for the production of LNG and to reduce our long-term dependence on the Jinma Group. The coke granule coal gas facilities produce coke granule coal gas as its primary product by heating small coke granules in an oxygen atmosphere. The coke granule coal gas does not require further purification and can be stored and subsequently transported and sold to third parties and be used by the Group for further processing into LNG.

Production Capacity and Sales Volume

The Group's results of operations were mainly driven by the changes in the average selling price and average purchase price of products, while the product sales volume was mainly determined by production capacity. The Group's business remained stable in 2023 with the capacity utilization rate of each of its principal products generally maintained and the sales of the Group's products were basically at full capacity. In 2023, the production capacity of the Group's hydrogenated benzene-based chemicals increased from approximately 200,000 tonnes per annum to 400,000 tonnes per annum in the fourth quarter of the year, the production capacity of the LNG production facilities was approximately 72,000 tonnes per annum and the hydrogen was 317.0 million cubic meters (including the production capacity of the joint venture company, Jinjiang Refinery).

Access to and Cost of Financing

In addition to cash generated from the Group's operations, the Group financed the Group's operations and capital expenditures primarily through bank and financial institution borrowings during the period. The Group's interest-bearing borrowings for the years ended 31 December 2023 and 2022 were approximately RMB258.8 million and RMB165.1 million, respectively. The Group's finance costs for the years ended 31 December 2023 and 2022 were approximately RMB6.1 million and RMB8.0 million, respectively, accounting for approximately 0.26% and 0.36% of the Group's total revenue for the respective periods. The Group's ability to pay the interest incurred with respect to the borrowings, or repay or refinance the Group's borrowings could have an impact on the financial position and operation results of the Group.

Operating Performance

The following is the consolidated statement of profit or loss and other comprehensive income of the Group, which should be read in conjunction with its consolidated financial information.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2022 *RMB'000*
Revenue	**2,330,228**	2,254,533
Cost of sales	**(2,181,429)**	(1,966,854)
Gross profit	**148,799**	287,679
Other income	**8,553**	6,354
Other gains and losses	**(4,397)**	(5,535)
Selling and distribution expenses	**(18,420)**	(15,366)
Administrative expenses	**(31,315)**	(31,562)
Listing expenses	**(1,415)**	–
Financing costs	**(6,064)**	(8,022)
Share of results of a joint venture	**3,148**	–
Profit before tax	**98,889**	233,548
Income tax expense	**(16,568)**	(39,467)
Profit for the year	**82,321**	194,081
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Fair value gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**"), net of income tax	**66**	327
Total comprehensive income for the year	**82,387**	194,408
Profit for the year attributable to		
– Owners of the Company	**54,925**	138,229
– Non-controlling interests	**27,396**	55,852
	82,321	194.081
Total comprehensive income for the year attributable to:		
– Owners of the Company	**55,126**	138,556
– Non-controlling interests	**27,261**	55,852
	82,387	194,408
Earnings per share (RMB)	**0.09**	0.26

Consolidated Financial Information

- **Revenue and gross profit margin**

  The Group's revenue increased by RMB75.7 million or 3.4% from RMB2,254.5 million in 2022 to RMB2,330.2 million in 2023. The increase was mainly due to the increase in the production capacity of hydrogenated benzene-based chemicals from approximately 200,000 tonnes per annum to 400,000 tonnes per annum in the fourth quarter, partially offset by lower prices of various major products. The Group's gross profit margin decreased from 12.8% in 2022 to 6.4% in 2023 as the decline in raw material prices for those products was not in step with the product prices. For details, please refer to the paragraphs headed "Results of Business Segments" in this chapter.

- **Other income**

  Other income, mainly interest on bank deposits and on bills receivables as well as government subsidies, increased to RMB8.6 million in 2023 from RMB6.4 million in 2022, as a result of the increase in interest on bank deposits and in government subsidies.

- **Other gains and losses**

  Other gains and losses decreased from a net loss of RMB5.5 million in 2022 to a net loss of RMB4.4 million in 2023, mainly due to the decrease in net loss arising on bills receivables at FVTOCI of RMB1.0 million.

- **Selling and distribution expenses**

  Selling and distribution expenses increased from RMB15.4 million in 2022 to RMB18.4 million in 2023, which was mainly attributable to the increase in transportation expenses of pure benzene sold of RMB3.2 million.

- **Administrative expenses**

  Administrative expenses remained at RMB31.0 million (2023: RMB31.3 million, 2022: RMB31.6 million).

- **Financing costs**

  Finance costs decreased by RMB1.9 million or 23.8% from RMB8.0 million in 2022 to RMB6.1 million in 2023, which was mainly due to the decrease in interest on borrowings of Henan Jinrui Energy Co., Ltd. ("**Jinrui Energy**") of RMB2.0 million.

- **Share of results of joint ventures**

  The Group acquired a 49% equity interest in Jinjiang Refinery from its parent company, Jinma Energy, in July 2023, thereby sharing the company's 2023 results.

- **Profit before tax**

  As a result of the foregoing, the Group's profit before taxation decreased by RMB134.6 million or 57.7% from RMB233.5 million in 2022 to RMB98.9 million in 2023.

- **Income tax expense**

  Income tax expense decreased by RMB22.9 million or 58.0% from RMB39.5 million in 2022 to RMB16.6 million in 2023. The decrease reflected the decrease in profit before tax.

- **Total comprehensive income for the year**

  As a result of the above, the Group's total comprehensive income decreased by RMB112.0 million or 57.6% from RMB194.4 million in 2022 to RMB82.4 million in 2023.

Results of Business Segments

The following table sets forth the segment revenue and results (after elimination of inter-segment sales) for each of the Group's principal business segments:

	As of 31 December							
	Segment revenue		Segment results		Segment gross profit margin		As a percentage of total Group revenue	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***%***	*%*	***%***	*%*
Hydrogenated benzene-based Chemicals	**1,502,282**	1,313,836	**42,029**	62,573	**2.8**	4.8	**28.1**	21.6
Energy Products	**652,190**	747,415	**87,196**	201,651	**13.4**	27.0	**58.4**	69.7
Trade	**164,882**	181,181	**10,764**	14,475	**6.5**	8.0	**7.2**	5.0

Hydrogenated benzene-based chemicals production capacity doubled to 400,000 tonnes per annum in the fourth quarter of 2023, resulting in an increase in annual sales of 25.0% from 193,000 tonnes to 240,000 tonnes. However, the average selling price recorded a decrease of approximately 8.2% in the same period. As a result, the revenue of the product increased by only approximately 14.3%, but the gross profit margin of the product also decreased from approximately 4.8% to 2.8% as the decrease in the raw materials (mainly crude benzene) average purchase prices of the product was approximately 6.3%.

The energy products segment mainly consists of sales of LNG and coal gas. The production and sales volume of LNG remained at approximately 70,000 tonnes as compared with 2022. The surge in price caused by the war in Eastern Europe in 2022 has flattened in 2023 and average selling price dropped by approximately 27.6%. Income declined by approximately 27.3% to approximately RMB308.9 million. Besides, the gross profit margin of LNG also decreased from approximately 35.1% in 2022 to approximately 17.5% as the average purchase price of raw materials, mainly coal gas, for production decreased by only approximately 2.1%. In terms of coal gas products, the sales volume and gross profit margin in 2023 were similar to those in 2022, and recorded approximately RMB338.7 million (2022: RMB319.2 million) and 11.3% (2022: 16.1%), respectively. The overall revenue of the energy products segment decreased by approximately 12.7% to approximately RMB652.2 million, while the gross profit margin decreased by approximately 13.6%.

In the trading segment, revenue in 2023 decreased by approximately RMB16.3 million or 9.0% as compared with that in 2022, mainly due to the decrease in product prices, which resulted in a decrease in gross profit margin from approximately 8.0% to approximately 6.5%.

FINANCIAL POSITION

Liquidity and Financial Resources

In 2023, the Group's major financial resources were funded by the proceeds from the sales of the Group's products, shareholders' equity (including proceeds from listing on the Main Board of The Stock Exchange of Hong Kong Limited in December 2023) and borrowings from bank and financial institutions. The Directors have confirmed that the Group did not experience any liquidity problems in 2023.

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

Cash Flow

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net cash from operating activities	**104,459**	318,798
Net cash used in investing activities	**71,062**	(167,344)
Net cash from financing activities	**204,947**	(139,064)
Net increase/(decrease) in cash and cash equivalents	**238,344**	12,390
Cash and cash equivalents at the beginning of the year	**62,470**	50,080
Impact of change in exchange rate	**(104)**	–
Cash and cash equivalents at the end of the year, representing bank balances and cash	**300,710**	62,470

- ***Cash Flow from Operating Activities***

  The Group's net cash from operating activities of approximately RMB104.5 million for 2023 was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB153.7 million; (ii) decrease in bills receivables at fair value through other comprehensive income of approximately RMB18.1 million; and (iii) increase in contract liabilities of approximately RMB13.4 million. Yet the net cash inflow from operating activities are partially offset by (i) increase in inventories of approximately RMB51.8 million; (ii) decrease in trade and other payables of approximately RMB24.4 million; (iii) income tax paid of approximately RMB29.8 million.

- ***Cash Flow from Investing Activities***

  The Group's net cash used in investing activities of approximately RMB71.1 million for 2023 was primarily due to (i) acquisition of property, plant and equipment of approximately RMB148.4 million; (ii) placement of restricted bank deposits of approximately RMB52.0 million; yet partially offset by (i) repayment of loans from related parties of approximately RMB30.0 million; (ii) withdrawal of time deposit of approximately RMB30.0 million; (iii) withdrawal of approximately RMB67.2 million from restricted bank.

- ***Cash Flow from Financing Activities***

  The Group's net cash from financing activities of approximately RMB204.9 million in 2023 was primarily due to (i) net proceeds from issuance of new shares of approximately RMB237.8 million; (ii) increase in bank borrowings of approximately RMB166.6 million; yet partially offset by (i) repayment of bank loans of approximately RMB73.0 million; (ii) payment of dividends of approximately RMB100.0 million; (iii) acquisition of non-controlling interests of approximately RMB20.0 million; and (iv) interest expenses of approximately RMB11.4 million.

Liabilities

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

	As at 31 December		
	2023	2022	**Increase/ (decrease)**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	**258,762**	165,147	93,615
Secured	**166,762**	105,147	61,615
Unsecured	**92,000**	60,000	32,000
	258,762	165,147	93,615
Fixed-rate borrowings	**50,000**	30,000	20,000
Floating-rate borrowings	**208,762**	135,147	73,615
	258,762	165,147	93,615
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**142,000**	87,000	55,000
More than one year, but not more than two years	**60,000**	68,147	(8,147)
More than two years, but not more than five years	**56,762**	10,000	46,762
	258,762	165,147	93,615
Less: Amount due for settlement within 12 months shown under current liabilities	**(142,000)**	(87,000)	(55,000)
Amount due for settlement after 12 months shown under non-current liabilities	**116,762**	78,147	38,615

The Group's bank borrowings in 2023 and 2022 were all borrowings denominated in Renminbi. As at 31 December 2023, RMB176.7 million of the Group's general banking facilities (including bank borrowings and bills payables) were secured by the Group's property, plant and equipment and right-of-use asset. All remaining borrowings were credit borrowings. For further details, please refer to note 37 to the consolidated financial statements in this report. As at 31 December 2022, RMB162.1 million of the Group's general banking facilities (including banks borrowings and bills payables) were secured by the Group's property, plant and equipment, right-of-use asset, restricted bank balances and bills receivables. All remaining borrowings were credit borrowings. As at 31 December 2023 and 2022, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

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

	As at 31 December	
	2023	2022
Effective interest rate per annum:		
– Fixed-rate borrowings	**3.85%**	5.30%
– Floating-rate borrowings	**3.61%-5.60%**	3.99%-5.60%

As at 31 December 2023, the Group had obtained banking facilities in an aggregate amount of approximately RMB485.0 million (2022: RMB330.0 million), of which total amount of approximately RMB258.2 million (2022: RMB194.9 million) is still available for use. As at 31 December 2023, the Group had total outstanding bank borrowings of approximately RMB258.8 million (2022: RMB165.1 million). The Group intends to refinance the Group's bank borrowings or repay the Group's bank borrowings as and when they fall due with the Group's internally generated funds (refinancing has been achieved for bank borrowings of RMB50.5 million falling due in 2023 according to needs).

Save as disclosed in the "Financial Position" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 31 December 2023 and up to the date of this report. As at 31 December 2023, save as disclosed in the "Financial Position" section and apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, the Group did not have any outstanding mortgages, charges or pledges, debentures or other debt securities, term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, liabilities under acceptances or acceptance credits), finance leases or any guarantees or other material contingent liabilities.

The Directors confirm that, for the year ended 31 December 2023, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2023, the Group did not experience any difficulty in obtaining bank and other borrowings, or any default in payment of bank and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

FINANCIAL RATIOS

The following table sets forth the financial ratios of the Group as of the dates and years indicated:

	As at 31 December	
	2023	2022
Gearing ratio	**23.0%**	23.0%
Return on equity	**6.8%**	26.6%
Return on assets	**6.0%**	19.0%

Gearing Ratio

Gearing ratio was calculated by total interest-bearing borrowings of the Group divided by total equity of the Group as at the end of the period.

The gearing ratio in 2023 and 2022 were both approximately 23%, primarily due to the corresponding increase in total borrowings and equity.

Return on Equity

Return on equity was calculated based on the profit attributable to the owners of the Company for the year divided by the average equity attributable to owners of the Company as the same year.

Return on equity decreased in 2023 due to (i) increase in the equity attributable to the owners of the Company as result of issuance of new shares by the Company from its listing in December 2023; and (ii) the decrease in profit.

Return on Assets

Return on assets was calculated based on the profit for the year of the Group divided by the average total assets of the same year of the Group.

The return on assets of the Group decreased in 2023, primarily due to the decrease in profit of the Group.

CONTRACT OBLIGATIONS AND CAPITAL EXPENDITURES

The following table sets forth the capital commitments of the Group as of the dates indicated.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**829**	36,068

Capital commitments for the year ended 31 December 2023 of the Group primarily related to the construction of hydrogen gas station. The Group expected that these capital commitments are mainly fulfilled by its own financial resources (including proceeds from listing), bank borrowings and cash generated from operations.

Save for the transactions above, the Group has no other material contract commitments as at 31 December 2023.

OFF-BALANCE SHEET ARRANGEMENT

The Group did not have any material off-balance sheet arrangements as at 31 December 2023. Specifically, the Group has not entered into any derivative contracts that are indexed to the Group's shares and classified as shareholders' equity, or that are not reflected in the Group's audited consolidated financial statements. Furthermore, the Group does not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group does not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

CONTINGENT LIABILITIES (OR 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, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is low because all endorsed and discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of the reporting period are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Endorsed bills for settlement of payables	**45,105**	162,406
Discounted bills for raising cash	**193,917**	277,421
Outstanding endorsed and discounted bills receivables	**239,022**	439,827

Save as disclosed above and as of 31 December 2023, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group. The Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2023 up to the date of this report.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

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

Market Risks

Market risk is the risk of loss related to adverse changes in market prices. The Group is exposed to various types of market risks, including commodity price and liquidity risks, in the normal course of the Group's business. The Group aims to minimize risk through disciplined operating and financial activities. In 2023, the Group has not entered into any foreign exchange or interest rate hedging contract or forward purchase or sale contract for commodities.

Other than the Hong Kong dollar proceeds of listing pending remittance back to China, the Group has no exposure to significant exchange risks as all its operations are within China where there are no foreign currencies transactions, assets or liabilities.

Commodity Price Risk

The Group is exposed to fluctuations in the prices of raw materials, (mainly crude benzene and crude coking coal gas), as well as fluctuations in the prevailing market prices of the Group's products. In respect of crude benzene, the Group generally purchases it based on prevailing market prices while almost all crude coking coal gas is purchased from its parent company, Jinma Energy, and the price is negotiated every year. The Group's products are generally sold based on the prevailing market prices in the regions where the Group sells its products, and by making reference to various other factors applicable to individual customers. Market prices may fluctuate and are beyond the Group's control and may have a significant effect on the Group's results of operations.

Interest Rate Risk

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

As at 31 December 2023, the Group had fixed-rate borrowings in the amount of approximately RMB50.0 million (2022: RMB30.0 million). The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

Credit Risk

In the event that the Group's counterparties fail to perform their obligations, the Group's exposure to credit risk in relation to each class of recognized financial assets as at 31 December 2023 is the carrying amount of those assets stated in the consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities as disclosed in the consolidate financial statement.

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

The Group has concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 97.8% and 98.7% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2023 and 2022, respectively. The Group believes the Group's credit risks on bank balances and deposits or bills receivables are limited and there is no significant concentration of credit risk because the Group's bank deposits or bills are deposited in or contracted with reputable state-owned banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

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

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

				As at 31 December 2023			
	interest rate	**Carrying amount**	**On demand or within 6 months**	**6 months to 1 year**	**1 year to 5 years**	**> 5 years**	**Total**
		RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Bank borrowings	**3.61%-5.60%**	**258,762**	**121,585**	**28,544**	**122,359**	**–**	**272,488**
Lease liabilities	**4.50%-5.96%**	**4,206**	**655**	**6**	**2,252**	**2,325**	**5,238**
Trade and other payables	**N/A**	**207,604**	**189,542**	**–**	**18,062**	**–**	**207,604**
Amount due to a shareholder	**N/A**	**1,977**	**1,977**	**–**	**–**	**–**	**1,977**
Amount due to a related party	**N/A**	**1,063**	**1,063**	**–**	**–**	**–**	**1,063**
		473,612	**314,822**	**28,550**	**142,673**	**2,325**	**488,370**

				As at 31 December 2022			
	interest rate	Carrying amount	On demand or within 6 months	6 months to 1 year	1 year to 5 years	> 5 years	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	3.99%-5.60%	165,147	92,391	–	80,500	–	172,891
Lease liabilities	4.50%~5.96%	154	18	6	97	81	202
Trade and other payables	N/A	132,456	132,456	–	–	–	132,456
		297,757	224,865	6	80,597	81	305,549

NO MATERIAL ADVERSE CHANGE

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

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had distributable reserves (i.e. retained profits) of RMB0.0 million (2022: RMB191.0 million). For the year ended 31 December 2023, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the year 2023.

DIVIDEND

In deciding whether to propose a dividend and determining the amount of the dividend, the Directors of the Company need to consider the distributable reserves, the level of liquidity and future commitments. The payment of dividend is also required to comply with relevant laws and regulations of the PRC and Hong Kong. The PRC laws require that dividends shall be paid only out of the net profit calculated according to the PRC accounting principles, which may differ in many aspects from the generally accepted accounting principles in other jurisdictions, including the IFRS.

Given the recent development opportunities of hydrogen business, the Board proposes to declare a final dividend of RMB0.02 per share for the year ended 31 December 2023. The final dividend is subject to the approval of shareholders at the forthcoming annual general meeting.

MAJOR DEVELOPMENTS

We intend to implement the following strategies to further develop our business, strengthen our market position and create value for our shareholders:

In terms of hydrogenated benzene-based chemicals, we plan to invest in production efficiency, work safety and environment protection, and continue to upgrade production facilities to maintain our market position in hydrogenated benzene-based chemicals industry. At the beginning of 2022, the Group started to prepare for another capacity expansion of 200,000 tonnes, which was completed and put into operation in the fourth quarter of 2023. After completion, the Company is in a better position to extend the industry chain of hydrogenated benzene-based chemicals and develop new materials.

In terms of LNG, we plan to improve production efficiency and stability and reduce production cost. In 2018, the Group completed the construction of facilities with an annual output of approximately 72,000 tonnes, and has been operating a network of four gas stations.

In terms of hydrogen, the Group currently plans to fully enter the hydrogen industry chain, covering production, transportation, storage, gas refuelling and usage. In order to grasp the opportunities arising from hydrogen business as advocated by the PRC government, such as the Implementation Plan for Fuel Cell Demonstration Application in Zhengzhou City Cluster* (《鄭州城市群燃料電池示範應用實施方案》), in June 2023, Jinma Energy entered into a cooperation agreement with the Administration Committee of Zhengzhou High-Tech Industrial Development Zone* (鄭州高新技術產業開發區管理委員會), pursuant to which, Jinma Energy will establish a project company in Zhengzhou High-Tech Industrial Development Zone. Henan Jinma Qingneng Co., Ltd. ("**Jinma Qingneng**"), our wholly-owned subsidiary, is the project company for constructing hydrogen gas stations. The project company plans to construct 15 gas stations with hydrogen refuelling facilities in Zhengzhou High-Tech Industrial Development Zone in the coming three to five years, so that we can realise the scale effect and enjoy economies of scale.

BUSINESS DEVELOPMENT OF HYDROGEN GAS STATIONS

The Group established a new hydrogen gas station in each of Zhengzhou High-Tech Zone and Jiyuan. The gas station in Zhengzhou started trial operation on 29 November 2023, with total hydrogen refuelling amounting to 15,300 kg as of 31 December 2023, serving 930 vehicles, including fuel cell dump trucks, tractors, cement mixer trucks, cold chain logistics trucks and sanitation trucks. The hydrogen gas station in Jiyuan in south 2nd ring road was put into operation in December 2023, with total hydrogen refuelling amounting to 2,330 kg as of 31 December 2023, serving 121 vehicles, including fuel cell tractors and dump trucks.

According to the "Notice on the launch of a new batch of fuel cell vehicle demonstration applications" (《關於啟動新一批燃料電池汽車示範應用工作的通知》) issued by the Ministry of Finance, Ministry of Industry and Information Technology, Ministry of Science and Technology, NDRC and National Energy Administration in December 2021, among others, Henan province has been approved as one of the first batch of demonstration city clusters. In 2024, the Company plans to construct hydrogen gas stations or integrated energy stations (equipped with services such as refuelling gas, electricity, LNG and hydrogen) in cities of Jiaozuo and Zhengzhou, Henan Province with application scenarios of hydrogen. The investment will be financed by the Group's internal resources and the proceeds raised from listing on 20 December 2023.

With an aim to secure fuel cell vehicles to purchase hydrogen at our hydrogen gas stations, we have entered into a legally binding tripartite framework agreement with Henan Yida Min'an Municipal Service Co., Ltd.* (河南一達民安市政服務有限公司) ("**Yida Min'an**") and Yutong Commercial Vehicle Co., Ltd.* (宇通商用車有限公司) ("**Yutong**") in March 2023, pursuant to which Yida Min'an shall purchase not more than 1,000 fuel cell muck trucks manufactured by Yutong and our Group shall operate gas stations with hydrogen refuelling facilities under an agreed price for use by the muck trucks to be purchased by Yida Min'an. At the end of 2023, Yida Min'an purchased a total of 156 fuel cell dump trucks manufactured by Yutong. Fuel cell dump trucks are used for earthmoving work in Zhengzhou High-tech Zone and Economic Development District and in Jiaozuo City. In 2024, the Company, Yutong and Yida Min'an will continue to focus on consolidating collaboration in fuel cell dump trucks and tractors by giving full play to each other's advantages, to create high-quality scenarios.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the listing of the Company (after deducting underwriting fees and other estimated expenses in connection with the global offering of the Company's shares) was approximately HK$251.6 million (equivalent to approximately RMB228.9 million). The Company will utilise the proceeds raised from the listing in accordance with the use of proceeds as stated in the prospectus of the Company issued on 12 December 2023.

Analysis on the intended use of the net proceeds from the listing as disclosed in the prospectus compared with the actual use of such net proceeds from the Listing Date up to 31 December 2023 is set out below:

Business purpose as disclosed in the prospectus	Intended use of net proceeds		Actual use of net proceeds from the Listing Date on 20 December to 31 December 2023	Unutilised net proceeds as at 31 December 2023	Estimated timetable for utilisation
	RMB'000	*%*	*RMB'000*	*RMB'000*	
Gas stations with hydrogen refuelling facility	194,574	85%	0	194,574	2024-2025
Investment in and/or acquisition of upstream and downstream players	11,445	5%	0	11,445	2024-2025
Working capital and other general corporate purposes	22,891	10%	0	22,891	2024-2025
	228,910	100%	0	228,910	

EMPLOYEES AND REMUNERATION

As at 31 December 2023, the Group had 413 employees (for the Company in 2022: 124), including 3 senior management (excluding the Directors) (for the Company in 2022: 1), 16 middle management (for the Company in 2022: 6) and 392 ordinary employees (for the Company in 2022: 116). For the year ended 31 December 2023, the staff cost of the Group amounted to approximately RMB32.2 million, compared with that of approximately RMB30.9 million recorded for the same period of last year.

The Company has established a Remuneration and Appraisal Committee which is responsible for making recommendations to the Board on the remuneration packages for Directors and senior management of the Company, including non-pecuniary benefits, pension rights and compensation.

The Directors, Supervisors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses linked to the performance of the Group. The Company also reimburse the Directors, Supervisors and senior management for expenses which are necessarily and reasonably incurred for providing services to us or discharging their duties in relation to the Company's operations. When reviewing and determining the specific remuneration packages for the Directors, Supervisors and senior management, we take into consideration factors such as their individual performance, qualification, experience and seniority, salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management, their employment within the Group and desirability of performance-based remuneration.

Going forward, the Remuneration and Appraisal committee will review and determine the remuneration and compensation of the Directors, Supervisors and senior management with reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Directors, Supervisors and senior management and the performance of the Group.

Their emoluments were within the following bands:

	Number of senior management excluding the Directors	
	2023	2022
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**3**	1

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

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

PENSION SCHEMES

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

The Hong Kong based employees of the Group participate in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the employers' existing level of contributions can be reduced by contributions forfeited by the employers on behalf of those employees who quit the scheme prior to fully vesting of the contributions. During the years ended 31 December 2022 and 2023, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2022 and 2023, respectively.

CORPORATE GOVERNANCE REPORT

The Company persists in becoming an enterprise with a strong sense of social responsibility, consistently adhering to the principle of harmonious development combining economic benefit and social benefit, promoting technological advancement in the industry and assuming social responsibility proactively.

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

Corporate Governance Code and Articles of Association

The Company has formulated the Articles of Association of the Company (the "**Articles of Association**") in accordance with the PRC Company Law, and other relevant laws and regulations of the PRC. These Articles of Association are the code of conduct for the Company, regulating the organization and behaviour of the Company, the rights and obligations shared between the Company and its shareholders, and between and among the Company's shareholders. The Articles of Association was adopted and became effective on the Company's Listing Date and no changes have been made in the Reporting Period since the Listing Date.

Meanwhile, the Company has also adopted the Corporate Governance Code (the "**Code**") as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules, and formulated a series of rules (such as Internal Audit Rules, Internal Control and Evaluation Rules, Compliance Management Rules and External Investment Management Rules, etc.) as well as the terms of reference of the Nomination Committee, the Remuneration and Appraisal Committee and the Audit Committee, to achieve the objective of good corporate governance. This report will further clarify how the Company applies the principles of good corporate governance set out in the Code to enable shareholders' evaluation of such application.

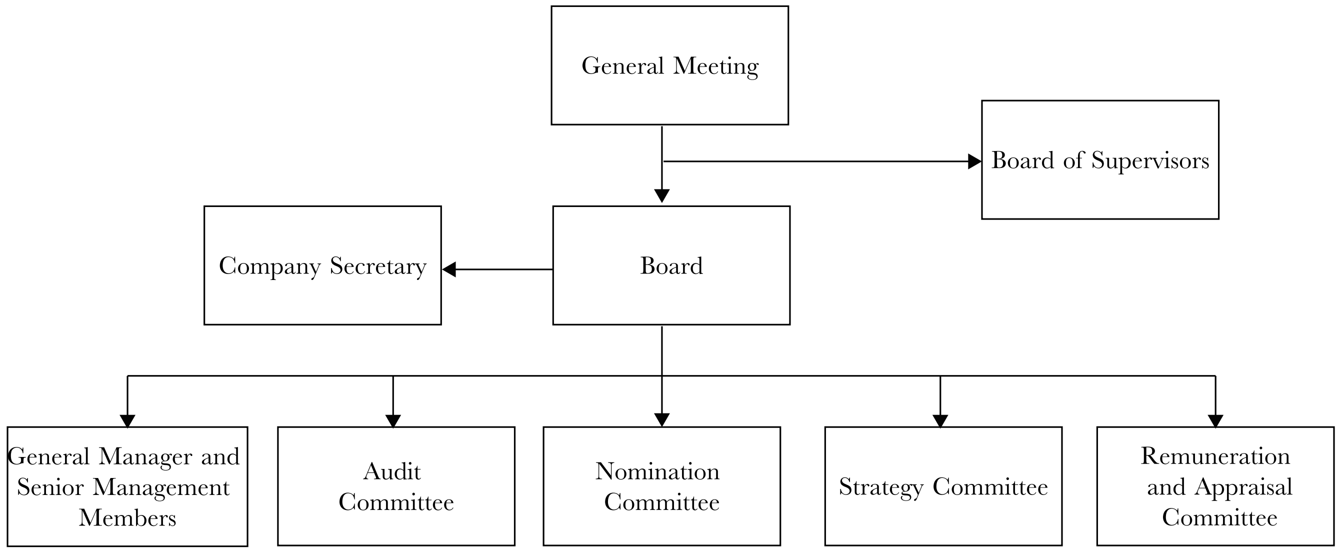
During the Reporting Period, save as disclosed below, the Company has complied with the Listing Rules and all code provisions to the Code:

Code provision C.2.7 of the Code: since the Company was listed on 20 December 2023, there had not been any meeting held by the Chairman and the independent non-executive Directors without the presence of other Directors during the period from the Listing Date to 31 December 2023. The Chairman intends to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors in the future.

Code provision F.1.1 of the Code: the Company does not have a dividend policy, as the Board will consider various factors, such as the Company's earnings and financial condition, operating requirements, capital requirements, and other factors that the Board considers relevant.

CORPORATE GOVERNANCE FUNCTION

The corporate governance structure of the Company is as follows:



The Board is responsible for performing corporate governance functions. In 2023, the Board performed the following duties in relation to its corporate governance functions (for details, please refer to the summary of the main work performed by the Board in 2023 in this report (page 84)):

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

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules and the company secretary has also issued to all Directors and supervisors a compliance notice of suspension of trading during the black-out period in accordance with the Model Code. Having made specific enquiries of all Directors and supervisors, the Company hereby confirms that all Directors and supervisors have complied with the standards as set out in the Model Code for the trading of securities by Directors.

The Board

The first session of the Board consists of eight Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors are appointed by our shareholders for a term of three years until 28 July 2026 and may be appointed for consecutive terms. The list of members of the first session of the Board is set out below:

Executive Directors
Mr. Wang Zengguang *(General manager)* (Appointed on 28 July 2023)
Mr. Qiao Erwei *(Deputy general manager and Board secretary)* (Appointed on 22 October 2023)

Non-executive Directors
Mr. Yiu Chiu Fai *(Chairman of the Board)* (Appointed on 28 July 2023)
Mr. Wang Kaibao *(Vice chairman of the Board)* (Appointed on 16 August 2023)
Mr. Wang Lijie (Appointed on 28 July 2023)

Independent Non-executive Directors
Ms. Wong Yan Ki Angel (Appointed on 22 October 2023)
Mr. Di Zhigang (Appointed on 28 July 2023)
Ms. Leung Sin Yeng Winnie (Appointed on 16 August 2023)

Note: Mr. Cheung Kwong Tat (張廣達) was appointed on 28 July 2023 and resigned on 22 October 2023.

The Board held eight meetings during the year ended 31 December 2023. The attendance of each Director of the Company at the Board meetings and the general meetings held in 2023 is as follows:

Directors	Attendance at Board meetings	Attendance at general meetings
Executive Directors		
Mr. Wang Zengguang	8/8	6/6
Mr. Qiao Erwei (Appointed on 22 October 2023)	2/2	1/1
Non-executive Directors		
Mr. Yiu Chiu Fai	8/8	6/6
Mr. Wang Kaibao (Appointed on 16 August 2023)	4/4	3/3
Mr. Wang Lijie	8/8	6/6
Independent non-executive Directors		
Ms. Wong Yan Ki Angel (Appointed on 22 October 2023)	2/2	1/1
Mr. Di Zhigang	8/8	6/6
Ms. Leung Sin Yeng Winnie (Appointed on 16 August 2023)	4/4	3/3

Note: Mr. Cheung Kwong Tat (張廣達) was appointed on 28 July 2023 and resigned on 22 October 2023. He attended 5/5 Board meetings and 4/4 general meetings.

The division of responsibilities between the Board and the management of the Company is clear. The Board is responsible for formulating the overall strategy of the Company, setting management objectives, regulating internal control and financial management, and overseeing the management's performance. The Company's day-to-day operation and management are undertaken by the Company's management under the authorization of the Board. The functions and powers of the Board are expressly stated in Article 108 of the Articles of Association.

The roles of chairman and general manager of the Company are held by different individuals. The chairman of the Board is Mr. Yiu Chiu Fai and the general manager is Mr. Wang Zengguang.

The chairman of the Board exercises the functions and powers provided in laws, regulations, bylaws, regulatory documents, regulatory rules of securities regulatory authorities or stock exchanges where the Company's shares are listed, the Articles of Association and other management rules and regulations of the Company or function and powers delegated by the Board. The functions and powers of the chairman of Board are expressly stated in Article 112 of the Articles of Association.

The general manager is the person in charge of the daily operation and management of the Company under the leadership of the Board, and is accountable to the Board. The day-to-day operational matters of the Company shall be, in principle, approved and decided by the general manager, other than those that should be submitted to higher level governing bodies for approval in accordance with laws, regulations, bylaws, regulatory documents, regulatory rules of securities regulatory authorities or stock exchanges where the Company's shares are listed, the Articles of Association or other management rules and regulations of the Company. The specific duties of the general manager shall be performed in accordance with the Articles of Association and other management rules and regulations of the Company. The functions and powers of the general manager are expressly stated in Article 128 of the Articles of Association.

The Board comprises three non-executive Directors, namely Mr. Yiu Chiu Fai, Mr. Wang Kaibao and Mr. Wang Lijie. The term of office of Mr. Yiu Chiu Fai and Mr. Wang Lijie became effective from 28 July 2023, and the term of office of Mr. Wang Kaibao became effective from 16 August 2023. The term of office of each of the three non-executive Directors will end on 28 July 2026.

The Board comprises three independent non-executive Directors, accounting for more than one-third of the members of the Board. The three independent non-executive Directors are experts in accounting, energy technology and finance with appropriate qualifications. The chairman of the Audit Committee, Ms. Wong Yan Ki, Angel, has appropriate accounting and financial management expertise and experience, and her term of office became effective from 22 October 2023. The term of office of Mr. Di Zhigang and Ms. Leung Sin Yeng Winnie became effective on 28 July 2023 and 16 August 2023, respectively. The term of office of each of the three independent non-executive Directors will end on 28 July 2026.

The Board is committed to ensuring the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors. In addition to complying with the requirements of the Listing Rules on the composition of certain Board committees, the Company also appoints independent non-executive Directors to other Board committees to ensure independent views as far as possible. The Company also formulated and implemented the Mechanism for Ensuring Independent Views and Opinions of the Board (《確保董事會取得獨立觀點及意見機制》), whereby independent non-executive Directors (like other Directors) are entitled to seek for further information from the management on matters to be discussed at Board meetings. They can also seek assistance from the Company's company secretary and independent professional advice, where necessary, at the Company's expense. The Board has reviewed the implementation and effectiveness of this mechanism and confirmed the effectiveness of the policy and will continue to review the implementation and effectiveness of such mechanism.

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

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

Save for entering into service contracts and except as otherwise disclosed in this report, none of the Directors, supervisors and their connected entities had entered into any major transactions, arrangements or contracts with the Company directly or indirectly in 2023.

After making reasonable enquiry with the members of the Board, the Company confirms that none of the Directors have any interests in other businesses which compete or may compete with the businesses of the Company (for example, as a director, substantial shareholder, partner or sole proprietor).

A summary of the main work performed by the Board in 2023 is as follows:

- approved matters relating to the listing of the Company;
- approved the establishment of the first session of the Audit Committee, the Remuneration and Appraisal committee, the Nomination Committee and the Strategy Committee;
- considered and proposed the re-appointment of auditor; and
- approved the agenda for convening general meetings.

The Company places considerable emphasis on the training and continuous professional development of the Directors, and recognizes that personal development primarily relies on working experiences and requires various supplementary training. In 2023, the Company had encouraged Directors to participate in training, and has organised corporate training for its Directors. In these training programs, our Directors have reviewed and enhanced their knowledge and skills to ensure they are fully informed and qualified for performing their duties in the Board. In accordance with the records maintained by the Company, as at 31 December 2023, all Directors have received the training in accordance with the code provisions on continuous professional development under the Code.

The participation by each Director in training programmes and continuous professional development for the year ended 31 December 2023 is set out below:

Directors	Topic: Memorandum on Directors' Responsibilities for Companies Listed on the Main Board of The Stock Exchange of Hong Kong Limited	Topic: Duties and Responsibilities Training for Directors, Supervisors and Senior Management	Topic: Code of Practice for Company Directors: Avoiding Market Misconduct
Executive Directors			
Mr. Wang Zengguang	√	√	√
Mr. Qiao Erwei	√	√	√
	√	√	√
Non-executive Directors			
Mr. Yiu Chiu Fai			
Mr. Wang Kaibao	√	√	√
Mr. Wang Lijie	√	√	√
	√	√	√
Independent Non-executive Directors			
Ms. Wong Yan Ki Angel			
Mr. Di Zhigang	√	√	√
Ms. Leung Sin Yeng Winnie	√	√	√
	√	√	√

Audit Committee

The Board has established the Audit Committee.

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

The Audit Committee consists of three Directors, including Ms. Wong Yan Ki Angel (independent non-executive Director), Mr. Wang Kaibao (non-executive Director) and Mr. Di Zhigang (independent non-executive Director), and is chaired by Ms. Wong Yan Ki Angel.

Given the fact that the Company was not listed until 20 December 2023, no Audit Committee meeting was held during the year.

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2023.

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

Remuneration and Appraisal Committee

The Board has established the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee is primarily responsible for making recommendations to the Board on the Company's remuneration policy and structure for the Directors and management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. The committee also reviews compensation matters relating to the resignation of Directors or senior management.

The Remuneration and Appraisal Committee consists of three Directors, including Mr. Di Zhigang (independent non-executive Director), Mr. Yiu Chiu Fai (non-executive Director) and Ms. Leung Sin Yeng Winnie (independent non-executive Director), and is chaired by Mr. Di Zhigang.

Given the fact that the Company was not listed until 20 December 2023, no Remuneration and Appraisal Committee meeting was held during the year.

The Company has adopted code provision E.1.2 (c)(ii) contained in Part 2 of the Code, i.e. the Remuneration and Appraisal Committee recommends to the Board remuneration packages of individual executive Directors and senior management.

Nomination Committee

The Board has established the Nomination Committee.

The Nomination Committee is primarily responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The committee is also responsible for identifying, and assessing the suitability and qualification of, candidates to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships.

The Nomination Committee consists of three Directors, including Ms. Leung Sin Yeng Winnie (independent non-executive Director), Mr. Wang Zengguang (executive Director) and Ms. Wong Yan Ki Angel (independent non-executive Director), and is chaired by Ms. Leung Sin Yeng Winnie.

Given the fact that the Company was not listed until 20 December 2023, no Nomination Committee meeting was held during the year.

The Company has developed and adopted the Board Diversity Policy to enhance the effectiveness of the Board and maintain a high standard of corporate governance. When selecting candidates to the Board, the Nomination Committee will consider a wide range of factors, including but not limited to, the appropriate balance of gender, skills, age, cultural and education background, ethnicity, professional experience, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time, in order to achieve board diversity. The committee will also conduct discussions each year and agree on all the measurable objectives for board diversity, and will recommend to the Board relevant objectives for adoption.

Our Directors have a balanced mix of knowledge and skills, including overall corporate governance, business strategies and planning, engineering, finance and business administration. They also obtained degrees in various areas, including chemical engineering, economic management, materials science, finance, business administration, global business, accounting and law. The Company has three independent non-executive Directors with different industry backgrounds, accounting for over one-third of the Board members. In addition, the Board is of a wide range of ages, ranging from 36 to 55. The Board confirmed that the members of the Board of the Company are not all single-sex members, with Ms. Wong Yan Ki Angel and Ms. Leung Sin Yeng Winnie serving as independent non-executive Directors of the Company, showing that the Company puts a high value on female's opinions and views. To achieve gender diversity, the Company sets to achieve female participation at the board at no less than one female member, which has already been achieved. Taking into account our existing business model and specific needs as well as the different background and abilities of our Directors, our Directors are of the view that the current composition of our Board satisfies our board diversity policy. To achieve gender diversity, the Company sets to achieve female participation at different levels of the organisation of no less than 15%.

The Company is mainly engaged in the supply of hydrogenated benzene-based chemicals and energy products, and actively recruits talents in relevant disciplines. However, most of these disciplines are traditionally dominated by men, and given that the working environment involves high temperature and the operation of heavy machinery, fewer females work in the industry, presenting challenges for the Company's diversity effort. With a view to developing a pipeline of potential successors to our Board that may achieve gender diversity, we will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management staff who has the necessary skills and experience to our Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to our senior management or our Board so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time. Nevertheless, in order to achieve gender diversity and attract more women to join the Group, the Company provides tangible benefits to female employees, including: organizing regular physical examination activities for female employees each year; providing nursing room and other ancillary facilities for female employees to breastfeed during work hours. During the Reporting Period, the female employees of the Company (including senior management) accounted for approximately 19% of the total employees. Therefore, the Board confirmed that the Company has achieved the measurable objective of gender diversity. Moreover, the Company confirms that this policy is effective and it will continue to review the feasibility of this goal and the challenges and factors faced in achieving the objective. It will also actively participate in more welfare discussions for female employees to attract more women to join the Company.

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

- reputation and integrity;
- achievements, talents, skills, knowledge and experience in the hydrogenated benzene-based chemicals and energy products industries, business and economics area, accounting;

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

- commitment in respect of available time and relevant interest;

- independence of independent non-executive Directors; and

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

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

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

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

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

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

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

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

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

Strategy Committee

The Board has established the Strategy Committee.

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

The Strategy Committee consists of three Directors, including Mr. Wang Kaibao (non-executive Director), Mr. Wang Zengguang (executive Director) and Mr. Wang Lijie (non-executive Director), and is chaired by Mr. Wang Zengguang.

Auditor's Remuneration

The auditor of the Company is Deloitte Touche Tohmatsu ("**Deloitte**"). The Directors do not have any opinion to the contrary on the selection and appointment of Deloitte as the auditor. For the year ended 31 December 2023, the remuneration of Deloitte and its related parties for audit and non-audit services was approximately RMB5.47 million and approximately RMB0.67 million, respectively.

The non-audit services provided to the Group represented the review of the internal control system of the Group and the assurance of the environmental, social and governance report of the Company.

Responsibilities of Directors and Auditor for Financial Statements

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

The financial statements of the Company for the year ended 31 December 2023 have been reviewed by the Audit Committee and audited by the external auditor, Deloitte. The Directors confirm their responsibilities of preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

The statement of the auditor about its reporting responsibilities on the financial statements will be contained in the annual report of the Company for the year ended 31 December 2023.

Company Secretary

The company secretary of the Company is Ms. Lee Kwan Ying Adrienne. The company secretary has attended relevant professional training for no less than 15 hours.

Shareholders' Rights

Pursuant to the Articles of Association, shareholders holding 10% or more of the Company's outstanding shares carrying voting rights may request in writing that an extraordinary general meeting be convened. Please refer to Article 48 of the Articles of Association for the detailed procedure regarding such shareholder's request for convening an extraordinary general meeting.

Pursuant to the Articles of Association, when the Company convenes a general meeting, shareholders individually or jointly holding 3% or more of the Company's shares carrying voting rights shall have the right to put forward a new proposal in writing to the Company by any of the means mentioned below in the "Communications with Shareholders and Investors" section. The Company shall include the contents of the proposal that fall within the scope of power of the shareholders' general meeting into the agenda of the said meeting.

Communications with Shareholders and Investors

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

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

We maintain a corporate website (www.jyqhhg.com) to keep our shareholders and the investing public informed about our share price information, latest business developments, annual and interim results announcements, financial reports, public announcements, corporate governance policies and practices and other relevant shareholder information.

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

- Mail a letter to the Company's principal place of business in Hong Kong at 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong, addressed to the company secretary;

- Call the Company at +852 3115 7766;

- Send an email to the Company at adriennelee@hnjmny.com; or

- Raise enquiries at the general meeting.

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

The Company's vision is to advance industry-wide technological progress, build an environment-friendly and energy-saving enterprise and fulfil corporate social responsibilities so as to achieve its core values of integrating efficiency, benefit and responsibility. Led by such vision and core values on the way to achieving its mission, the Group incorporates economic growth, environmental protection and social responsibility into its business strategies, and creates sustainable value for customers with high-quality products. Building a healthy corporate culture within the Group is crucial for the Company to achieve its vision and mission of sustainable development. The Board of Jinyuan has the responsibility to build a corporate culture to provide guidance for employees' behaviour. The Board of the Company has evaluated and confirmed that the Company's vision, values and business strategies are in line with its corporate culture.

Principle of Development

The Company is steadfast in promoting high-quality development. It has won the titles of provincial-level innovative small- and medium-sized enterprise, smart factory, and quality benchmark enterprise, and received approval to set up the Henan Engineering Technology Research Centre for Crude Benzene Refining Process, laying a solid foundation for innovation and accelerating the cultivation of new productive forces. Striving to build a first-grade enterprise in safe production standardisation and an A-class enterprise in environmental performance, the Company has continuously improved the intrinsic safety standards and vigorously promoted green and low-carbon recycling development. It has also worked hard to enhance the comprehensive competencies and qualities of employees to build a first-class team and the Company's core competitiveness.

Principle of Integrity

Integrity is the basic principle that the employees of Jinyuan shall follow when they cooperate with each other and conduct business activities with commercial partners. Jinyuan has formulated human resource management policies to build a mutually respectful, inclusive and friendly environment in the workplace. In terms of business ethics, the guidelines for employee conduct are set out in the Group's code of conduct and anti-corruption policies. In order to support the implementation of the above policies, the Group offers relevant training courses on a regular basis to promote and reinforce the Group's values of acting in a lawful, ethical and responsible manner.

Achievement of Excellence

The Company has been awarded the 2023 Advanced Unit (Special Contribution Unit for High-Quality Development) in the Jiyuan High-tech Zone, included in the list of Quality Benchmark of Henan Province for 2023 by the Department of Industry and Information Technology of Henan (for its application experience in implementing automated manufacturing to enhance product quality), included in the list of Jiyuan's municipal-level engineering technology research centres whose establishment has been initially approved by the Industrial and Technological Innovation Committee of the Jiyuan Demonstration Zone in 2023, and awarded the Labor Security Integrity Rating of the Jiyuan Demonstration Zone for 2023 by the Human Resources and Social Security Bureau of the Jiyuan Industry-City Integration Demonstration Zone. It also obtained the Energy Management System Certification and certifications for chemical enterprises in sodium carbonate, coking, rubber and plastic products, pharmaceuticals and others. The Company ranked 86th on the list of Henan Province's demonstration enterprises for digital transformation of SMEs in 2023, and was included in the list of engineering technology research centres of Henan Province in 2023.

Development Strategies

The Group intends to implement the following strategies to further grow our business, strengthen our market position, and create value for our Shareholders:

(a) in respect of hydrogenated benzene-based chemicals, to invest in production efficiency and safety, and environmental protection and continue to upgrade our production facilities to maintain our market position in the hydrogenated benzene-based chemicals industry;

(b) in respect to LNG, to improve the efficiency and stability of production and reduce production costs; and

(c) in respect to hydrogen, to focus on hydrogen supply to fuel cell vehicles, build a network of hydrogen gas stations and expand the Group's footprint in hydrogen energy industry chain.

Administrative Rules on Anti-Fraud and Whistleblowing Mechanism

In order to prevent fraud, strengthen the Company's governance and internal control, reduce corporate risks, regulate its operation, ensure the achievement of its operation goals and sustainable, stable and healthy development, and safeguard the legitimate interests of the Company and its Shareholders, the Company has formulated the Administrative Rules on Anti-Fraud and Whistleblowing Mechanism based on its actual circumstances.

Risk Management and Internal Control

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

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

Risk management and internal control procedures

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

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

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

- ***Risk management procedures***

  First, establish a Risk Database for risk management at three levels, classify the risk levels based on the features or processes of the operation and management activities that involve risks, identify and set a list of risks; then assess the identified risks in terms of their possibilities of occurrence and impacts through scored surveys and questionnaires, and rank the risks based on their levels of importance; last, conduct risk diagnosis for risk liabilities, and provide suggestions for dealing with the risks.

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

  Pursuant to the Company's Internal Control Evaluation Policy and the operation monitoring – internal evaluation of internal control procedures as set out in the Internal Control Manual, as well as the requirements of the Audit Committee, the Audit Department carries out risk and internal control evaluation on a regular basis.

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

  If the Audit Department, externally-engaged consulting firms or listing regulatory authorities identify any material internal control deficiencies, the Company's Administration Department shall respond to such deficiencies as material and key risks facing the Company, and shall develop countermeasures and improve the Company's Risk Database and internal control processes in a timely manner.

- ***Internal control measures***

  The Company has established and clearly defined internal control organisational bodies and their responsibilities. The Board is the decision-making body on internal control. It is responsible for establishing a sound internal control system and its effective implementation, and for reviewing the effectiveness of the internal control system design, supervising the self-evaluation of internal control, as well as coordinating internal control audit and other relevant matters. The Company's Administration Department is the centralised management department for internal control system operation, and is responsible for organising the establishment, daily maintenance and supervision of the internal control system. The Company's Audit Department is the centralised management department for internal control system evaluation, and is responsible for organising the evaluation of internal control system. The Company's various departments are internal control execution departments, and are responsible for implementing the management policies and business processes within their respective scope of responsibilities, as well as for conducting self-supervision of such implementations. As part of our internal control measures, the Company has established appropriate internal controls and mechanisms to monitor related-party transactions, connected transactions and continuing connected transactions (if any) to ensure compliance with the relevant requirements of the Listing Rules.

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

- ***Handling and dissemination of inside information***

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

Opinions of the Audit Committee

The Audit Committee reviews the Group's risk management and internal control system annually. Based on the management's assessment, the Audit Committee reviewed and firmly believed that there was no event that led the Audit Committee to believe that the Company's risk management and internal control system (covering finance, operations, compliance and all other material controls) were inadequate and no significant control failings or weaknesses were identified during the Reporting Period, and will identify, assess and manage the significant risks facing the Company on an ongoing basis. The Audit Committee has also reviewed the adequacy of resources, staff qualifications and experience, training programmes received by staff and budget of the Company's accounting, internal audit, financial reporting functions and ESG performance and reporting, and considered that the Group's risk management and internal control system was adequate and effective and the Company concurred with the opinions of the Audit Committee. The Audit Committee also considered that the Company's processes for financial reporting and Listing Rule compliance were effective.

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

Purchase, Sale or Redemption of Securities of the Company

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, being consistent to the amounts set out in the audited consolidated financial statements for the year approved by the Directors. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2023, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters. The Audit Committee was established in compliance with Appendix C1 to the Listing Rules. The Audit Committee is delegated to assist the Board to discharge its responsibilities of ensuring the financial reporting, risk management and internal control systems of the Company are effective and compliant with the Listing Rules, and its duties of conducting auditing work on the Group. The Audit Committee comprises three members, Ms. Wong Yan Ki Angel, Mr. Wang Kaibao and Mr. Di Zhigang.

RELATED MATTERS

Payment of Dividends

The Board recommended the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2023 in cash to shareholders whose names appear on the register of members of the Company on 2 June 2024. The final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 22 May 2024 (the "**AGM**"). The final dividend is expected to be distributed on or before 19 July 2024.

The final dividend of unlisted shares of the Company will be declared and paid in RMB, whereas the final dividend of the relevant H shares will be declared in RMB and paid in HKD, and its applicable exchange rate will be calculated according to the average of the exchange rates for RMB to HKD as announced by the People's Bank of China for the seven calendar days prior to the date of convening the AGM.

Tax on Dividends for H Shareholders

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

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

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

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

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

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

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

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

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

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

Annual General Meeting

The AGM will be held on (Wednesday) 22 May 2024. The notice of the AGM will be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.jyqhhg.com in due course.

To attend and vote at the Annual General Meeting

For determining the entitlement to attend and vote at the AGM to be held on (Wednesday) 22 May 2024, the Company will not process registration of transfers of the H shares of the Company from (Friday) 17 May 2024 to (Wednesday) 22 May 2024 (both days inclusive).

To qualify for attendance and voting at the AGM, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company's H-share Registrar and Transfer Office (the "**Company's H-share Registrar**"), Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on (Thursday) 16 May 2024. Holders of unlisted shares should contact the secretary to the board of Directors (the "**Secretary to the Board**") at West First Ring Road South, Jiyuan, Henan Province, the PRC for details concerning registration of transfers of unlisted shares.

To qualify for the proposed distribution of final dividend

As disclosed in this report, the Board ("**Board**") recommended the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2023, which is subject to the approval of the shareholders of the Company at the AGM.

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

For holders of H shares of the Company

Latest time to lodge transfer documents for registration	4:30 p.m. on (Monday) 27 May 2024
Closure of register of members	From (Tuesday) 28 May 2024 to (Sunday) 2 June 2024 (both days inclusive)
Record date	(Sunday) 2 June 2024
Final dividend payment date	On or before (Friday) 19 July 2024

During the above closure period, no transfer of H shares will be registered. To be eligible to qualify for the final dividend and special dividend, if any, documents on transfers of H Shares, accompanied by the relevant share certificates must be lodged for registration with the Company's H-share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on (Monday) 27 May 2024.

For holders of unlisted shares of the Company

Closure of register of members	From (Tuesday) 28 May 2024 to (Sunday) 2 June 2024 (both days inclusive)
Record date	(Sunday) 2 June 2024
Final dividend payment date	On or before (Friday) 19 July 2024

During the above closure period, no transfer of shares will be registered. Holders of unlisted shares should contact the Secretary to the Board at West First Ring Road South, Jiyuan, Henan Province, the PRC for details concerning registration of transfers of unlisted shares.

Publication of the Annual Report

The 2023 annual report of the Company will be made available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.jyqhhg.com in due course.

By order of the Board
Henan Jinyuan Hydrogenated Chemicals Co., Ltd.*
Wang Zengguang
Executive Director

Hong Kong, 26 March 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Zengguang and Mr. Qiao Erwei; the non-executive Directors of the Company are Mr. Yiu Chiu Fai, Mr. Wang Kaibao and Mr. Wang Lijie; and the independent non-executive Directors of the Company are Ms. Wong Yan Ki Angel, Mr. Di Zhigang and Ms. Leung Sin Yeng Winnie.

* *For identification purposes only*