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

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

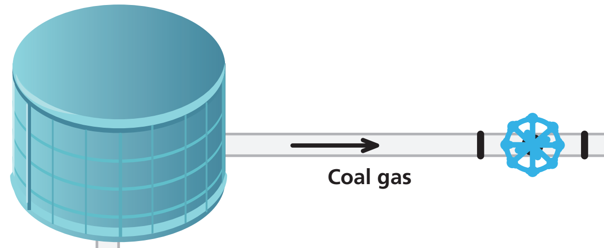
Stock Code: 6885

2023
ANNUAL REPORT

CONTENTS

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

Jinning Energy:
Storage and sale of coal gas

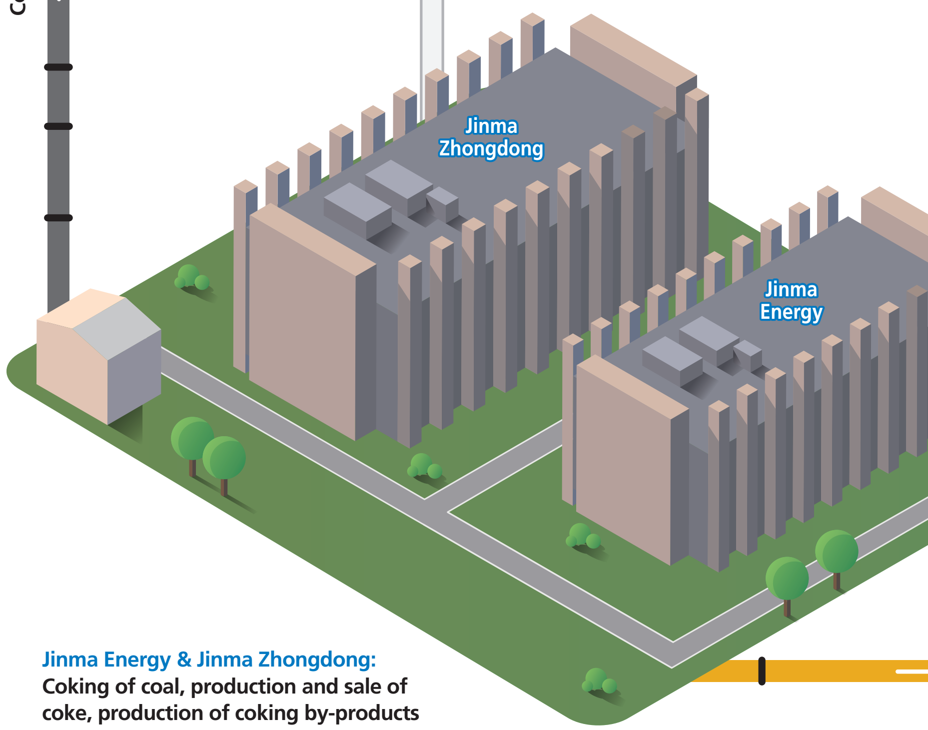


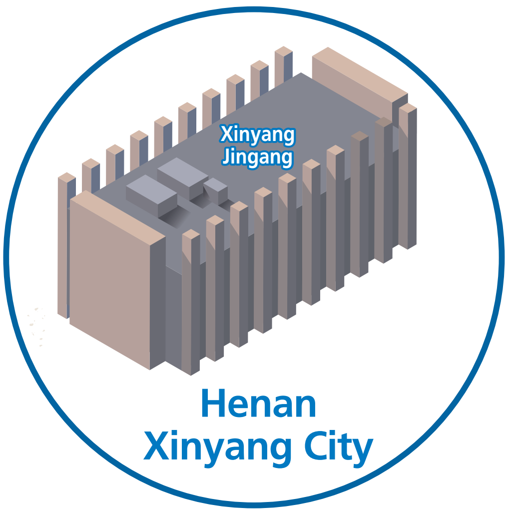
Bohigh Chemical:
Coal tar processing, production and sale of coal tar based chemicals

Coal tar

Coal gas

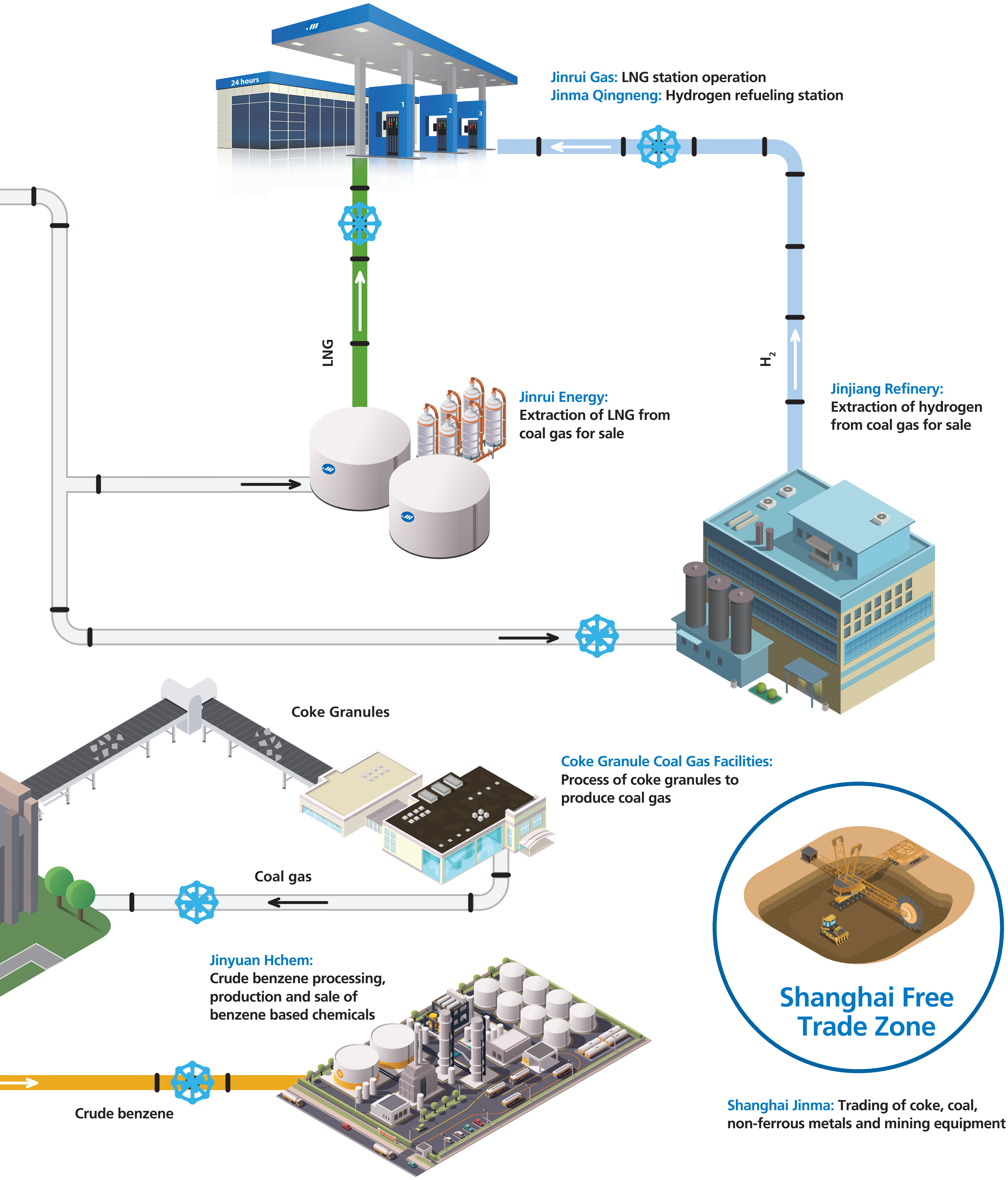
Jinma Energy Production Control Center





Xinyang Jingang:
Coking of coal, production and sale of coke, heat and electricity

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


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

Spin-off and listing of Jinyuan Hchem

In the morning of 20 December 2023, Henan Jinyuan Hydrogenated Chemicals Co., Ltd. (stock code: 2502), a subsidiary of our Company, was officially listed on the Main Board of the Hong Kong Stock Exchange. The successful listing of Jinyuan Hchem, thanks to which the Group has had two listed companies, injected new impetus into the high-speed operation of the enterprise and marked a new chapter in the high-quality development of the enterprise.

20th Anniversary

The Company held a series of activities celebrating its 20th anniversary on 20 September 2023. For 20 years, the Company boosted the development of a recycling economy and deeply promoted the synergic development of upstream and downstream industry chains. The Company evolved from a single coking enterprise to a green and low-carbon energy and chemical enterprise integrating energy and chemical, refined chemical, clean energy, hydrogen energy industry and trading. Looking forward, the Company will forge ahead continuously towards the target of creating the largest hydrogen energy supply base in Henan province and building an innovative modern energy chemical enterprise.

Corporate Accolades

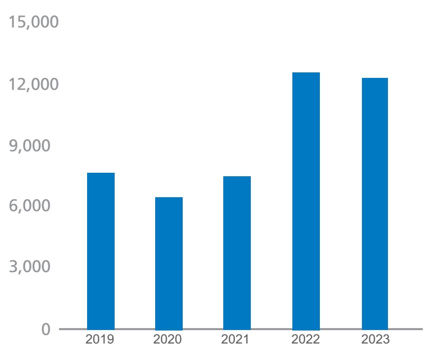
In 2023, the Company received again the honor of Henan Top 100 Enterprises (河南企業 100 強) and ranked 57th, and the Top 100 Henan Enterprises in Manufacturing Industry (河南製造業企業 100 強) and ranked 35th. The Company also won the honor of Charitable Company with a Caring Heart (愛心捐贈企業) in the first Henan Charity Award (河南慈善獎). This honor is the highest government award in the realm of charity in Henan Province, hosted by the Henan provincial government of China and undertaken by the Civil Affairs Department of Henan Province, which aims to recognize individuals, enterprises, institutions and projects that have enthusiastically participated in and supported the development of charity in Henan Province, and have made outstanding contributions and have greater social impact in the realm of charity. The above honors comprehensively reflect the continuous improvement of the Company in the aspects of technological innovation, environmental protection, caring for staff and social charity.

FIVE YEAR FINANCIAL HIGHLIGHTS

Revenue

For the year ended 31 December

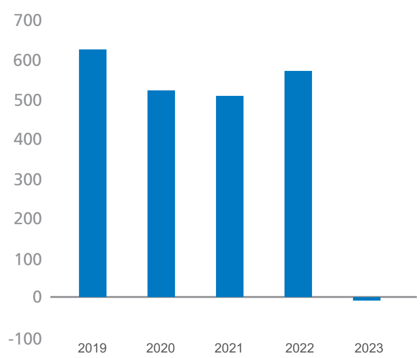
RMB million RMB**12,072.3** million



Profit for the year

For the year ended 31 December

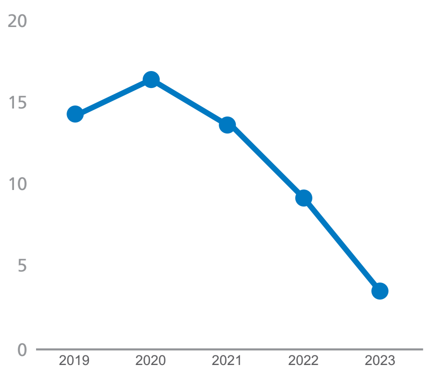
RMB million RMB**-6.1** million



Gross profit margin

For the year ended 31 December

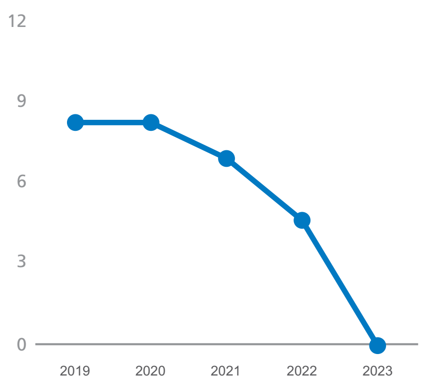
% **3.7%**



Net profit margin

For the year ended 31 December

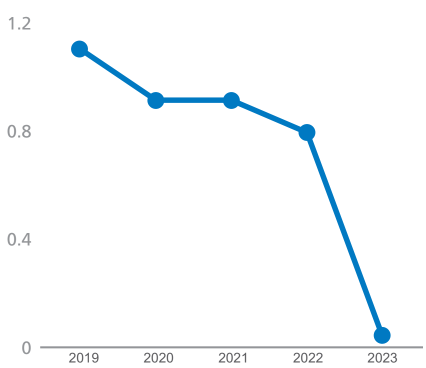
% **-0.1%**



Basic earnings per share

For the year ended 31 December

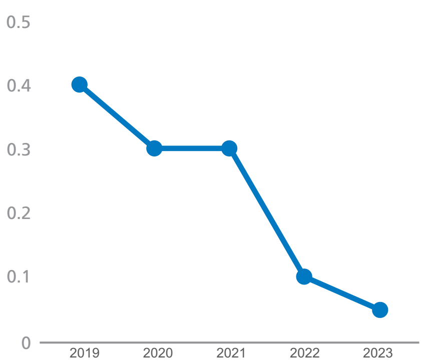
RMB RMB**0.04**



Dividend per share

For the year ended 31 December

RMB RMB**0.05** per share

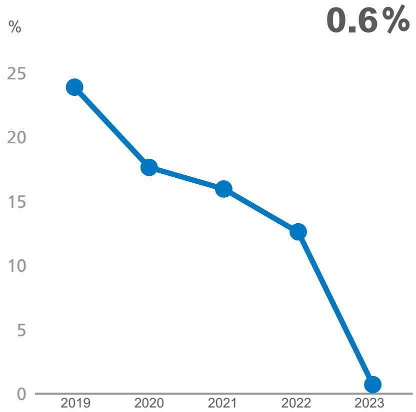


Note: The above figure shows the dividend distribution of the Company for the years, which included the paid interim dividend and the final dividend recommended by the Board.

Return on equity

For the year ended 31 December

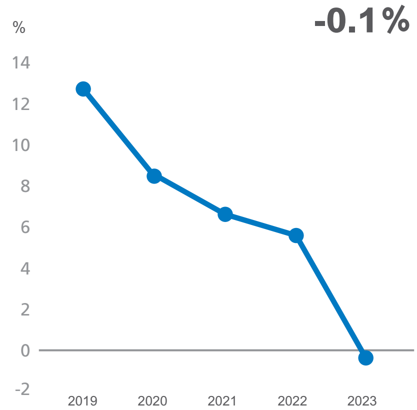
0.6%



Return on assets

For the year ended 31 December

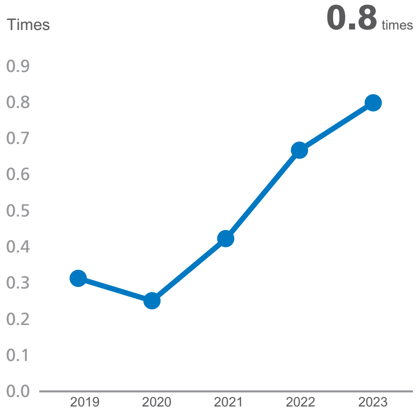
-0.1%



Gearing ratio

For the year ended 31 December

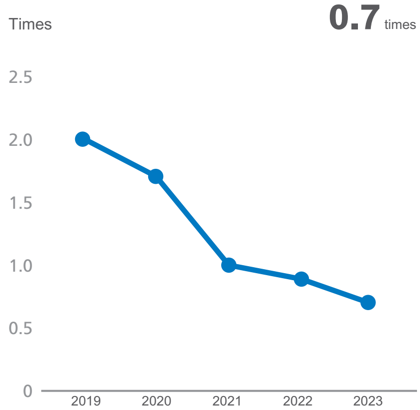
0.8 times



Current ratio

For the year ended 31 December

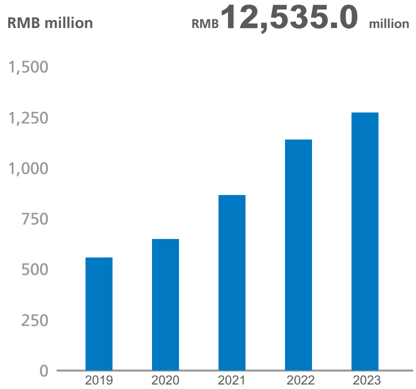
0.7 times



Total assets

As at 31 December

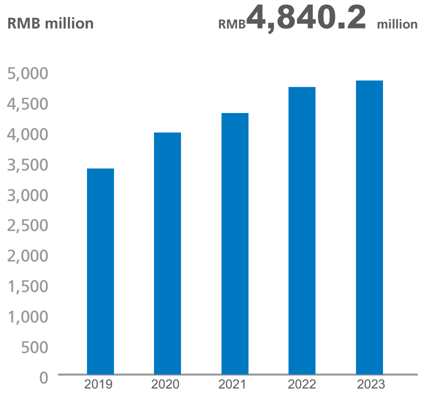
RMB 12,535.0 million



Total equity

As at 31 December

RMB 4,840.2 million



CHAIRMAN'S STATEMENT

I am pleased to present the annual results for the Group for the year ended 31 December 2023 (the "**Year**"), the seventh year after the listing of the Company.

2023 was a difficult year. We left the epidemic behind, but the economic recovery was slow. The real estate sector, which contributed to more than 20% of China's GDP, was still experiencing difficulties, bringing the steel industry into a period of production and price decline. As the downstream of the steel industry, the coal and coke industry entered into a period of stagnation. The Jinma Group recorded the lowest gross profit since its listing in 2017. The profit attributable to owners of the Company significantly declined from approximately RMB422.0 million in 2022 to approximately RMB22.3 million in 2023.

The joint venture company (Xinyang Jingang) established by the Group and Xinyang Co in 2020 has invested in the construction of an advanced heat recovery coke furnace project of approximately 1.6 million tons. The first phase of the project was put into production as scheduled in December 2022 and was fully operational in 2023, producing approximately 0.72 million tons of coke, but in the face of gross profit pressure, the second phase of the project that was originally planned to be put into production in 2023 will be delayed. Coke prices decreased by more than 20% in the first quarter of 2024, but as the price of steel products recover in April 2024, coke prices followed the same trend and recovered from its bottom. If the rebound trend continues and coal and coke gross profit is optimised, the Company expects that Xinyang Jingang Phase II coke furnace might be able to commence operation in the fourth quarter in 2024.

In order to promote the sustainable and stable development of the Company and its subsidiaries, while keeping in line with the Group's long-term strategy of expanding its clean energy value chain business, and to benefit from the strategic policy of the Government of the People's Republic of China to develop clean energy, the Board of Directors resolved to spin off and list its core energy products business. The business mainly focuses on the production and distribution of LNG and hydrogen, and the ongoing development of high-purity hydrogen production, transportation, storage and refuelling; as well as the hydrogenation and further processing of coking by-products into more refined products (including new materials). The Company obtained confirmation from the Stock Exchange in May 2023 that the Company can proceed with the spin-off, and successfully listed its subsidiary, Jinyuan Hchem (stock code: 02502.hk), on 20 December 2023 on the Main Board of the Stock Exchange and raised net funds of approximately RMB237.8 million, which meets the funding needs for the development of hydrogen and other clean energy projects.

Looking forward, the Group's core coking business will continue to optimise the production efficiency, cost and quality on its current scale to remain the preferred coke product for customers. Jinyuan Hchem will focus on building hydrogen gas stations in Zhengzhou, Henan Province and its neighbouring cities, to meet the trend of the widespread use of hydrogen-powered vehicles.

In view of the results of operations of the Company, the Board of the Jinma Energy recommended that no payment of final dividend will be made to the shareholders of the Company. Taking into account an interim dividend of RMB0.05 per share that had been distributed in 2023, the full-year dividend in 2023 amounted to RMB0.05 per share.

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

HENAN JINMA ENERGY COMPANY LIMITED
Yiu Chiu Fai
Chairman
29 April 2024

OVERVIEW

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

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

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

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

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

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

General Economic Conditions and the Demand in Downstream Industries

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

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

Prices of the Group's Raw Materials and Products

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

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

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

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

- prices of chemicals and LNG in the international market; and

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

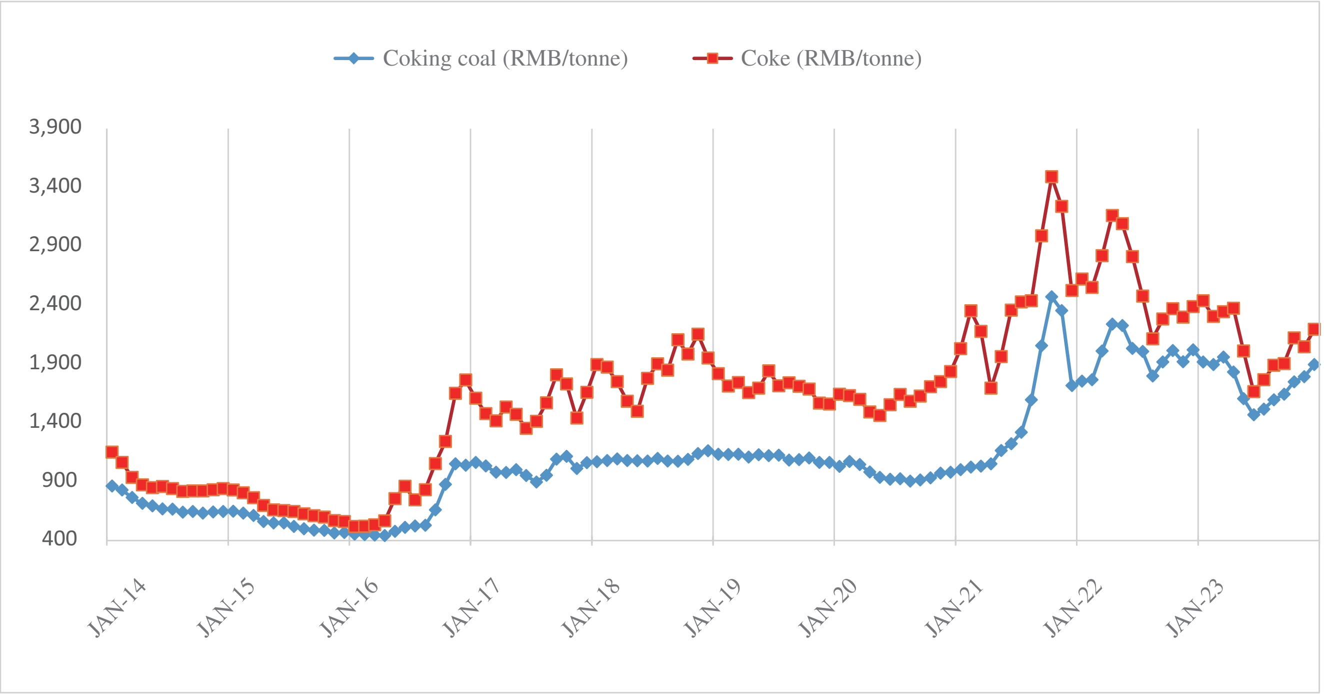
The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during 2023 and 2022 according to the Group's internal records.

	Year ended 31 December	
	2023	2022
	Average selling price[(1)]	Average selling price[(1)]
	RMB/tonne (except coal gas in RMB/m^3)	RMB/tonne (except coal gas in RMB/m^3)
Coke	**2,235.74**	2,768.78
Coke	**2,366.59**	2,930.02
Coke breeze	**1,233.18**	1,625.88
Refined Chemicals		
Benzene based chemicals	**6,312.49**	7,102.14
Pure benzene	**6,468.50**	7,171.24
Toluene	**6,465.35**	6,505.35
Coal tar based chemicals	**4,491.57**	5,333.80
Coal asphalt	**4,752.35**	5,795.35
Anthracene oil	**4,072.05**	4,824.56
Industrial naphthalene	**5,034.84**	4,757.89
Energy Products		
Coal gas	**0.83**	0.74
LNG	**4,360.35**	6,128.70

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

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

Increases or decreases in the prices of coal may not immediately result in changes in the prices of the Group's products or vice versa. In a rising market for the Group's products, the Group may benefit from the widening spread between the prices of raw materials and the Group's products. While in a falling market for the Group's products, the Group may suffer from the narrowing spread, and the final price spread of coal coke (coal and coke) is also affected by the respective volatilities. The following chart shows the average purchase price of coking coal and the average selling price of coke (net of VAT) from 2014 to December 2023 according to the internal records:



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

Production and Sales Volume

The fluctuations of the Group's results of operations were mainly driven by the changes in the average selling price of the Group's products and the average purchase price of coal, while the sales volume of the Group's products was mainly determined by the Group's production volume. The production of the Group in 2023 remained stable, with production capacity utilization rate of each of the principal products substantially maintained. In essence, full sales of the Group's products have been consistently achieved. In 2023, the Group's production for coke was approximately 3.8 million tonnes, and the processing volume for coal tar and crude benzene was approximately 173,000 tonnes and 244,000 tonnes respectively. While the production of LNG was approximately 70,000 tonnes.

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 RMB3,893.8 million and RMB3,143.1 million, respectively. The Group's finance costs for the years ended 31 December 2023 and 2022 were approximately RMB125.4 million and RMB94.2 million, respectively, accounting for approximately 1.0% and 0.8% of the Group's total revenue for the respective periods. The Group's ability to pay the interest incurred with respect to the borrowings, or repay or refinance the Group's borrowings could have an impact on the financial position and operation results of the Group.

RESULTS OF OPERATIONS

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Revenue	12,072,303	12,448,644
Cost of sales	(11,623,836)	(11,307,824)
Gross profit	448,467	1,140,820
Other income	103,237	51,121
Other gains and losses	(14,042)	(25,658)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	858	48,821
Selling and distribution expenses	(293,018)	(251,033)
Administrative expenses	(178,405)	(173,081)
Finance costs	(125,369)	(94,182)
Share of result of a joint venture	15,788	28,482
Share of result of associates	(8,474)	1,969
(Loss) profit before tax	(50,958)	727,259
Income tax credit (expense)	44,895	(156,475)
(Loss) profit for the year	(6,063)	570,784
Other comprehensive Income/(Expense):		
Item that may be reclassified subsequently to profit or loss:		
Fair value gain (loss) on bills receivable at fair value through other comprehensive income ("**FVTOCI**"), net of income tax	15	(36)
Total comprehensive (expense) income for the year	(6,048)	570,748
Profit (loss) for the year attributable to:		
– Owners of the Company	22,324	421,950
– Non-controlling interests	(28,387)	148,834
	(6,063)	570,784
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	23,372	422,423
– Non-controlling interests	(29,420)	148,325
	(6,048)	570,748
Earnings per share (RMB)	0.04	0.79

Consolidated Financial Information

- **Revenue and Gross Profit Margin**

  In 2023, the prices of the Group's major products (coke, refined chemicals and natural gas) decreased in line with the overall economic conditions, while the Group's revenue in 2023 only decreased by approximately RMB376.3 million (or approximately 3.0%) to approximately RMB12,072.3 million, as the Phase I coking furnace with 800,000 tonnes capacity of Xinyang Jingang was put into full operation. However, the magnitude of price decrease of the raw materials for each of the major products of the Group did not match with the decrease in prices of its products, leading to a decrease in the gross profit margin of the Group from 9.2% in 2022 to 3.7% in 2023. For details, please refer to the section headed "Business Segment Result" in this chapter.

- **Other Income**

  Other income substantially increased from approximately RMB51.1 million in 2022 to approximately RMB103.2 million in 2023, mainly due to the repayment of interest of approximately RMB44.7 million by Yilong Coal in 2023 on a receivable due.

- **Other Gains and Losses**

  Other gains and losses substantially decreased from a net loss of approximately RMB25.7 million in 2022 to a net loss of approximately RMB14.0 million in 2023. The decrease was mainly attributable to the gains recognised due to the transfer of the Company's 33% equity interest in Yilong Coal (which has been fully written off in 2021) at the consideration of approximately RMB26.4 million in 2023.

- **Impairment Losses under Expected Credit Loss Model, Net of Reversal**

  The Group's expected credit impairment reversal decreased significantly from approximately RMB48.8 million in 2022 to approximately RMB0.9 million in 2023, which was mainly due to the impairment reversal of approximately RMB45.0 million in 2022 as a result of the successful recovery of the long-term receivable due from an associate company (Yilong Coal) with impairment losses provided in 2020.

- **Selling and Distribution Expenses**

  Selling and distribution expenses increased from approximately RMB251.0 million in 2022 to approximately RMB293.0 million in 2023. The increase was mainly due to an increase in selling tonnage of coke as the Phase I coking furnace with 800,000 tonnes capacity of Xinyang Jingang has been put into full operation in 2023.

- **Administrative Expenses**

  Administrative expenses remained stable with a slight increase by approximately RMB5.3 million or approximately 3.1% from approximately RMB173.1 million in 2022 to approximately RMB178.4 million in 2023.

- **Finance Costs**

  Finance costs increased by approximately RMB31.2 million or approximately 33.1% from approximately RMB94.2 million in 2022 to approximately RMB125.4 million in 2023. This increase was mainly because the Phase I coking furnace with 800,000 tonnes capacity of Xinyang Jingang has been put into full operation in 2023, and the interests on its construction finance in the previous year were capitalized while the relevant interests were set as finance costs after such coking furnace has been operating at full production capacity in 2023.

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

  Share of result of a joint venture decreased by approximately RMB12.7 million or approximately 44.6% from approximately RMB28.5 million in 2022 to approximately RMB15.8 million in 2023. The decrease was mainly attributable to the decrease in operating profit, which was due to (i) the decrease in the production and sales of hydrogen as the joint venture (Jinjiang Refinery) was shut down for maintenance in 2023 and (ii) the increase in the price for coal gas procurement.

- **Share of Result of Associates**

  The associated company, Xiamen Jinma, which was established in March 2022, recorded a profit in 2022, the Group thus shared the profit of approximately RMB2.0 million. However, in 2023, Xiamen Jinma recorded a loss due to price inversion in the purchase and sale of goods, the Group thus shared a loss of approximately RMB8.5 million.

- **Profit before Tax**

  As a result of the foregoing, the Group's profit before tax significantly decreased by approximately RMB778.3 million or approximately 107.0% from approximately RMB727.3 million in 2022 to a loss of approximately RMB51.0 million in 2023.

- **Income Tax Expense**

  As a result of the above losses, our income tax expense in 2023 significantly decreased by approximately RMB201.4 million or approximately 128.7% from approximately RMB156.5 million in 2022 to a revenue from deferred income tax of approximately RMB44.9 million in 2023.

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

  The comprehensive loss from the changes in fair value of the bills receivable through other comprehensive income ("**FVTOCI**") at the end of 2022 was approximately RMB0.04 million, and it achieved a gain of approximately RMB0.02 million in 2023.

- **Total Comprehensive Income/(Loss) for the Year**

  As a result of the foregoing, the Group's total comprehensive income significantly decreased by approximately RMB576.8 million or approximately 101.1% from approximately RMB570.8 million in 2022 to a loss of approximately RMB6.0 million in 2023, while the comprehensive income attributable to the owners of the Company was approximately RMB23.4 million.

Business Segment Result

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

	Year ended 31 December							
	Segment revenue		Segment results		Segment gross margin		Percentage in total revenue of the Group	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**%**	%	**%**	%
Coke	**8,351,413**	8,550,856	**464,420**	953,113	**5.6**	11.1	**69.2**	68.7
Refined Chemicals	**2,243,700**	2,175,112	**(75,976)**	4,032	**(3.4)**	0.2	**18.6**	17.5
Energy Products	**867,224**	736,454	**9,024**	109,673	**1.0**	14.9	**7.2**	5.9
Trading	**525,430**	889,176	**28,864**	56,324	**5.5**	6.3	**4.4**	7.1

In 2023, the Phase I coking furnace with 800,000 tonnes capacity in Xinyang Jingang was put into full operation and hence the Group's selling tonnage of coke increased by approximately 22.2% as compared with 2022. However, the segment revenue for 2023 decreased by approximately 2.3% due to the average selling price of coke decreased by approximately 19.0%. Meanwhile, the average purchase price of coal, which is the major raw material for the production of coke, only decreased by approximately 13% in 2023 as compared with 2022, and therefore the coke segment result decreased by approximately 51.3% in 2023 as compared with 2022, while the gross profit margin of the coke segment also decreased from approximately 11.1% in 2022 to approximately 5.6% in 2023.

The Group's refined chemicals produced from coal coking are also by-products of oil industry. The petroleum price recovered from 2020 and has declined from the peak in mid-2022 to date, and as a result, the average selling price of the Group's refined chemicals also decreased as compared with 2022, with a decrease of approximately 11.1% for benzene based products and approximately 15.8% for tar based products. However, the raw materials of the Group's refined products are derived from the coking of coal, and the price adjustment extent is different from its products, which resulted in a significant downward adjustment of the gross profit as well, with the gross profit margin adjusted downward from approximately 0.2% in 2022 to approximately -3.4%. In the fourth quarter of 2023, the capacity of benzene based products increased from 200,000 tonnes to 400,000 tonnes, and its sales volume increased by approximately 24.6% as compared with 2022, and the revenues of the refined chemicals segment increased by approximately 3.2% as a result.

For the energy products segment, other than LNG and coal gas, its major products were newly increased by electricity generated from Phase I coking furnace with 800,000 tonnes capacity of Xinyang Jingang in 2023, and the sales amounted to approximately RMB205.0 million, which offset the decrease in revenue of LNG due to the decline in its selling price, and the segment recorded an increase in revenue of approximately 17.8% as compared with 2022. For segment results, the average selling price of LNG decreased by approximately 28.9% compared to the then selling price which was pushed up in 2022 due to the war in Eastern Europe. However, its gross margin also decreased significantly as the purchase price of its raw materials for production did not decline accordingly, affecting the results of the energy segment by nearly 92%.

The trading segment's revenue in 2023 decreased by approximately RMB363.7 million or approximately 40.9% as compared with 2022. This decrease was mainly due to the decrease in the volume of coke trading business when coke prices fell, and the gross profit margin was correspondingly adjusted downward from approximately 6.3% in 2022 to approximately 5.5% in 2023.

FINANCIAL POSITION

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 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, in addition, the Group also aims to maintain a certain level of excess cash to meet unexpected needs.

Cash Flow

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net cash from operating activities	**69,988**	997,014
Net cash used in investing activities	**(898,718)**	(1,828,031)
Net cash from financing activities	**832,653**	1,167,556
Net increase in cash and cash equivalents	**3,923**	336,539
Cash and cash equivalents at the beginning of the year	**913,992**	576,951
Effect of foreign exchange rate changes	**(46)**	502
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**917,869**	913,992

- **Cash Flow from Operating Activities**

  The Group's net cash from operating activities of approximately RMB70.0 million for 2023 was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB349.0 million; (ii) decrease in trade and other receivables of approximately RMB322.0 million. Yet the net cash inflow from operating activities are partially offset by (iii) increase in inventories of approximately RMB262.5 million; (iv) decrease in trade and other payables of approximately RMB213.7 million; (v) decrease in contract liabilities of approximately RMB165.9 million; (vi) income tax paid of approximately RMB32.4 million.

- **Cash Flow from Investing Activities**

  The Group's net cash used in investing activities of approximately RMB898.7 million for 2023 was primarily due to (i) acquisition of property, plant and equipment of approximately RMB1,000.5 million; (ii) payments for right-of-use assets of approximately RMB111.9 million; (iii) loans to other companies of approximately RMB52.5 million; and yet, partially offset by (iv) the interest on a receivable of approximately RMB44.7 million; (v) net withdrawal of approximately RMB115.0 million from restricted bank balances; and (vi) repayments from other companies of approximately RMB42.5 million.

- **Cash Flow from Financing Activities**

  The Group's net cash from financing activities of approximately RMB832.7 million in 2023 was primarily due to (i) net proceeds from issue of new shares by listing of Jinyuan Hchem of approximately RMB237.8 million; (ii) net increase in bank and other borrowings of approximately RMB720.7 million; (iii) cash from sale and leaseback payable of approximately RMB200.0 million; yet partially offset by (iv) payment of dividends of approximately RMB91.2 million; and (v) interest expenses of approximately RMB203.7 million.

Liabilities

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

	As at 31 December		
	2023	2022	**Increase/ (decrease)**
	RMB'000	RMB'000	RMB'000
Bank borrowings	**3,893,791**	3,143,120	750,671
Other borrowing	**50,000**	80,000	(30,000)
Secured	**2,059,771**	1,891,040	168,731
Unsecured	**1,884,020**	1,332,080	551,940
	3,943,791	3,223,120	720,671
Fixed-rate borrowings	**1,916,948**	2,006,491	(89,543)
Floating-rate borrowings	**2,026,843**	1,216,629	810,214
	3,943,791	3,223,120	720,671
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**2,388,420**	1,307,680	1,080,740
More than one year, but not more than two years	**978,700**	771,747	206,953
More than two years, but not more than five years	**526,671**	1,063,693	(537,022)
	3,893,791	3,143,120	750,671
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,388,420)**	(1,307,680)	(1,080,740)
Amount due for settlement after 12 months shown under non-current liabilities	**1,505,371**	1,835,440	(330,069)

The Group's bank borrowings in 2023 and 2022 were all borrowings denominated in Renminbi. As at 31 December 2023, RMB2,059.8 million of the Group's borrowings were secured by the Group's property, plant and equipment, right-of-use assets, restricted bank balances and bills receivable. All remaining borrowings were credit borrowings. For further details, please refer to Note 29 to the Consolidated Financial Statements in this report. As at 31 December 2022, RMB1,891.0 million of the Group's borrowings were secured by the Group's property, plant and equipment, right-of-use assets, restricted bank balances and bills receivable. 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 at the end of the dates indicated.

	As at 31 December	
	2023	2022
Effective interest rate per annum:		
– Fixed-rate borrowings	**3.85%-5.70%**	3.70%-6.30%
– Floating-rate borrowings	**2.60%-5.60%**	3.62%-5.60%

As at 31 December 2023, the Group had obtained banking facilities in an aggregate amount of approximately RMB9,520.0 million (2022: RMB3,660.0 million), of which total amount of approximately RMB820.1 million (2022: RMB629.4 million) is still available for use. As at 31 December 2023, the Group had total outstanding bank borrowings of approximately RMB3,893.8 million (2022: RMB3,143.1 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 RMB683.0 million falling due in 2023 according to needs).

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

The Directors confirm that, for the year ended 31 December 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 loans and other borrowings, or any default in payment of bank loans and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

FINANCIAL RATIOS

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

	As at 31 December	
	2023	2022
Gearing ratio	**0.8x**	0.67x
Return on equity	**0.6%**	12.5%
Return on assets	**-0.1%**	5.8%

Gearing Ratio

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

The Group's gearing ratio increased in 2023, mainly due to the increased borrowing of the Group at the year end from the consolidation of a non-wholly owned subsidiary with coke production facilities that has new additional borrowings.

Return on Equity

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

The decrease in return on equity in 2023 was due to a reduction in the profit attributable to owners of the Company.

Return on Assets

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

The decrease in return on assets in 2023 was mainly due to the decrease in profit of the Group.

CONTRACTUAL OBLIGATIONS AND CAPITAL EXPENDITURE

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**133,390**	1,133,486

The Group's capital commitments for the year ended 31 December 2023 were primarily related to the construction of the Group's coking facilities of approximately 1.6 million tonnes per annum. The Group expects to fund such capital commitments principally by the Group's own financial resources, bank loans and cash generated from the Group's operations.

Other than the transactions described in the above table, as at 31 December 2023, the Group had no other material contractual commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Group did not have any material off-balance sheet arrangements as at 31 December 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 receivable for the settlement of trade and other payables; and (ii) discounted certain bills receivable 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 receivable, 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 receivable are issued and guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivable 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	**2,828,952**	2,885,122
Discounted bills for raising cash	**1,250,544**	1,363,804
Outstanding endorsed and discounted bills receivable	**4,079,496**	4,248,926

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 have 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 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. During 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 ("**HKD**") proceeds of listing (HK$254.0 million and HK$4.8 million as at 31 December 2023 and 2022 respectively) pending remittance back to China, the Group has no exposure to significant exchange risks as all its operations are within China where there are no foreign currencies transactions, assets or liabilities.

Commodity Price Risk

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

Interest Rate Risk

The Group is subject to fair value interest rate risk in relation to the Group's interest-bearing restricted bank balances, bills receivable at FVTOCI, borrowings and lease liabilities. 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 RMB1,916.9 million (2022: RMB2,006.5 million). The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

Credit Risk

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

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

The Group has concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 68% and 78% 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 receivable 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	2.60%-5.70%	3,893,791	1,780,377	714,538	1,554,961	–	4,049,876
Other borrowing	12%	50,000	51,833	–	–	–	51,833
Lease liabilities	4.00%-5.96%	4,240	858	406	1,719	2,510	5,493
Trade and other payables	N/A	3,275,298	3,077,124	–	198,174	–	3,275,298
Perpetual loan	10.24%	15,630	–	1,600	6,400	15,630	23,630
Sale and leaseback payable	6.18%	191,000	56,284	43,953	105,120	–	205,357
		7,429,959	4,966,476	760,497	1,866,374	18,140	7,611,487

	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	3.62%-6.30%	3,143,120	610,198	811,304	1,933,608	–	3,355,110
Other borrowing	12%	80,000	80,432	–	–	–	80,432
Lease liabilities	4.50%-5.96%	4,557	898	1,032	1,268	2,759	5,957
Trade and other payables	N/A	2,763,033	2,763,033	–	–	–	2,763,033
Perpetual loan	10.24%	15,630	–	1,600	6,400	15,630	23,630
		6,006,340	3,454,561	813,936	1,941,276	18,389	6,228,162

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 by Chinese government, the Board considered that it has no material impact on the operation and sales of the Group based on the recent available information.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had distributable reserves (i.e. retained profits) of RMB2,069.3 million (2022: RMB1,944.1 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 AND DIVIDEND POLICY

On 16 August 2023, the Company declared an interim dividend for the six months ended 30 June 2023 of RMB0.05 per share (2022: an interim dividend of RMB0.05 per share) in the total amount of RMB26,771,050, which was fully paid in 2023. On 27 March 2024, based on the results of operations, the Board has resolved not to declare any final dividend for the year ended 31 December 2023. A total dividend of RMB0.05 per share was declared for the year ended 31 December 2023 in the total amount of RMB26,771,050.

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

Taking into account the interim dividend of RMB0.05 per share paid in 2023 and that no final dividend is recommended by the Board, the dividend declared for the year ended 31 December 2023 was RMB0.05 per share, representing approximately 114.5% of the total comprehensive income for the year attributable to owners of the Company. Such percentage (being above 25% of the total comprehensive income for the year attributable to owners of the Company) is due to the operating results in the first half of 2023 not being sustained in the second half of 2023.

MAJOR DEVELOPMENTS

The Group's strength in coking operations has in the past enabled the Group to explore and extend the Group's engagement in the coking chemical value chain of the coal chemical industry through the acquisition of companies engaging in the production of upstream and downstream products of the coking chemical operations. As such, the Group has actively expanded its coking production capacity, business in benzene based chemicals and clean energy etc. The Group has finished the construction of 123 million cubic meters per annum of LNG facilities in 2018, and has operated a network of 5 LNG stations, and will further expand and deepen its involvement in the coking chemical value chain in 2024, which also includes in the value chain of clean energy.

- **Formation of Joint Venture for the Production and Sale of Coke**
  The Company and Angang Group Xinyang Steel Co., Ltd. (安鋼集團信陽鋼鐵有限責任公司) established a joint venture in Xinyang City, Henan Province, the PRC in 2020 with an annual capacity of approximately 1.6 million tonnes, which is principally engaged in the production and sale of coke, heat and electricity. The construction of the Phase I coking furnace has been completed by the end of 2022 and has been put into full operation in 2023. Due to the pressure on coal coke gross profit margin in the coke market, Phase II construction has slowed down. The Group is closely reviewing the development of the coking market, and the further construction of Phase II is likely to be restarted in the second half of 2024 and will be completed by the end of the year. At the end of 2023, approximately RMB4.03 billion has been invested in the project by the Group.

- **Hydrogen Energy Industry Chain**
  In view of the PRC government's strategic policy in developing clean energy, and in order to grasp the opportunity of the development of hydrogen fuel cell vehicles and the relevant industry in Henan Province, leveraging on the Group's coking coal gas capacity of 1,000 million m^3, the Company has been planning to comprehensively enter into the hydrogen industrial chain, including the production, transportation, storage, refueling and utilization, and a new hydrogen gas refueling station has been built in Zhengzhou and Jiyuan respectively, both of which have been fully operational in the fourth quarter of 2023. In 2024, the Company plans to construct newly-built hydrogen refueling stations or integrated energy stations in certain areas of Henan Province, including Jiaozuo and Gongyi, which are equipped with hydrogen energy application scenarios.

- **Expansion Plan for Benzene Based Chemicals**
  The Group has started to prepare for another capacity expansion of 200,000 tonnes in early 2022, with the total investment of approximately RMB350.0 million, which has been completed and put into operation in the fourth quarter of 2023. Upon completion, the Company is equipped with better condition to extend the benzene based chemicals chain to develop new material.

- **Listing of a Subsidiary**
  Jinyuan Hchem, a subsidiary of the Company, has been listed on the Stock Exchange on 20 December 2023.

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

EMPLOYEES AND REMUNERATION

As at 31 December 2023, the Group had a total of 2,963 employees (2022: 2,848), including 10 senior management (2022: 11), 131 middle management (2022: 113) and 2,822 ordinary employees (2022: 2,724). For the year ended 31 December 2023, the staff cost of the Group amounted to approximately RMB275.2 million as compared to approximately RMB256.3 million for the same period of last year.

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

Their emoluments were within the following bands:

	Number of senior management	
	2023	2022
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**10**	10
HK$1,000,001 to HK$1,500,000	**0**	1
HK$1,500,001 to HK$2,000,000	**0**	0

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

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

Pension Schemes

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

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

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

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

Corporate Governance Code and the Articles of Association

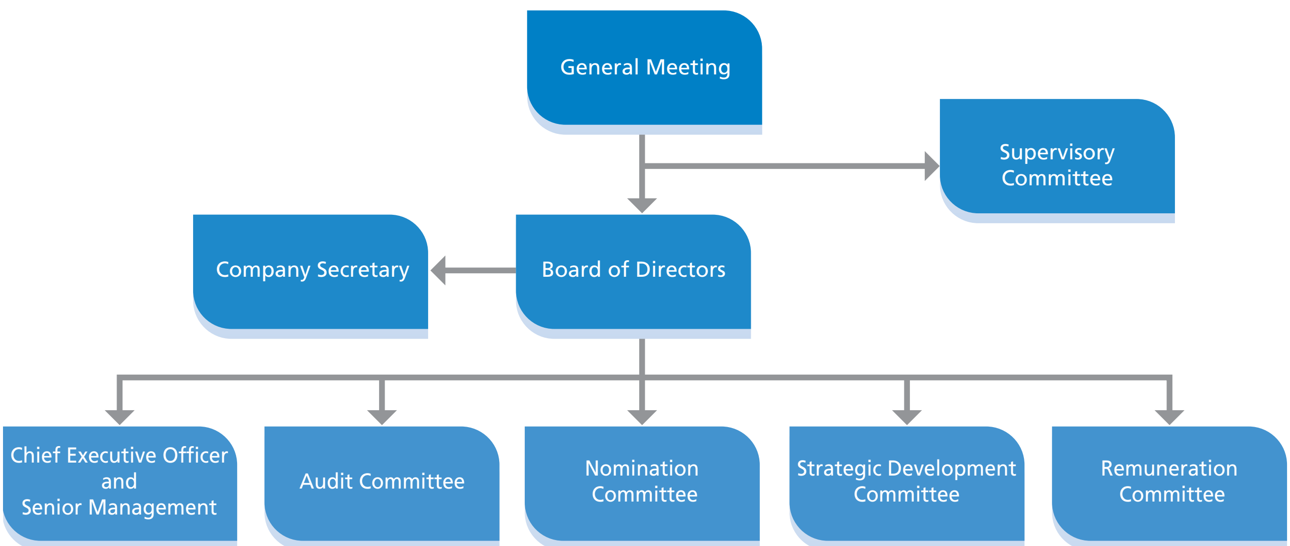
The Company has formulated the Articles of Association of the Company (the "**Articles**") in accordance with the Company Law of the PRC, and other relevant laws and regulations of the PRC. These Articles are the code of conduct for the Company, regulating the organization and behaviour of the Company, the rights and obligations shared between the Company and its shareholders, and between and among the Company's shareholders. There is no significant change in the Articles of the Company during the year.

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

Save for certain transactions entered into in 2021 and 2022 which may constitute notifiable transactions under the Listing Rules and would be disclosed by the Company by way of an announcement in due course, the Company has complied with the Listing Rules and all Code Provisions to the Code throughout the Reporting Period.

Corporate Governance Functions

The corporate governance structure of the Company is as follows:



The Board is responsible for performing corporate governance functions. In 2023, the Board has performed the following responsibilities in relation to its corporate governance functions (for details, please refer to the summary of the main work performed by the Board in 2023 on page 32 of this report):

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

Securities Transactions by Directors

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

Board of Directors

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

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

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

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

The Board held 4 meetings and passed 6 written resolutions during the year ended 31 December 2023. The attendance of each Director of the Company at board meetings and general meetings held in 2023 is as follows:

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

The division of responsibilities between the Board and the management of the Company is clear. The Board is responsible for formulating the overall strategy of the Company, setting management objectives, regulating internal control and financial management, and overseeing the management's performance. The Company's day-to-day operation and management are undertaken by the Company's management under the authorization of the Board. Article 100 of the Articles clearly states the functions and powers of the Board.

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

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

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

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

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

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

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

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

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

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

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

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

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

- approved the working report of the Board and annual results announcement for 2022 of the Company;
- reviewed the auditor's report and annual report for 2022 of the Company;
- approved the interim report and interim results announcement for 2023 of the Company;
- considered and proposed the payment of the final dividend for 2022 and the interim dividend for 2023;
- considered and proposed the re-appointment of auditor;
- considered and approved matters relating to the listing of Jinyuan Hchem; and
- approved the agenda for convening general meetings.

The Company places considerable emphasis on training and the continuous professional development of Directors, and considers that personal development primarily relies on working experiences and requires various training programs. In 2023, the Company has encouraged Directors to participate in e-learning programs, and has periodically provided information on the relevant director training programs which had been published on the website of the Hong Kong Stock Exchange. The Company has also engaged the Hong Kong Institute of Directors to provide corporate training for its Directors. In these training programs, our Directors have enhanced their knowledge and skills to ensure they are fully informed and qualified for performing their duties in the Board of Directors. In accordance with the records maintained by the Company, as at 31 December 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 online training programs and continuous professional development for the year ended 31 December 2023 is set out below:

Directors	Topic: Expansion of paperless listing regime and other Listing Rule amendments	Topic: Updates to the Listing Rules for PRC issuers	Topic: Code of practice for the Directors of the Company: avoiding market misconduct
Executive Directors			
Mr. Yiu Chiu Fai	√	√	√
Mr. Wang Mingzhong	√	√	√
Mr. Li Tianxi	√	√	√
Non-executive Directors			
Ms. Ye Ting	√	√	√
Mr. Wang Kaibao	√	√	√
Mr. Xu Baochun	√	√	√
Independent Non-executive Directors			
Mr. Wu Tak Lung	√	√	√
Mr. Meng Zhihe	√	√	√
Mr. Cao Hongbin	√	√	√

Audit Committee

The Board has established the Audit Committee.

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

The Audit Committee held three meetings and passed two written resolutions during the year ended 31 December 2023. A list of the members and the attendance of each of its members at its meetings during 2023 are as follows:

Directors	Attendance at Audit Committee's meetings
Mr. Wu Tak Lung (Chairman) (Independent non-executive Director)	3/3
Mr. Xu Baochun (Non-executive Director)	1/3
Mr. Meng Zhihe (Independent non-executive Director)	3/3

As of the date of this report, a summary of the main work performed by the Audit Committee is as follows:

- reviewed the audited financial statements for 2022 and the unaudited condensed consolidated interim financial statements for 2023 of the Company;
- reviewed the interim report for 2023 of the Company;
- reviewed the report on the 2023 audit plan;
- reviewed the letter from the external auditor to the management;
- monitored and reviewed the adequacy and effectiveness, follow-up actions and implementation of the risk management, internal audit function and internal control system of the Group;
- reviewed and monitored the independence and objectivity of the external auditor; and
- advised the Board on re-appointment of the external auditor.

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

The auditor of the Company has audited the 2023 financial statements, and issued an unqualified auditor's report.

Remuneration Committee

The Board has established the Remuneration Committee.

The Remuneration Committee primarily advises the Board on the remuneration policy and structure of the Directors and the management of the Company, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices, and the establishment of a formal and transparent procedure for developing remuneration policy, and makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The Remuneration Committee also reviews compensation matters relating to the resignation of Directors or senior management and is responsible for reviewing on matters relating to share schemes of the Company (if any) under Chapter 17 of the Listing Rules. The Company has adopted code provision E.1.2 (c)(ii) contained in Part 2 of the Code, i.e. the Remuneration Committee recommends to the Board remuneration packages of individual executive Directors and senior management.

The Remuneration Committee held two meetings during the year ended 31 December 2023. A list of the members and the attendance of each of its members at its meetings during 2023 are as follows:

Directors	**Attendance at Remuneration Committee's meeting**
Mr. Cao Hongbin (Chairman) (Independent non-executive Director)	2/2
Mr. Wang Mingzhong (Executive Director)	2/2
Mr. Wu Tak Lung (Independent non-executive Director)	2/2

During the above meetings held in 2023, the Remuneration Committee discussed and considered the remuneration policy and structure of the Directors and the management of the Company, and passed the remuneration adjustment resolution for senior management in 2023.

Nomination Committee

The Board has established the Nomination Committee.

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

The Nomination Committee held one meeting during the year ended 31 December 2023. A list of the members and the attendance of each of its members at its meetings during 2023 are as follows:

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

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

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

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

Our Directors have rich knowledge and skills, including overall management and strategic development, sales and marketing, finance and accounting, law, consulting and corporate governance, and have years of experience in coke operation. They have also earned various professional degrees, including business administration, coal chemistry, metallurgical engineering, industrial economic management, accounting, law and chemical engineering. The Company has three independent non-executive Directors with different industry backgrounds, accounting for one third of the board members. In addition, the Board is of a wide range of ages, ranging from 37 to 69. 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. The Board confirmed that not all members of the Board and the Supervisory Committee of the Company are of a single gender, of which, Ms. Ye Ting served as a non-executive director of the Company since 2019, while Ms. Tian Fangyuan and Ms. Hao Yali served as the supervisors of the Company since its listing, demonstrating that the Company values the views and opinions of females. 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. 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. The target set by the Company for gender diversity in its employees is at least 15%.

As the Company is mainly engaged in the production of coke and process of coking by-products, it actively recruits talents graduated from coking – and chemical-related majors. However, traditionally, males are the majority of those who choose these majors, and given that the Company's work involves high temperatures and the operation of heavy machinery, there are relatively fewer females that are engaged in the coking industry, which is a challenge for us to achieve gender diversity in our employees. That said, in order to achieve gender diversity and attract more females to join the Group, the Company provides practical benefits to its female employees, including: establishing a female worker committee, paying attention to the expectations and demands of female employees; organizing regular health check-ups for female employees every year; providing baby-care rooms and other supporting facilities for female employees who need to breastfeed during their working hours. During the Reporting Period, the female employees (including senior management) of the Company accounted for approximately 18% of the total employees. As such, the Board confirmed that the Company has reached its measurable goal of gender diversity in its employees. The Company confirmed that the policy is still effective and will continue to review the feasibility of such goal and the challenges and factors in achieving it, and the Company also actively discussed more benefits to be provided for female employees, so as to attract more females to join the Company.

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

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

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

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

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

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

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

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

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

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

Strategic Development Committee

The Board has established the Strategic Development Committee.

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

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

Directors

Mr. Xu Baochun (Chairman) (Non-executive Director)
Mr. Li Tianxi (Executive Director)
Mr. Cao Hongbin (Independent non-executive Director)

Auditor's Remuneration

The auditor of the Company is Deloitte Touche Tohmatsu ("**Deloitte**"). The Directors do not have any opinion to the contrary on the selection and appointment of Deloitte as the auditor. For the year ended 31 December 2023, the remuneration of Deloitte and its related parties for audit service was approximately RMB3.90 million, for other audit services were approximately RMB3.61 million and for non-audit services were approximately RMB1.45 million. Non-audit services provided to the Group included the review of the internal control system of the Group, the assurance of the environmental, social and governance report of the Company, the relevant services regarding early stage consultation of a spin-off and listing project, and the relevant services of circular of major transactions.

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 for preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

For the statement of the auditor about its responsibilities for reporting the financial statements, please refer to the section headed "Independent Auditor's Report and Consolidated Financial Statements – Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" on pages 121 to 122 of this annual report.

Company Secretary

The company secretary of the Company is Mr. Wong Hok Leung. The biography of Mr. Wong is as follows:

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

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

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

The company secretary attended relevant professional training for no less than 15 hours in 2023.

Major Changes in the information of Directors and Supervisors

The major changes in the information of Directors and supervisors are set out below:

Director	Details of Change
Mr. Wu Tak Lung (吳德龍)	resigned as an independent non-executive director of Sinomax Group Limited (stock code: 1418) effective from 28 June 2023.
	resigned as an independent non-executive director of Minth Group Limited (stock code: 425) effective from 31 May 2023.

Supervisor	Details of Change
Mr. Zhou Tao David (周韜)	resigned as an independent non-executive director of Beijing Evercare Medical Technology Group Co., Ltd. effective from 23 January 2024.

Shareholders' Right

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

Pursuant to the Articles 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. During the Reporting Period, the Board has reviewed the Shareholders Communication Policy, as such Policy has provided effective channels for shareholders to express their opinions to the Company, the Company has also complied with such Policy, and the Board agreed that the policy has been properly implemented and was effective. The Company will continue to promote investor relations and enhance its communication with shareholders.

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

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

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

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

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

Principles of Development

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

Principle of Honesty

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

Achievement of Excellence

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

Development Strategies

The Group's strength in coking operations has in the past enabled the Group to extend the Group's engagement in the coking chemical industry chain of the coal chemical industry through the acquisition of companies engaging in the production of upstream and downstream products in coking operations. Furthermore, in order to expand the Group's business of benzene based chemicals, coal tar based chemicals as well as coal gas and LNG, the Group successfully acquired and consolidated the management and operations of Jinyuan Hchem in May 2015, and have listed Jinyuan Hchem on 20 December 2023 (for further details, please refer to the announcement of the Company dated 20 December 2023), the management and operations of Bohigh Chemical in October 2016 and the management and operations of Jinning Energy in December 2016. Leveraging on the Group's successful track record and past experience in extending the Group's involvement in the coking chemical value chain, the Group is further extending the Group's value chain from coal gas to the production of downstream energy products, mainly LNG and hydrogen (including green hydrogen and other industry chain businesses).

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

Regulations on Management of Anti-corruption and Whistleblowing Mechanism

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

For the efforts made by the Company relating to anti-corruption, please refer to the section headed "Environmental, Social and Governance Report" on pages 44 to 91 of this annual report.

Risk Management and Internal Control

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

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

Risk management and internal control procedures

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

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

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

- **Risk management procedures**

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

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

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

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

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

- **Internal control measures**

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

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

- **Handling and dissemination of inside information**

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

Opinions of the Audit Committee

The Audit Committee reviews the risk management and internal control system of the Group annually. In 2023, based on the management's assessment, the Audit Committee reviewed and firmly believed that there was no event that led the Audit Committee to believe that the Company's risk management and internal control system (covering finance, operations, compliance and all other material controls) were inadequate and no significant control failings or weaknesses were identified during the Reporting Period, and there is an ongoing process to identify, assess and manage the significant risks the Company exposes to. As of 22 April 2024, being the latest practicable date for ascertaining certain information for the publication of this report, the Company is reviewing certain transactions entered into in 2021 and 2022, which may constitute notifiable transactions under the Listing Rules and may not have complied with the relevant requirements under the Listing Rules. The Audit Committee has also reviewed the adequacy of resources, staff qualification and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and ESG performance and reporting, and considered that the Company's risk management and internal control system was adequate and effective and the Company concurred with the opinion of the Audit Committee. The Audit Committee also considered that the Company's processes for financial reporting and Listing Rule compliance were effective.

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

Report Description

This is the Group's Environmental, Social and Governance report, covering the Group's overall performance in two main aspects (i.e., environmental and social) during the operation of its main businesses (production and sale of coke, and the processing and sale of coking byproducts), from 1 January 2023 to 31 December 2023 (the "Reporting Period").

For the Group's governance strategies, please refer to the section headed "Corporate Governance Report" of this annual report (Pages 28 to 43).

This report is prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide as set forth in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company has complied with the "comply or explain" provisions set out in Part C of the Environmental, Social and Governance Reporting Guide.

Reporting principles for the report:

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

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

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

Balance: The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

Languages and Formats:

The Report is available in electronic version, in Chinese language and English language. For an electronic version of the report, please visit the Company's website or HKExnews website. Web site: https://www.hnjmny.com/ or http://www.hkexnews.hk/

Statement of the Board on ESG Governance

Henan Jinma Energy Company Limited undertakes that the Company has strictly abided by the relevant disclosure requirements of the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited. As the supreme decision-making and regulatory authority for ESG (environmental, social and governance) matters of the Company, the Board assumes full responsibility for the formulation and promotion of the Company's ESG strategies and relevant reporting, and oversees the Company's ESG-related matters. In 2023, the Board continued to optimize the ESG governance framework and dedicated efforts to improving the Company's overall performance in the ESG field. This report provides a detailed disclosure of the progress and effectiveness of the Company's ESG work in 2023, and was reviewed and approved by the Board prior to its disclosure. The Board and all Directors of the Company warrant that the information contained in this report does not contain false records, misrepresentations, or major omissions, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of its contents. During the Reporting Period, the Board conducted in-depth discussions and made decisions on the Company's ESG affairs to ensure that the Company's actions were highly consistent with its commitments.

External honors:

Advanced Collective Entity of Energy Conservation, Emission Reduction, Green Development in Key Industries of Henan Province

Provincial Water-saving Enterprise in Henan

1. Responsibility Management

In 2023, the Company proactively fulfilled its social responsibility duties with a high sense of responsibility and mission. By setting up a Board-based ESG management system and continuously responding to and properly handling the reasonable demands of various stakeholders, the Company ensured the deep integration of the concept of sustainable development into its business operation, with a view to become an outstanding global model enterprise in practicing sustainable development, fulfilling social responsibilities and promoting intelligent construction.

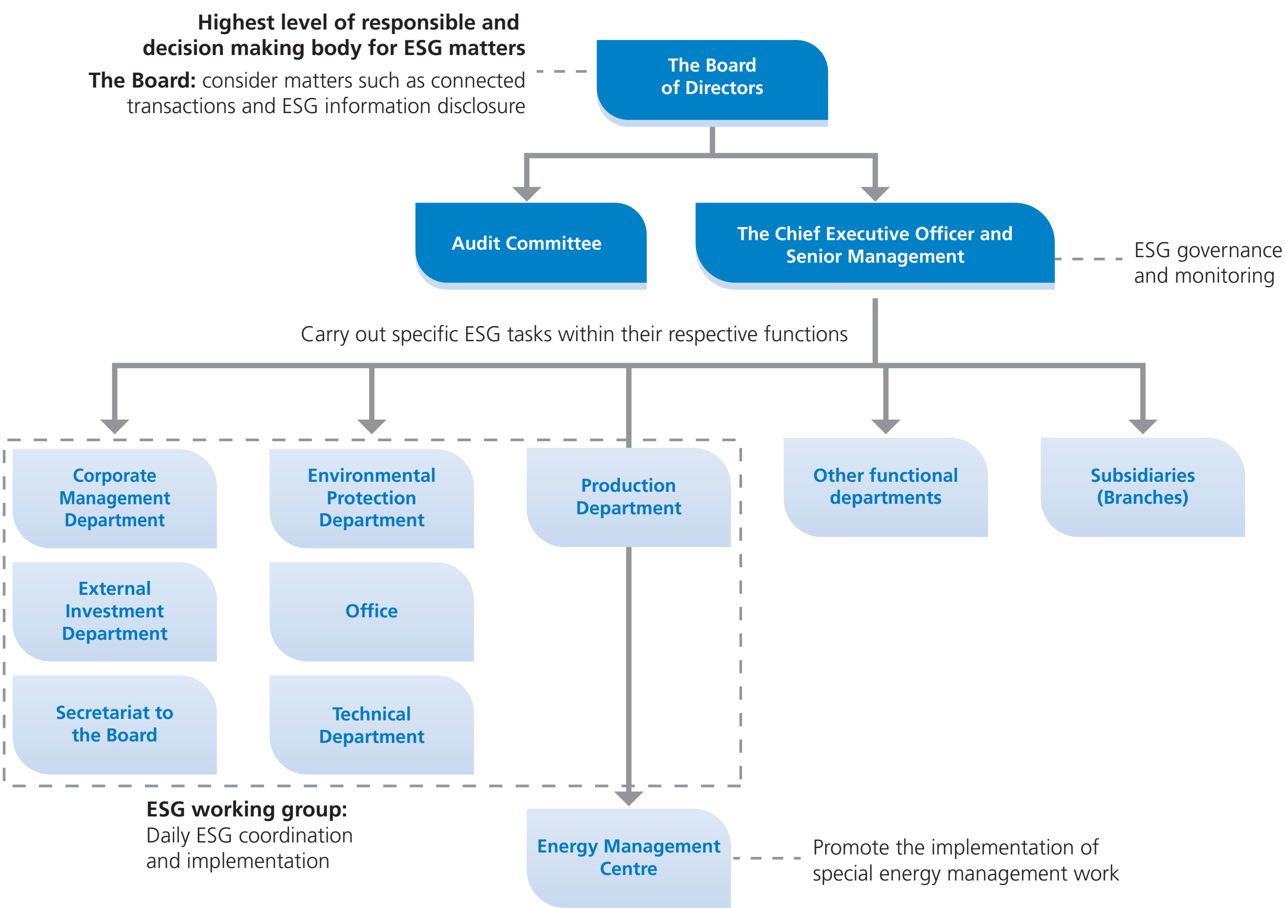
1.1 ESG Management System

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

The Chief Executive Officer and senior management are responsible for overseeing the commitment and actual performance of key ESG issues, assessing the ESG-related risks faced by the Company, periodically tracking and evaluating the formulation and implementation of the Company's ESG management policies, strategies and objectives, and periodically reporting to the Board of the Company on ESG matters and progress.

The ESG working group consists of several core departments, including the External Investment Department, Corporate Governance Department, the Secretariat to the Board, the Office, the Production Department, Energy Management Center and the Environmental Protection Department, forming a linkage mechanism. The Secretariat to the Board is responsible for periodically considering the annual ESG report and information disclosures of the Company, reporting the progress to the Board and submitting related documents for their consideration and approval; the Corporate Governance Department is responsible for reviewing the Company's risks and the implementation and promotion of specific ESG matters, making an outlook for carbon emissions, pollution prevention and control, energy conservation and other performance and continuously improving target management actions. Moreover, the External Investment Department regularly conducts review and monitoring of the situation; the Office is responsible for coordinating and promoting the implementation of daily ESG management. The Energy Management Centre of the Production Department is responsible for supervising the unified scheduling and management of the Company's production resources such as water, electricity, gas, steam, and sewage; the Environmental Protection Department focuses on environmental information management, and is responsible for the commitment and performance assessment of key ESG issues such as waste emissions, carbon reduction measures and effects, social responsibility implementation gaps, and measures and arrangements, and regularly developing and monitoring ESG management policies, strategies, and objectives.

Personnel from the departments of the headquarter and the subsidiaries (branches) conduct relevant work with expert assistance according to ESG management system and process, and are responsible for the implementation of the ESG work according to their own businesses and functions, and cooperate with the annual ESG information disclosure and reporting each year when necessary.



ESG Governance Framework

- **Board Diversity:** As it highly values the Board team building, the Company has formulated and adopted the Board Diversity Policy. In recommending candidates for the Directors to the Board, the Nomination Committee fully considers them from a range of perspectives, such as gender, age, cultural and educational background, professional experience, skills, and length of service, in order to achieve diversity of the Board. The Nomination Committee annually discusses and agrees on measurable goals for achieving diversity among Board members, and recommends relevant goals to the Board for adoption. The members of the Board and supervisors of the Company are not all of a single gender. The Company has achieved the measurable goals in respect of employee gender diversity. The Company confirms that this policy remains effective and will continue to review the feasibility of this goal as well as the challenges and factors it faces in achieving this goal.

1.2 ESG Concept and Strategy

As to ESG concept, the Group strictly follows national standards and overall development strategy deployment, upholds the concepts of industry leadership, innovative development and value creation, strengthens the Party building, adheres to integrated, coordinated and safe development, accelerates intelligent applications, promotes clean and efficient utilization along the entire coal industry chain, and provides high-quality energy products and services. In compliance with the relevant national laws and regulations on environmental protection, following the latest national policies and the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange, and taking into account the results of the identification of substantive issues and its own actual operational conditions, the Company has formulated and disclosed its environmental objectives for 2021-2025, formulated and managed its performance in carbon emission reduction, pollution prevention and control, energy saving, etc., and adhered to a green, low-carbon and efficient development approach to drive high-quality development of management. The ESG working group periodically reviews and monitors the implementation of environmental objectives to ensure that various measures are effectively implemented, and reports the relevant progress to the Board. Meanwhile, the ESG working group conducts comprehensive identification of risks, and actively carries out detection of hidden dangers according to the environmental risk characteristics and control responsibilities of each production link, and in accordance with the risk control system and process to ensure a win-win situation for production safety and environmental protection.

Communication with Stakeholders

The Group has established diversified communication channels with stakeholders and maintained normal communications. In 2023, in the process of preparing the ESG report, the Company conducted a survey on the stakeholders by issuing questionnaires, collecting the expectations and demands of the stakeholders, including governments/regulatory agencies, investors/shareholders, customers, business partners, supply chain, employees, communities and relevant experts, using the results of the survey as an important basis for information disclosure strategies. A substantive analysis was performed in conjunction with the issues to determine the focus of disclosure in this report.

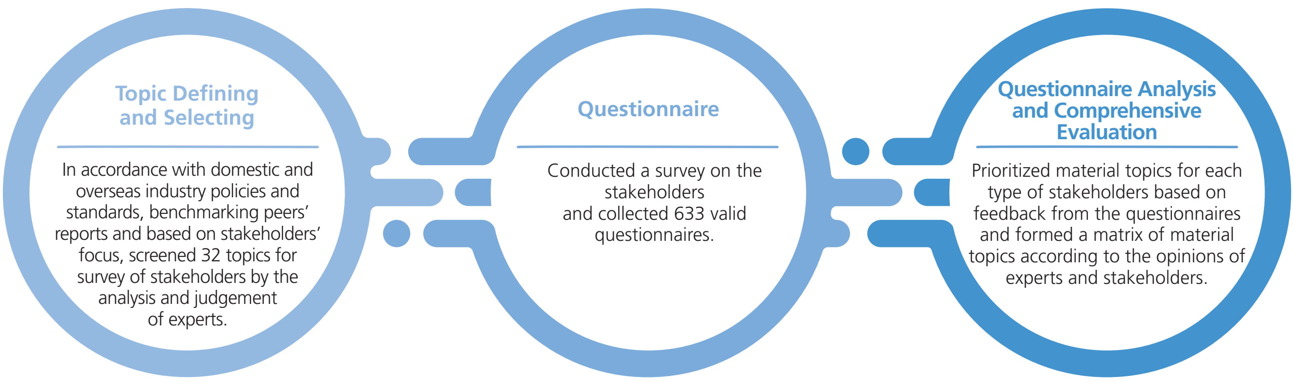
Stakeholders	Communication Channels	Topics of Concern
Investors/Shareholders	• Regular reports and information disclosure • Shareholders' meeting • Investors' surveys • Roadshow on business results • Teleconference	• Continuous yield of value returns • Corporate governance and risk management • Exercise of the rights to know and participation in decision-making • Integrity construction

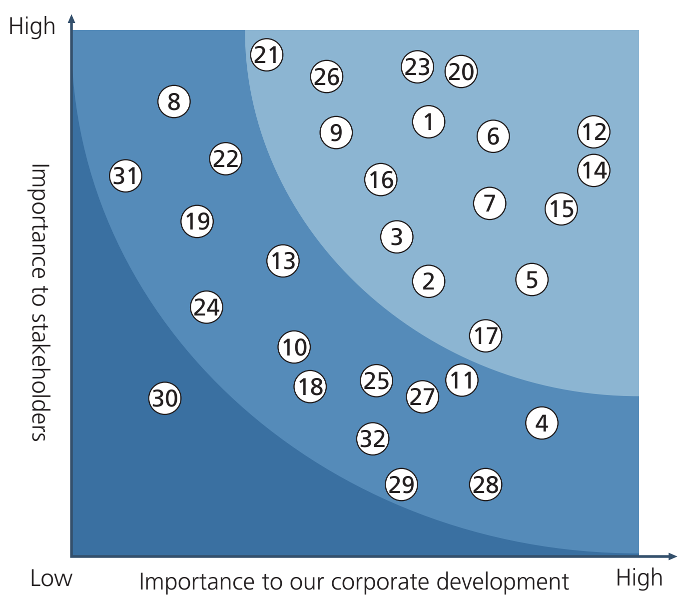
Stakeholders	Communication Channels	Topics of Concern
Governments/Regulatory Agencies	• Daily communications • Information bulletin • Public-private-partnerships • Governmental review	• Complying with laws and disciplines • Protection of intellectual properties • Safe production • Response to climate change • Pollutant and waste management • Energy and resource management
Customers	• Daily services and communications • Customer satisfaction surveys • Portal websites • Customer service hotline	• Stable product quality • Defective product processing • Response guarantee for services and feedbacks
Supply Chain	• Business negotiations • Win-win by cooperation • Seeking development together	• Good cooperation • Smooth communication channels • Fair procurement • Careful implementation of cooperation agreements
Business Partners	• Project cooperation • Daily business communication • Establishment of industrial leagues • Online service platform	• Growing together • Sharing customer base with business partners • Operating in compliance with laws
Experts	• Green and low-carbon development • Industrial transformation and upgrading • Quality products • Questionnaire	• Promoting the construction of green factories • Reducing greenhouse gas emissions • Application of low-carbon development technology • Technological innovation of products • Green procurement • Supplier ESG management
Employees	• Regular meetings • Employee trainings • Portal websites • Opinion collection • Daily communication and exchange	• Employee recruitment • Safeguarding employees' legitimate rights and interests • Caring for employees • Promoting career development and skills upgrading • Occupational health and safety
Community	• Volunteer services • Charity events	• Community public service • Charity education • Rural revitalization

Identification of Material Topics and Reporting Boundary

In accordance with Appendix C2 "Environmental, Social and Governance Reporting Guide" of the Listing Rules and with reference to international ESG initiatives and standards as well as the ESG issues of general concern in the industry, the Company identified and screened the ESG issues relating to the Company through various forms of communications and exchanges with various stakeholders under the guidance of experts. The importance of ESG issues was assessed based on the importance to stakeholders and the importance to the environment and society through an online anonymous questionnaire. After analyzing and calculating the data derived from the questionnaire, the Company prioritized the issues, drew a matrix of substantive issues, and finalized the extent and boundary of issue disclosure as the focus of ESG of the Company and the basis for disclosure.

Xinyang Steel Jingang Energy Co., Ltd. (信陽鋼鐵金港能源有限公司), which is mainly engaged in coke production and sales, has invested in the construction of an advanced heat recovery coke furnace project of approximately 1.6 million tons. Starting from the year 2023, the first phase of the project of Xinyang Jingang has been put into operation, hence Xinyang Jingang has been incorporated into the reporting scope of the year 2023. There are no changes to the reporting methodology or key performance indicators in this ESG report compared to last year's ESG report.





① Outstanding business performance
② Operation compliance
③ Corporate governance
④ Integrity construction
⑤ ESG governance
⑥ Pollutant and waste management
⑦ Energy and resource management
⑧ Reducing greenhouse gas emissions
⑨ Setting environmental goals
⑩ Green ecology
⑪ Tackling climate change
⑫ Production safety management
⑬ Safety education training
⑭ Measure on occupational health and safety
⑮ Occurrence rate of occupational diseases
⑯ Fair procurement
⑰ Review on HSE management system of supplier
⑱ Supply chain environment and social risk management
⑲ Green procurement
⑳ Quality products
㉑ Defective product processing
㉒ Customer service quality
㉓ Protecting rights and interests of customers
㉔ Technological innovation of products
㉕ Intellectual property protection
㉖ Employee recruitment
㉗ Protecting rights and interests of employees
㉘ Employee training and development
㉙ Caring for employees
㉚ Rural revitalization
㉛ Charity donation
㉜ Employees' volunteer services

1.3 Compliance Management

The Group stringently complies with relevant laws and regulations, including the Criminal Law of the PRC (《中華人民共和國刑法》), the Company Law of the PRC (《中華人民共和國公司法》), the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫定規定》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and the Prevention of Bribery Ordinance of Hong Kong (《香港特別行政區防止賄賂條例》), and has formulated the Administrative Rules on Anti-Corruption and Whistle-blowing Mechanisms (《反舞弊與舉報機制管理規定》) and other internal rules. In 2023, the Company continued to unswervingly follow the national policies regarding anti-corruption, and implemented anti-corruption measures with a high sense of responsibility. The Company continuously improved its anti-corruption regulations and systems to facilitate its law-based and regulated anti-corruption work. At the same time, the Company proactively conducted internal and external audits, formulated rules for whistleblowing and complaints, and clarified the whistleblowing and complaint process to provide a clear channel for whistleblowing. To further raise employees' awareness in anti-corruption and integrity risks and build up their ability to prevent and control such risks, the Group implemented a systematic and comprehensive probity education and training program, which achieved good results.

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

- **Conducting probity supervision and inspection:** The Group established a disciplinary inspection committee as a permanent agency for anti-corruption work, and formulated the Notice on Enhancing the Construction of Corruption-free Conducts (《關於加強黨風廉政建設工作的通知》), to strictly implement the supervision system and ensure implementation of all regulations. In addition, the Group established a reward system for whistleblowers, attached importance to the confidentiality of whistleblowers and ensured the whistle-blowing channels are open through various means such as website mailboxes to create a clean and honest corporate atmosphere;

- **Implementing probity audit and supervision:** To strengthen the audit and supervision of construction investment projects of the Group and promoted the regulated management of investment projects, the Company formulated the Project Audit and Management Rules (《項目審計管理規定》). The Group attached importance to the audit and supervision over key departments, key funds and major projects with clearly defined scope, process and result to ensure compliance and robustness in these key areas. Through the implementation of the Post-employment Audit Policy (《離崗審計制度》), the Group conducted a comprehensive evaluation of the performance of the resigned employees during their entire tenure and verify the economic responsibilities performed by the resigned employees during their entire tenure and existing potential risks and existing potential operational risks, in order to assist the resigned employees and replacements to complete the works;

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

- **Keeping whistle-blowing channels open:** The Group informed employees of the whistle-blowing channels such as letter boxes, mailboxes and telephones, encouraging and supporting employees to report according to the law; and formulated the Whistleblower Protection and Awards Rules (《舉報人保護及獎勵規定》), the Requirements on Whistleblowing and Complaint Management (《舉報投訴管理規定》) and the Regulations on the Management of Letters and Visits (《信訪管理規定》) to ensure that employees can exercise their whistleblowing rights following the principle of confidentiality for whistleblowers, reward for meritorious whistle-blowing and non-infringement of the legitimate rights and interests of whistleblowers;

- **Conducting and strengthening anti-corruption training:** For Directors, anti-corruption training focuses on anti-corruption, integrity and self-discipline, and compliance with laws and regulations; through in-depth analysis of relevant laws and regulations, case sharing and discussion, directors' awareness on the importance of anti-corruption and integrity has been strengthened, and their self-discipline and law-abiding awareness in practical work has been enhanced. At the employee level, the main focus is on building awareness of integrity, from the purpose and meaning of integrity education, self-discipline and other discipline, how to practice integrity, the Company's integrity regulations to enrich their legal knowledges and improve their awareness of compliance. The Group also organised a signature campaign to show commitment for anti-corruption to further strengthen employees' commitment to integrity and create a good atmosphere of probity and uprightness for work and entrepreneurship. The Company conducted anti-corruption culture system training for directors and employees to highlight employees' ethics and codes of conduct at work. Through specific cases, promotional videos, legal advocating and other forms, all employees were guided to "know, respect, fear, conduct regular self-reflection, and keep the bottom line" to constantly consolidate and develop the Company's new normal state of anti-corruption.

Data of Anti-corruption Training in 2023

Indicators of anti-corruption training	Unit	2023
Number of anti-corruption trainings by rank		
Directors	Time	**4**
Management	Time	**6**
Employees	Time	**3**
Directors	Person-time	**35**
Management	Person-time	**677**
Employees	Person-time	**5,475**

Case: The Company organized anti-corruption training

In 2023, the Company organized numerous anti-corruption training programs for directors and employees. Four-period training courses were held for 35 people, focusing on anti-corruption, honesty and self-discipline, discipline and compliance with laws, and the training for employees was conducted to help them establish a sense of integrity by mainly explaining the purpose and significance of the education on anti-corruption practice, self-discipline and heteronomy, means of anti-corruption practice, and various regulations of the Company on anti-corruption practice. Besides, the training conducted in-depth explanation on the ideological root causes and serious harm of corruption, as well as the serious impact on individuals and families through typical cases of violations of discipline and regulations in the municipal state-owned assets system in recent years, to warn new employees to be cautious in performing rights, giving opinions, handling minor matters, complying with the code of ethics, and making friends in their work and life, guide employees to establish a correct view on life, power, and values and help them buckle the "first button" of anti-corruption practice. In the training courses, the trainees were organized to jointly watch the educational video of the implementation of the spirit of the eight-point frugality code issued by the CPC Central Committee – Standard, warning employees to prevent corruption potentials and withstand the temptation of interests.

2. Strengthen Environmental Control

The Group adhered to the concept of green development, actively responded to the national "double carbon" target and continued to strengthen our environmental management system, in strict compliance with the laws, regulations and standards, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the Emission Standard of Pollutants for Coking Chemical Industry (《煉焦化學工業污染物排放標準》), the Emission Standard of Pollutants for Coking Chemical Industry DB41/1955-2020 (《煉焦化學工業污染物排放標準 DB41/1955-2020》) and the Emission Standard of Air Pollutants for Industrial Kiln and Furnace DB41/1066-2020 (《工業爐窯大氣污染物排放標準 DB41/1066-2020》). Aiming at developing into a "high-efficiency clean energy chemical enterprise", taking the environmental system as a solid guarantee, and using technological innovation as a core driving force, the Group gradually enhanced its capacity for sustainable development. In order to achieve green, low-carbon, and high-quality development, the Company vigorously promoted energy conservation, emission reduction and pollution prevention, constantly improved energy use efficiency, actively optimized the energy consumption structure, promoted the use of clean and efficient energy and steadfastly promoted the industry towards green, low-carbon, high-quality and sustainable development.

The Company set up an environmental protection management team, which is under the direct leadership of the deputy general manager of environmental protection, consisting of the Technical Department acting as the main environmental protection supervision unit and the production workstations and the Engineering Department acting as the main execution department to conduct environmental protection work. The environmental protection management team or the Technical Department carries out investigation into environmental hidden dangers every year to identify environmental hidden dangers and urge the rectification of such dangers.

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

2.1 Strict Emission Control

The Group actively fulfills its corporate environmental responsibility and focuses on green and sustainable development. With the basic principle of "control increment and reduce inventory", the Group is committed to reducing emissions of greenhouse gases and discharge of water wastes, gas wastes, solid wastes and harmful substances through technological innovation and strengthened management to promote green and sustainable development. The Group adheres to the guiding principle of "reduce, reuse and recycle" and continues to promote the efficient use and recycling of resources to achieve the goal of "production with high efficiency, products being cleansed and doing no harm to the environment". The Group continues to promote the in-depth development of environmental protection, keeps on improving the organisational structure in environmental management and further enhances its environmental management system to ensure the steady advancement towards high-quality and sustainable corporate development.

Emissions Management Goals: 2021-2025

Air pollutants	Implementation of ultra-low emission standards • Particulates <10mg/m^3 • Sulfur dioxide emissions from coke dry quenching <45g/m^3 • Sulfur dioxide emissions from coal loading <70mg/m^3 • Sulfur dioxide emissions from coke oven stacks <20g/m^3 • Nitrogen oxides <80mg/m^3
Wastewater	All waste water can be recycled to achieve zero discharge.
Solid wastes	Solid wastes that can be comprehensively utilized are fully utilized to achieve zero discharge; Solid wastes that cannot be comprehensively utilized are all entrusted to qualified companies for transportation and disposal to ensure that they will be not leaked or discharged.

Environmental Management System	■ **Establish the Environmental Management Committee:** The Group has established a sound organisational structure for environmental management, with a multi-level management system such as the Environmental Management Committee acting as the top management body, routine management provided by the Environmental Protection Department, technical support provided by the Technical Department, and each workstation assigned with a full-time environmental officer. The responsibilities of all level of positions are specific. At the same time, the Group encourages employees at all levels to participate in the environmental protection work by establishing an appraisal and incentive system to ensure the continuous optimization and improvement of environmental management system; ■ **Optimise the environmental management rules:** The Company implements such rules as the Environmental Protection Management Rules 《環境保護管理制度》, the Regulations on Environmental Test Management 《環境檢測管理規定》, the Management Procedures on Exhaust and Dust Emissions 《廢氣、粉塵排放管理程序》, the Management Procedures on Solid Wastes 《固體廢棄物管理程序》, the Management Procedures on Noise Pollution 《噪音排放管理程序》, the Emission Standard of Pollutants for Coking Chemical Industry 《煉焦化學工業污染物排放標準》, the Sewage Discharge Management System 《污水排放管理制度》, and the Emission Standard of Air Pollutants for Industrial Kiln and Furnace DB41/1066-2020 《工業爐窯大氣污染物排放標準 DB41/1066-2020》; ■ **Dynamically identify and assess environmental factors:** The Company adopts dynamic working mode to carry out the identification and in-depth assessment of environmental factors according to changes in the operating activities, facilities and environment, and formulates precise and effective control measures on fully identified and assessed major environmental factors according to the principle of elimination, reduction and control; ■ **Launch environmental protection promotion and education activities:** The Company launches education activities on environmental protection for employees through environment-related seminars, company publications and notice boards to integrate environmental awareness into employees' daily work and life, and improve the overall environmental awareness of employees.

Exhaust Gas Management	**Production**	• Ensure exhaust emissions are effectively controlled through exhaust gas control facilities such as coke dry quenching reconstruction, coke end dust removal of coking furnaces, desulfurization and denitrification for air ducts of coking furnaces, dust removal for raw material and product storage and transfer station, VOCs collection and in-depth processing, ammonia escape control and airtight storage and transport system of raw materials and products, and online monitoring base stations and through precision management so as to ensure the stable operation and maintenance of facilities and ultra-low emission standards; install dust removal facilities at the dust production nodes of the production units to reduce particulate emissions during the production processes.
	Online Monitoring	• The Company's monitoring system is connected to the environmental monitoring platform for information sharing, and real-time monitoring is realized by using equipment such as online monitoring base stations to ensure the timeliness and accuracy of data.

Wastewater Management	Domestic Wastewater	• The Company set up a domestic wastewater treatment station to conduct professional purification of domestic wastewater, and the domestic wastewater after treatment enters the Company's water circulation system for internal recycling of water resources.
	Production Wastewater	• For production wastewater, the Company is equipped with facilities such as phenolic and cyanic wastewater treatment station, advanced wastewater treatment station and comprehensive wastewater treatment station to purify and recycle all the wastewater from the Company through multiple processes to ensure that the water quality complies with the reuse standards and realize no discharge of wastewater, "zero" discharge of wastewater, and recycling of all wastewater.
	Ancillary Treatment Facilities	• The Company has built a domestic wastewater treatment station, a phenolic and cyanic wastewater treatment station, a comprehensive wastewater treatment station, an initial rainwater collection pool and a water recycling system covering the whole company, which collects and treats all of the Company's domestic wastewater, production wastewater and initial rainwater for professional treatment and reuses 100% of them.

Solid Waste Management	Hazardous Waste	• The hazardous wastes that can be utilised, such as tar residue, biochemical sludge, sludge of gas-making water circulation system and waste mineral oil, are now 100% comprehensively utilised; tar residue, biochemical sludge, sludge of gas-making water circulation system are used for coal blending and coking, and waste mineral oil is used for lubricating equipment. No hazardous wastes were abandoned and leaked during the Reporting Period; • Engage qualified entities to treat hazardous wastes that cannot be utilised in accordance with the laws and regulations upon approval for filing by the municipal environmental protection bureau and the environmental protection bureau where the entrusting party is located; • The entire process of hazardous solid waste from generation to treatment and utilization is recorded in a complete ledger for statistics and monitoring.
	Non-hazardous Waste	• The non-hazardous waste includes dust from dust collectors, coke oven gas slag and desulphurisation residues, and all dust from dust collectors is used for coal blending and coking; coke pellet gas slag is mainly used for paving, back-filling and temporary storage in the slag reservoir. No hazardous wastes were abandoned and leaked; • Engage a third-party company for temporary storage and disposal of desulphurisation residues; • The non-hazardous solid wastes have been properly utilized, subject to entrusted disposal and temporarily stored after classification according to their respective characteristics, and the entire process from generation to utilization is recorded in a complete ledger for statistics and monitoring.

Noise Management	Management Method	• Formulate the Regulations on Noise Emission Management. Enhance noise emissions under certain standards by measures such as addition of noise reduction equipment, construction of noise equipment plant, tree planting and reasonable layout.

Case: Collection and treatment of pollutants generated from three wastes (i.e. water waste, gas waste and solid waste)

According to the national, local government and industry requirements, the Company's Environmental Protection Department, workshops that generate three wastes, transport units and utilization and disposal workshops worked together to conduct collection, transport, storage and utilization of three wastes, which were recorded in a complete ledger and bound up into volume for filing with the municipal Environmental Protection Bureau. The Group carried out the projects of dry fog and dust removal for car receiving pit, AI identification of fog and dust removal for coal yard shed, full-automatic car wash station, and desulfurization, denitrification, fog and dust removal upgrading for air ducts of coking furnaces to prevent all pollutants from being leaked, discarded, disposed of illegally, and polluting the environment, which were recorded completely for traceability.

Full-automatic car wash station project

Emissions data from 2021 to 2023

Type of Emissions	Unit	2023	2022	2021
Total emissions volume of SO_2	Ton	**215.11**	90.39	19.08
Intensity of SO_2 emissions	Kg/RMB10,000	**0.18**	0.07	0.03
Total emission volume of nitrogen oxides	Ton	**413.51**	249.64	143.58
Intensity of nitrogen oxides emissions	Kg/RMB10,000	**0.34**	0.20	0.19
Total emission volume of particulates	Ton	**65.77**	41.31	21.32
Intensity of particulate emissions	Kg/RMB10,000	**0.05**	0.03	0.03
Total emission volume of greenhouse gases	tCO_2e	**1,578,757.36**	853,822.12	268,918.76
Total emission volume of direct greenhouse gases	tCO_2e	**1,503,267.12**	841,954.01	241,148.82
Total emission volume of indirect greenhouse gases	tCO_2e	**75,490.24**	11,868.12	27,769.94
Intensity of greenhouse gases emissions	tCO_2e/RMB10,000	**1.31**	0.69	0.36
Total discharge volume of sewage	Ton	**0.00**	0.00	0.00
Intensity of sewage discharge	ton/RMB10,000	**0.00**	0.00	0.00
Production volume of hazardous wastes	Ton	**4,248.19**	107,073.00	50,435.89
Intensity of hazardous waste production	ton/RMB10,000	**0.004**	0.09	0.07
Hazardous waste handling rate	%	**100.00**	100.00	100.00
Production volume of non-hazardous wastes	Ton	**3,558.69**	15,387.69	9,320.82
Intensity of non-hazardous waste production	Kg/RMB10,000	**0.003**	0.01	0.01
Non-hazardous waste handling rate	%	**100.00**	100.00	100.00

Notes:

1. In 2023, Xinyang Jingang, which is mainly engaged in coke production and sales, was incorporated into the Company's ESG report, and the total amount of data increased after this entity was incorporated into the statistical table;

2. Emission data of SO_2, NO_x and particulates in exhaust gas are calculated according to the Group's online monitoring system and self-monitoring statistics;

3. The emission volume of greenhouse gases is calculated based on the Greenhouse Gas Accounting System Corporate Accounting and Reporting Standards issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the Fifth Assessment Report 2013 issued by the Intergovernmental Panel on Climate Change (IPCC) and the Accounting Method and Reporting Guide for Greenhouse Gas Emissions by Independent Coking Enterprise of the PRC (Trial), among which the greenhouse gas emission factors of the power part are selected according to the Accounting Method and Reporting Guide for Greenhouse Gas Emissions by Enterprise in 2021 issued by the Ministry of Ecology and Environment;

4. Production volume of hazardous wastes is calculated according to the statistical ledger of the production system of the Group;

5. Non-hazardous wastes are mainly wastewater biochemical treatment sludge, coke pellet gas sludge and domestic wastes, and the total emission volume of domestic wastes is calculated at 0.5kg/person/day;

6. Intensity data are calculated by dividing emission/discharge/production volume by revenue;

7. The source of emissions data comes from the production-oriented subsidiaries of the Group.

2.2 Attach Importance to Resource Utilization

The Group strictly complies with the Energy Saving Law of the People's Republic of China 《中華人民共和國節約能源法》 and the Clean Production Promotion Law of the People's Republic of China 《中華人民共和國清潔生產促進法》. By upholding the resource management concept of "energy conservation and emission reduction, environmental protection and sustainable development", the Group established and improved a series of internal management systems, including the Company's Energy Performance Management System 《公司能源績效管理制度》 and the Company's Energy Supervision Management System 《公司能源監督管理制度》. With the aim of "building a green and low-carbon energy and chemical enterprise", the Group actively undertook environmental responsibility, effectively utilized energy and obtained ISO50001:2018 energy management system certificate. In 2021, the Group was awarded the title of "National Green Factory" issued by the Ministry of Industry and Information Technology of Henan Province. The Company is committed to integrating green concepts into production and office to improve the efficiency of resource use, promote economic quality and efficiency enhancement with low-carbon development, and contribute to the construction of a green, low-carbon and recycling economic system.

Resource Management Objective: 2021-2025

Energy consumption	Process energy consumption per unit product of coke ≤110kgce/t
Water consumption	Fresh water consumption per unit product of coke ≤1.2m^3/t, and steam consumption per ton of coke ≤0.36t

Achievement of 2023 Resource Management Objective

Energy consumption	Process energy consumption per unit product of coke was 108.6kgce/t
Water consumption	Fresh water consumption per unit product of coke was 1.16m^3/t, and steam consumption per ton of coke was 0.22t

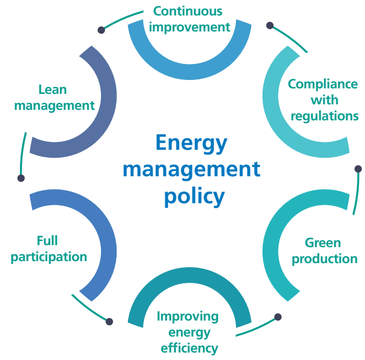
Note: As Jinma Zhongdong has not commenced its production at the time of setting the resource management objective for 2021-2025, the management objective and annual achievement excluded the consumption by Jinma Zhongdong. We will update and adjust the management objectives based on the actual conditions of the Company.

■ **Energy Management System**

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

■ **Energy management policy**

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



■ **Key steps in energy management**

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

■ **Water resources management**

With the management concept of "careful use of water resources and strict management of water resources", the Group continued to strengthen the management of water resources in strict accordance with the Water Law of the People's Republic of China (《中華人民共和國水法》) and relevant national laws and regulations. During the Year, the Group revised the internal systems, including the Company's Non-Production Water Management System (《公司非生產用水管理制定》) and the Domestic Water Management Regulations (《生活水管理規定》).

The Group obtained water from municipal tap water, surface water and did not have problems in securing suitable water resources.

Taking multiple measures to promote water conservation

- Strengthen and improve data surveying and statistics, ensure the equipping rate and completeness rate of measuring instruments at each water point to accurately measure and sort out the data to form a ledger;
- Build advanced water treatment facilities to achieve the tertiary use of water resources and reduce consumption of fresh water;
- Carry out unified and standardized recycling of all swill generated by the restaurant to prevent secondary waste of water resources;
- Strengthen inspections of daily water consuming system, identify and correct unreasonable water pipe network layout in a timely manner to ensure the balance and efficiency of the water consuming system;
- Organize informative and diverse publicity activities to raise the employees' awareness of water conversation.

Water resources management effect

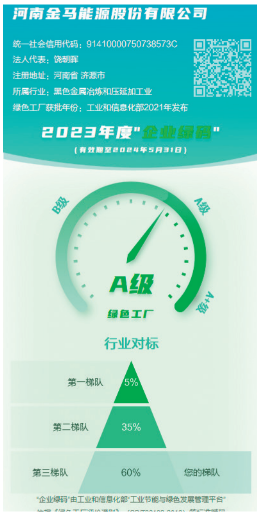
In 2023, fire-fighting water renovation was carried out in the office logistics area, apartment building toilets and bathrooms used for cleaning, and employee bathroom showers were replaced with water-saving types to reduce water consumption in daily life.

Water conservation advocation chalkboard

- **Measures of energy saving and consumption reduction**

While insisting on energy-saving management by using comprehensive approach of "technology + management", the Group integrated emission reduction into many aspects of its business operation by improving the systems, optimizing management scheme, and innovating and transforming technology. This measure optimized the production cost structure and improved the energy utilization efficiency, providing strong support for advancing the enterprise towards green and low-carbon development.

External honor



Grade A Green Plant

Green production

- The Group built an energy management system, and starting from the whole process of production and organization activities, it took measures such as energy-saving monitoring, energy audit, energy efficiency benchmarking, internal audit, energy consumption measurement and test, energy balance statistics, management review, self-evaluation, energy-saving technical transformation, and energy-saving assessment to constantly improve the effectiveness of continuous upgrading of the energy management system, realize energy management policies and commitments and achieve expected energy consumption or use targets; the Group improved and revised the energy management system in response to the actual situation to promote the efficient development of energy management;
- The Company has built an intelligent factory production despatch management center to realize the unified despatch of production resources such as water, electricity, gas, steam, wind and sewage of each subsidiary, which can reduce material consumption, improve energy utilization efficiency, optimize the energy consumption network, improve the utilization rate of surplus heat and pressure, and reduce the consumption of energy;
- Implement clean production, eliminate outdated and high energy-consumption equipment, select energy-saving and environmental products and reduce energy consumption of process and equipment; Strengthen the allocation of the public and auxiliary measuring instruments to ensure accurate measurement of public and auxiliary facilities;
- Build advanced water treatment facilities to achieve the tertiary use of water resources and reduce consumption of fresh water; Attach great importance to the research and development of energy-saving and emission-reduction technology and promote the renewable energy utilization projects.

Green office

- Formulate and implement systems, including the Office Supplies Management Regulations and the Regulations on the Management of Computers and Air Conditioning, regulate the use of office supplies and air-conditioning and computers, to reduce waste and achieve energy saving and consumption reduction;
- The Group has comprehensively promoted the 100% utilization rate of computers in management posts, and realized paperless work in respect of administrative examination and approval, document handling, internal signing and reporting, financial reimbursement, notices and announcements and management of meetings and meeting affairs. By the end of 2023, OA and NC system have covered all the staff members of the group company, strengthened the technical support for daily work, promoted the electronic-based exchange and storage of documents, shortened the cycle of financial approval and reimbursement and information transmission, reduced the costs of paper, equipment, transportation and human resources, and played a positive role in the efficiency and resource conservation of the Company.
- LED energy-saving lamps are used in public areas and offices, temperature limits are set for air conditioners, and slogans are posted next to the lighting switches to remind employees to save electricity.

Green commuting

- Check and approve the travel fuel consumption limit standard of the vehicles to avoid long-term speeding and idling;
- Communicate about the need to use of scheduled buses in advance and combine all of the needs to arrange scheduled buses reasonably, improving the utilization efficiency of scheduled buses and buses;
- Encourage green commuting among employees. Every year, the Group transports employees to and from work by scheduled bus for a total of 2,900 times, transporting 145,000 employees; reducing more than 140,000 employees' trips by private car and saving by about 112,000 liters of gasoline.

Case: Taking multiple measures to promote energy saving and consumption reduction

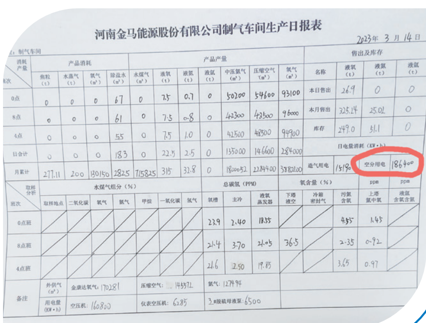
1. Installation of time control switches on the laboratory lighting for improvement

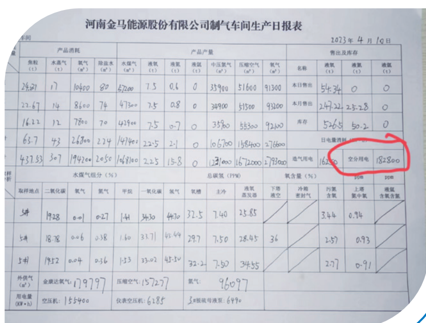
The hall lights of the Company's laboratory building which are also used for lighting the roadway in front of the door are turned on or off by hand before improvement. Therefore, they are not turned on or off in a timely manner, resulting in hidden dangers and waste. The Company purchased time control switches and installed them on the lighting line to realize turning on and off on time, avoid waste, and eliminate the hidden dangers of forgetting turning on the lights.

Installation of time control switches on the laboratory lighting for improvement

2. Optimization of the air separation process of the gas workshop

Before improvement of the air separation process, when massive subsequent gas is consumed, the Company's gas plant shall maintain full load work, resulting in high power consumption. The Company implemented the following three improvement measures: 1. When the subsequent gas consumption is reduced, turn down the discharge pressure of the air compressor in a timely manner to reduce the air compressor load; 2. According to the operating conditions in the fractionating tower, reduce the oxygen emissions under the condition of stable index to decline the load of air compressor; and 3. Keep the recycled water staying at a stable temperature and turn off the unnecessary fans to effectively save power consumption through the adjustment measures.


河南金马能源股份有限公司制气车间生产日报表


河南金马能源股份有限公司制气车间生产日报表

Optimization of the air separation process of the gas workshop

3. Pump frequency transformation for reclaimed water treatment products in the power room

Before the improvement of the Company's reclaimed water treatment products, the pump conveyed the product water to the chemical production workshop at the power of 30KW under the direct starting mode. Due to the great impact force of direct start and longer pipeline with air inside, it is difficult for the operator to control the opening of the valve, causing the pipeline break in the large canal many times, affecting the water supply. The Company installed the old idle inverter that is matchable in the warehouse, and the motor speed was changed to controllable speed after improvement. After the operator starts the pump, the direct start is converted to gradually increased frequency, which greatly reduces the impact on the pipeline and avoids the pipeline break and disruption of water supply.

Pump frequency transformation for reclaimed water treatment products in power room

4. Water-saving transformation in public areas

Fire water renovation was carried out on the cleaning water in the office logistics area, the toilets and bathrooms of the apartment building, and the shower heads of the employee bathroom were replaced with water-saving ones to reduce the domestic water consumption.

Water-saving renovation of employee bathroom

5. Promoting the implementation of photovoltaic projects

The Company built a 1.24MWp distributed photovoltaic project on the idle roof of the factory to achieve grid-connected power generation for all areas by March 2023, and built a mobile data monitoring background to implement monthly inspection system. The project is operating stably at present and can save grid power of about 1.1 million kWh annually.

Distributed photovoltaic project

Data on use of resources from 2021 to 2023

Type of resources	Unit	2023	2022	2021
Diesel	Ton	**755.11**	692.92	522.00
Gasoline	Ton	**41.53**	23.31	17.22
Net purchase of electricity	1,000 kWh	**-200,034,945.94**	230,515.90	218,001.20
Net purchase of thermal power	GJ	**-446,453.18**	-235,832.86	74,994.78
Total volume of integrated energy consumption	Ton of standard coal	**1,331,963.35**	884,708.95	304,062.89
Intensity of integrated energy consumption	Ton of standard coal/RMB10,000	**1.10**	0.71	0.41
Total volume of freshwater consumption	Million ton	**4.85**	2.66	1.30
Intensity of freshwater consumption	Ton/RMB10,000	**4.02**	2.16	1.76
Recycling rate of water for industrial use	%	**98.28**	98.28	98
Packaging	Ton	**N/A**	N/A	N/A

Notes:
1. The integrated energy consumption data above is calculated according to the General Rules for Calculation of Integrated Energy Consumption;
2. The intensity data above is calculated by dividing consumption volume by revenue;
3. The resource consumption data comes from the production-oriented subsidiaries of the Group;
4. In 2023, Xinyang Steel Jingang Energy Co., Ltd. (信陽鋼鐵金港能源有限公司) was incorporated into the Company's ESG report, and this company's coke production and sales business can generate electricity and thermal power by itself; the net purchase of electricity and the net purchase of thermal power are negative after they are included in the table of data on the use of resources;
5. As coke is a bulk industrial product, no packaging is used in the process of production and transportation.

2.3 Tackle Climate Change

Tackling climate change is a common challenge for all mankind and deeply affects the economic and social development, which cannot be ignored. It is a key issue for future development to positively tackle the impacts of climate change. The Group attaches great importance to the environmental impacts of greenhouse gases generated during its production and operation process, and effectively strengthens dual-control of greenhouse gases and pollutant treatment by a series of practices including optimisation of energy structure, and energy-saving settings and renovations. In response to the impact of extreme weather events caused by climate change, the Group pays attention to its development trend, takes precautions against disasters such as floods, rain, snow and ice, and high temperatures under seasonal extreme weather, improves emergency plans, and enhances emergency disposal capabilities to ensure rapid and effective response to natural disasters. By taking multiple measures such as strengthening the risk management mechanism, optimizing the business portfolio, and promoting technological innovation to tackle the transitional risks and physical risks arising from climate change, the Group actively contributed to the goal of achieving carbon peaking and carbon neutrality.

GHG Target: 2021-2025

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

Climate-related risks	Type of risks/ opportunities	Potential impacts	Response to risks
Transitional risks	Policy and regulatory risk	The market is gradually paying more attention to the risks posed by climate change, and relevant national policies are more stringent on GHG limits	Intensify the development of renewable energy, and strengthen the research, development and application of energy-saving technology. Promote the development of coking chemical and hydrogen energy fusion through the purification of hydrogen by-product gas, and actively transform to develop clean energy
	Market risk	Consumers' preference changes and consumers tend to choose low-carbon products	Promote the development of coking chemical and hydrogen energy fusion and provide clean products and services
	Reputational risk	Failure to take proactive and effective actions to respond to climate change and to disclose information in a timely manner so as to respond to the needs of external stakeholders may damage the Company's reputation	Enhance the disclosure on compliance information and strengthen communication and exchange with stakeholders continuously
Physical risks	Acute risk	Extreme weather, such as floods and typhoons, may cause damage to assets, loss of personnel and interruption of business activities	Develop and implement rules such as the Special Weather Response System, the Storm Drainage System, Zenan Reservoir Flood Control and Emergency Plan etc. and organize emergency drills regularly, to prevent and control risks related to lightning, rain and snow and other special weather to ensure safe production
	Chronic risk	Equipment and facilities may be damaged due to the rising temperature, which may affect the Company's normal operation and increase its operating cost	Intensify daily inspection and maintenance of production and operation equipment

Case: Strengthening innovation to establish a hydrogen energy industry base

Hydrogen energy is one of the most potential clean energies nowadays, and the development and utilisation of hydrogen energy is a major strategic direction of current global industrial innovation and energy transformation. In the future, the Group will prioritise the production of high-purity hydrogen for vehicle use through the layout of industrial parks, relying on the existing hydrogen production plants and expanding the scale of hydrogen production. Focusing on the industrial planning of hydrogen production, hydrogen storage, hydrogen transport, hydrogenation, hydrogen fuel cells and hydrogen vehicles, the Group has formed a cyclic development between the industry chain of hydrogen energy and the extended industry chain of traditional energy. Through the demonstration base for green and low-carbon development, the Group will achieve clean and efficient utilisation of coal as well as green and sustainable development.

2.4 Protection of Environment and Natural Resources

In strict compliance with the Environmental Protection Law of the PRC《中華人民共和國環境保護法》, and under the principles of reasonable development and effective protection, the Group strived to perform water and soil conservation work and actively performed its environmental protection responsibilities according to relevant laws, regulations and industry standards. The Group prudently evaluated and minimized the potential impacts on the environment and natural resources during the project construction and operation. With a high sense of responsibility and mission, the Group is committed to reducing environmental pollution by keeping away from the environmentally sensitive areas and important water resources and reducing the occupation of agricultural and forest land. The Group has also conducted ecological monitoring of the changes in environmental sensitive areas in industrial parks and has formulated effective emergency plan for environmental risks to reduce environmentally pollution with responsible attitude and behaviour, making positive contributions to sustainable development and ecological civilization construction.

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

- Strictly implement "six 100%" for construction projects, complete enclosure of construction areas, 100% wet cleaning being used as coverage of exposed soil, complete coverage of construction materials, reduce fume generated from welding with fume collector and complete coverage of transport vehicles such as construction trucks, and strictly implement the relevant early warning regulations during the heavy pollution weather warning period;

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

- Reduce dust and soil loss through greening, coverage, spray and other measures during the project construction, and carry out excavation and back-filling operations based on national and local requirements to make every effort to ensure water and soil conservation;

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

- Build a domestic wastewater treatment station, a phenolic and cyanic wastewater treatment station, a comprehensive wastewater treatment station, an initial rainwater collection pool and a water recycling system covering the whole company, which collects and treats all of the Company's domestic wastewater, production wastewater and initial rainwater and reuses 100% of them. Reduce the soil and water pollution in the natural environment to a large extent while reducing the surface groundwater yield;

- Formulate the Regulations on Greening Management, attach importance to the greening construction of the Company, stipulate the greening coefficient target of the Company, organize greening tasks such as planting grass and trees, drive employees to plant trees voluntarily, with a voluntary tree planting diligence rate of over 95.4%;

- Greening coefficient target: area in front of the plant ≥50%, production area ≥30%.

Case: Continuously carrying out greening actions to beautify the working environment and jointly building ecological harmony

As an entity bearing environmental and social responsibilities, the Group has always been committed to promoting green enterprise and ecological construction. In 2023, the Company's landscaping team trimmed the hedges of office area for 10 times, trimmed the lawn for 10 times, and pruned the branches for all trees in the office area for one time, enhancing the greening image of the factory. About 2,000 Jinyuan red leaf photinia trees and about 800 red photinia ball trees were planted, spraying insecticide for trees and weeds for 3 times, covering an area of about 8,000m².

On 12 March 2023, in response to the call for environmental protection, the Company organized the Company's employees to participate in the voluntary tree planting activities on Arbor Day and designed greening plans for both sides of Jinma Avenue and the factory area. The regional ecological environment quality has been improved through voluntary tree planting and other ways, with a voluntary tree planting diligence rate of over 95.4%. The Company continued to promote the landscaping work to create a more beautiful and pleasant living environment for employees and surrounding residents.

The Company's landscaping team is conducting greening for the office area

The Company's tree planting activity on Arbor Day

Case: Control of environmental pollution during project construction

The Company built a 7-meter coke oven in 2023. In the construction process, measures such as ground hardening, greening, coverage, enclosure and spray for reducing dust were adopted to control environmental pollution and reduce soil erosion. These measures greatly reduced the dust in the construction process while reducing soil erosion due to construction, precipitation, wind and other processes.

Control of environmental pollution during project construction

Case: Desulfurization, denitrification and dust removal project for coke oven

The Company has specially built desulfurization, denitrification and dust removal facilities for coke oven flue gas to treat the coke oven flue gas before discharging it according to the standards. For dry quenching coke flue gas, the Company has built a dry quenching high-temperature flue gas desulfurization device to purify SO_2 in the dry quenching furnace flue gas. The concentrations of particulate matter, sulfur dioxide, and nitrogen oxides in the treated coke oven flue gas and dry quenching flue gas meet the special emissions of air pollutants in the "Coking Chemical Industry Pollutant Emission Standards" (GB16171-2012, DB41/1955-2020) of 50% and lower, i.e. SO_2 <10 mg/m^3, NO_x <80 mg/m^3, and particulate matter <10 mg/m^3 under the baseline oxygen concentration.

Desulfurization, denitrification and dust removal project for coke oven

The Environmental Protection Department of the Company actively organized the heads of production workshops and the environmental protection officers to participate in the training of environmental protection knowledge and the emergency drill of simulated environmental emergencies, requiring each workshop to organize employees to study environmental protection knowledge in depth and raise the environmental awareness of all employees. In order to continuously strengthen employees' awareness on environmental protection, the Environmental Protection Department elaborately planned and posted environmental advocating slogans in the eye-catching positions of the Company such as corridors, buildings, lawns, and vegetation to guide employees to develop the environmental protection habits in written form.

3. Care for Employees

Employees are the most precious asset of a company, and the Group always focuses on addressing and meeting the developmental needs of employees. The Group adheres to the talent concept of "respecting people, relying on people, developing people, and satisfying people", striving to establish a fair, transparent, and inclusive work environment to fully protect the legitimate rights and interests of each employee. We strictly prohibit all forms of child labour and forced labour, uphold the principle of equal employment, and offer fair competition opportunities and career development avenues to all employees, irrespective of gender, age, race, religious beliefs, or social background. Through the establishment of a professional training system and diverse career development paths, our goal is to support employees in continuous growth and realization of their self-worth. Furthermore, the Group places great importance on the humanistic care of its employees, not only offering a healthy and safe working environment for employees but also enacting various relief and supporting policies and organizing diverse cultural and sports activities to boost team cohesion, enhance the physical and mental well-being of employees, endeavour to establish harmonious and mutually beneficial labour relations, and grow together with employees.

3.1 Equal Employment

The Group strictly complies with the relevant laws and regulations including the Labour Law of the PRC《中華人民共和國勞動法》, Labour Contract Law of the PRC《中華人民共和國勞動合同法》, and the Provisions on the Prohibition of Using Child Labour《禁止使用童工規定》. It has established and continuously enhanced its employment management policy, optimized the supervision and management system for employee rights, built an effective employee protection system, and ensured the protection of employees' legitimate rights and interests. We uphold the principle of equal employment, guaranteeing transparency and fairness in the recruitment and promotion process, and rigorously selecting talent based on job requirements and individual abilities. Additionally, we have set up various feedback channels, reinforced internal monitoring, ensured the proper implementation of every personnel policy, promptly rectified any instances of inequality, and are dedicated to fostering a non-discriminatory work environment. Any type of unfair treatment will be addressed seriously.

The Group strictly prohibits the use of child labour and forced labour, and forbids all forms of employing child labour and compulsory labour. During the Reporting Period, the Group was not involved in any litigation relating to employment of child labour, forced labour and material breach of labour laws.

The Group has developed policies to detail recruitment procedures and regulations when recruiting. Before new employees join the Group, the Group's human resources department will carry out strict background checks on candidates to eliminate any employment of child labour. When any irregularities are found, the Group will immediately investigate and take disciplinary action. If necessary, the Group will further improve the labour mechanism in view of any violations.

Employment Data in 2023

Indicator	Unit	Number in 2023	Unit	Proportion in 2023
Total Employees	Persons	2,963	%	100
By Gender				
Male employees	Persons	2,423	%	81.8
Female employees	Persons	540	%	18.2
By Title				
Functional business	Persons	289	%	9.7
Professional technology	Persons	192	%	6.5
Skills operation	Persons	2,482	%	83.8
By Employment Type				
Full-time employees (contract)	Persons	2,963	%	100
Part-time employees (labor dispatch, temporary workers)	Persons	0	%	0
By Age				
Under 30 years old	Persons	919	%	31.0
31-40 years old	Persons	1,192	%	40.2
41-50 years old	Persons	754	%	25.5
Above 51 years old	Persons	98	%	3.3
By Region				
Within Henan Province	Persons	2,923	%	98.7
Outside Henan Province	Persons	40	%	1.3
Minority Employees				
Number of minority employees	Persons	67	%	2.3

Employee Turnover Indicator in 2023

Indicator	Unit	2023
Annual Turnover Rate of Employees		
Annual turnover rate of full-time employees	%	**6.7**
By Gender		
Turnover rate of full-time male employees	%	**5.6**
Turnover rate of full-time female employees	%	**1.1**
By Age		
Turnover rate of employees under 30 years old	%	**6.3**
Turnover rate of employees who are 31-40 years old	%	**0.2**
Turnover rate of employees who are 41-50 years old	%	**0.1**
Turnover rate of employees over 51 years old	%	**0.1**
By Region		
Turnover rate of employees within Henan Province	%	**6.7**
Turnover rate of employees outside Henan Province	%	**0**

3.2 Employees' Rights and Interests

The Group strictly complies with the relevant laws and regulations including the Labour Law of the PRC《中華人民共和國勞動法》and Labour Contract Law of the PRC《中華人民共和國勞動合同法》as well as other applicable laws relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and attaches great importance to the protection of employees' rights and interests. It continuously improves the salary system and, through scientific design, offers competitive and humanized salaries and benefits to its employees. Simultaneously, rewards and incentives are granted according to employee performance and contributions. The assessment and promotion processes are open and transparent, guaranteeing that each employee's career advancement is determined by their abilities and accomplishments. The Group adheres strictly to the national working hour system, provides paid leave to employees as per regulations, and has established clear and explicit attendance and leave policies within the company. Additionally, we promote equality and diversity, foster an inclusive work environment, and encourage employees to voice their opinions through open communication, aiming for collaborative creation and win-win results.

Fair and standard recruitment

- Formulate and implement the Regulations on Management of Recruitment of Employees and the Regulations on Management of Resignation of Employees. Recently, recruitment information is published mainly through channels such as recruitment websites, local employment bureaus and WeChat Official account with clearly defined recruitment and dismissal conditions and a fair and standardized employer-employee relationship;

- Focus on introducing highly educated, high-quality and highly skilled personnel as well as staff for special positions.

Remuneration and benefits	• Establish a scientific and reasonable working hours and remuneration system which offers competitive remuneration to employees; • The post wage was increased, other fees such as high-temperature subsidies and cooling fees, and health expenses for female employees were increased, which has further improved the salary level of employees and protected their benefits; • Pay five social insurance premiums according to law for all employees and establish employee welfare systems such as housing provident funds for employees who have completed their probation period.
Assessment and promotion	• The employee assessment and promotion mechanism is open and transparent, to ensure that each employee is fairly assessed and reasonably promoted during his/her tenure. • Based on the nature of the job positions, employees are provided with multiple promotion pathways, and all types of talents are provided with ample development opportunities; • In accordance with the establishment and staffing of administrative and management positions and the production operation situation, internal open competition is prioritized in the event of vacancies in management roles. All assessments and competitions are open and transparent, to ensure that each employee is fairly assessed and reasonably promoted during his/her tenure.
Attendance and vacation	• The Company formulates clear and concise rules on attendance and vacation, provides marriage leave, bereavement leave and maternity leave with basic salary paid according to relevant national regulations and pays overtime salary according to the national standard during holidays, to fully protect the employees' rights and interests.
Equal working environment	• Emphasizing on building a diversified team, the Company now has relevant policies and measures regarding equal opportunity, diversity and anti-discrimination (in the case of employing people with disability) in force; • Provide an equal and fair opportunity for each employee and forbid discrimination against gender and disability.

Strengthen democratic communication

- Implement the system of employee representatives meeting to consider major decisions of the Company and significant issues relevant to the personal interests of employees, such as bonuses, allocation plans of income and welfare distribution, and to evaluate work reports presented by leaders of the Group at the annual employee representatives meeting;

- Promote the transparency of factory affairs through various media and in various forms, such as organizing quarterly experience symposium for employee representatives, monthly meeting on factory affairs and weekly meeting on production scheduling, while at the same time updating information on factory affairs in the open column for factory affairs and in internal monthly bulletins, widening the channels for democratic decisions, democratic management and democratic supervision by employees, and listening to opinions and suggestions from employees;

- Protect the rights of information, participation and supervision for employees and enhance the coordination and communication between the enterprise and employees.

3.3 Growth and Development

The Group adheres to the talent concept of "respecting people, relying on people, developing people, and satisfying people", focuses on cultivating high-level and compound talents, and improves the mechanism for selecting, cultivating, using, and gathering talents. As the Group develops, the employees' needs for development are also satisfied through the construction of multi-tiered and multi-dimensional training system, enriching training contents, and innovating training approaches. The Group strives to incorporate training throughout the career of employees. From enhancing professional skills to fostering leadership development, from individual growth to promoting team collaboration, we offer employees a diverse array of learning resources and practical opportunities, ensuring that each employee can discover a growth path that aligns with their personal development. In the meantime, we enhance talent development and management system construction, establish a scientific and effective assessment and evaluation mechanism, and create seamless avenues for talent growth. The Group vigorously cultivates high-quality talents, continues to optimise its talent structure, establishes an effective mechanism for the flow of talents and gradually optimises the talent growth channel. The Group adopts the "bringing in, going global" mode of training to build a team of talents with suitable scale, reasonable structure and high quality in areas of operation management, professional technology and skills operation. The continuous prosperity of the Group originates from the realization and enhancement of employees' personal values. We strongly believe that the growth of employees is the future of an enterprise.

Enhance the establishment of management system for nurturing talents

- Establish and form a four-in-one training system for new employee induction training, employee vocational capability training, backup management training, and management training.

- Strengthen the training mechanism for outstanding talents, and formulate the Outstanding Talent Selection and Cultivation Management Plan (《優秀人才選拔培養管理方案》) to promote talent cultivation through internal training, external training, and post rotation, to further improve the management level and business capabilities of existing middle and senior management personnel and technical backbones.

Establish a scientific and effective assessment and evaluation mechanism

- Formulate scientific and feasible talent assessment methods, take training performance as an important indicator of talent pool assessment, select outstanding talents who "want to do, can do, can be successful, and be no accident", and form a dynamic management mechanism which can facilitate mobility of personnel within the organization and maintain vitality of the organization.
- Conduct assessments for middle and senior management personnel annually, and the assessment result will be an important basis of adjustment for leaders and cadres.

Enhance talent exchange, expand development channel

- Facilitate the development pathways for management, technology, and skilled talents; establish an evaluation system centered on innovative value, capabilities, and contributions; nurture a specialized management team in the Group's electromechanical instruments sector; establish a "Skill Master Workshop" predominantly comprising talents from the coal chemical industry; and create assessment and employment mechanisms for chief engineers, technicians, chemists, and others.

Focus on nurturing young reserve cadre talents

- Focus on selecting young reserve cadre talents with high mindset quality, advanced professional skills, strong work capabilities and conduct systematic and comprehensive nurturing.

Training data of employees from 2021 to 2023

Indicator	Unit	2023	2022	2021
Total number of employee trainings	Times	**420**	20	18
Total number of employees	Persons	**55,860**	5,500	7,000
Total expenditure on training	RMB ten thousand	**105.31**	188	80
Percentage of employees trained (Percentage of employees trained = (Number of employees trained/Number of employees) * 100%)	%	**100**	100	100
Percentage of male employees trained	%	**100**	82	88
Percentage of female employees trained	%	**100**	18	15
Percentage of ordinary employees trained	%	**100**	95.6	80
Percentage of middle employees trained	%	**100**	4	50
Percentage of senior employees trained	%	**100**	0.4	10
Average hours of training for employees	Hours	**76**	60	–
Average hours of training for male employees	Hours	**72**	60	55
Average hours of training for female employees	Hours	**72**	60	55
Average hours of training for ordinary employees	Hours	**72**	60	55
Average hours of training for middle employees	Hours	**192**	48	55
Average hours of training for senior employees	Hours	**56**	30	52

Case: Formulating annual training plan to improve the comprehensive ability of employees

During the Reporting Period, the Group implemented a variety of training programs for grassroots employees in line with the 2023 Training Plan. These programs include new employee onboarding training, three-level safety education and training, professional skills training, and new apprenticeship training, with the goal of enhancing employees' safety awareness, professional skills, and overall competency. Simultaneously, the Company prioritizes training employees in areas such as safety, legal compliance, and office operations to address their holistic development requirements. Through the implementation of pre-employment and on-the-job training for new employees as stipulated by the 2023 Training Plan, the Company ensures that employees possess the essential knowledge and skills before assuming their roles, thereby establishing a robust foundation for the Company's sustainable development.

Opening Ceremony of the New Apprenticeship System

3.4 Humanistic Concern

The Group upholds the philosophy of humanism and is committed to enhancing employee well-being and sense of social responsibility. The Group developed the Administrative Measures for the Mutual Aid Funds of Henan Jinma Energy Company Limited (《河南金馬能源股份有限公司互助基金管理辦法》), the Measures for the Implementation of Scholarships of Henan Jinma Energy Company Limited (《河南金馬能源股份有限公司獎學金實施辦法》) and other assistance systems, and established scholarships to encourage employees' children in their schooling, aiming to provide comprehensive support for employees and their families. This not only relieves the financial pressure on employees when facing sudden difficulties but also motivates their children to strive for excellence in education. At the same time, the Company has showcased its deep commitment to humanistic care by putting in place a range of considerate initiatives, like offering cooling measures for employees during hot summer and organizing health check-ups for female employees on International Women's Day. Furthermore, we arrange a diverse range of leisure and cultural activities for our employees, such as poetry recitals during the Mid-Autumn Festival, specially crafted heart-to-heart symposiums for veterans, and tailored health programs for cadres and employees, all aimed at boosting employee satisfaction and happiness in the workplace.

Rest and recuperation activities for cadres and employees

Veterans' symposium

Case: Cultural and Sports Activities for Employees on the 20th Anniversary of the founding of the Company

As the scorching summer sets in, the Dragon Boat Festival quietly approaches. The Company has meticulously organized a themed event titled" Our Festival: Dragon Boat Festival with the Aroma of Zongzi", with the goal of preserving Chinese tradition and fostering mutual understanding and teamwork among employees. On the day of the event, the Company invited skilled Zongzi-making masters to teach employees the art of crafting delicious Zongzi. Through this hands-on experience and communication, employees strengthened their teamwork abilities. The Dragon Boat Festival event not only enriched the cultural life of employees and strengthened team cohesion but also provided employees with the opportunity to experience the charm of traditional festivals, fostering a sense of joy and further igniting their enthusiasm for work and their sense of belonging to the Company.

The Dragon Boat Festival event

In order to enhance team spirit and collaboration among employees, and also to enrich employees' leisure and cultural activities, the Company carefully planned and held tug-of-war and table tennis competitions. In order to ensure the fairness of the event and the safety of participants, the Company also specially invited a professional team of referees. On the day of the event, colleagues encouraged each other, studied tactics, and showed a positive spirit. Through the organization of these sports activities, the Company not only provides employees with a platform to relax and showcase their strengths and talents, but also enhances communication and cooperation among employees, creating a positive, healthy and lively working atmosphere.

Tug-of-war competition

Table tennis competition

4. Focus on Safety and Health

The Group upholds the safety principle that "safety is the cornerstone of the Company's existence," emphasizing production safety and employee health as pivotal elements in attaining sustainable and steady enterprise growth. We strictly abide by the Work Safety Law of the PRC《中華人民共和國安全生產法》, the Law of the PRC on the Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》, the Regulations on Safety Management of Dangerous Chemicals《危險化學品安全管理條例》 and the Regulations on Safety Production in Henan Province《河南省安全生產條例》 and other safety-related laws and regulations, and continuously improve the internal safety management mechanisms to ensure the safety and health of employees. We have set up a rigorous safety management system, and carried out risk assessments and hazard investigations to guarantee production safety. By conducting regular safety education and training, we aim to enhance employees' safety awareness and emergency response capabilities. Concurrently, we focus on the occupational health of employees, implementing regular health check-ups and detecting occupational hazard to safeguard their physical and mental well-being. These measures are designed to establish a safe and healthy working environment for employees, laying a strong foundation for the stable development of the enterprise.

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

4.1 Management on Safety Operation

The Group formulated the Safety Standardization Management Manual《安全標準化管理手冊》, National Safety Production Responsibility System《全國安全生產責任制》 and other institutional documents. Adhering to the policy of safety first, prevention-oriented and comprehensive management (安全第一、預防為主、綜合治理), with "safety production standardization" as the focal point and "dual prevention mechanism" as the means of implementation, the Group developed and continually enhanced the safety production responsibility system and safety risk prevention and control mechanism, furnishing institutional assurances for the effective implementation of safety management efforts. We identify, assess, and control potential risk factors through routine security inspections and real-time monitoring, enabling the effective management of diverse security risks. Moreover, we have established an emergency response mechanism and accident handling procedure to ensure swift and efficient response in case of emergencies.

During the Reporting Period, the Group set the following safety production objectives:

- Minor injury rate ≤ 1‰, with no serious injuries and work-related fatalities;
- The equipment maintenance rate is 100% as planned;
- No major equipment operation accidents;
- No in-plant traffic accidents;
- No incidence of occupational diseases;
- "Three-level" safety training for all of the employees;
- 100% training pass rate for outsourced construction personnel.

To achieve these goals, the Group implemented the following initiatives:

- In accordance with the provisions of the new Work Safety Law 《安全生產法》, we have refined and improved the list of safety responsibilities and assessment standards for personnel at all levels, and signed a safety target responsibility letter and a safety commitment letter at each level, so that job safety responsibility, fire safety responsibility, emergency response responsibility and occupational health responsibility can be implemented in a four-in-one manner and simultaneously.

- Based on the Guidelines for the Investigation and Governance of Corporate Safety Risks in Hazardous Chemicals 《危險化學品企業安全風險隱患排查治理導則》, with risk identification and control at the core, and with risk control list and hidden danger detection and management list as the basis for inspection, we issued monthly risk control tasks through the intelligentized management platform and insisted on identifying safety risks at all levels and detecting and managing hidden dangers at all levels, to form a regular mechanism for risk control and hidden danger detection and governance.

- We further improve training management and supervision and inspection to ensure that there is a sound safety training program, with specific training implementation rules, detailed training records and assessment results.

- We regularly hire professional teachers to conduct special training in different specialties to gradually improve the safety skills of managers (middle-level cadres, team leaders, safety officers) and grassroots employees.

- The competent units should regularly conduct special training for foreign personnel to continuously improve the safety awareness and skills of foreign construction personnel.

- We continuously carry out "five knows, five skills, and five cans" job knowledge training, and regularly organize safety examinations to ensure the effectiveness of training.

Work-related Injury Data in 2021-2023

Indicator	Unit	2023	2022	2021
Deaths of full-time employees who died from work-related injuries	Persons	**0**	0	0
Percentage of full-time employees who died from work-related injuries	%	**0**	0	0
Days of work lost due to work-related injuries (days lost per 200,000 work hours)	Days	**40**	45	80

4.2 Safety Education and Training

The Group attaches great importance to the safety education of employees, training 82 new employees and 968 outsourced construction personnel during the Year, with a pass rate of 100%. All units continued to carry out safety day activities in the work group twice a month. During the Year, all units held a total of 216 work group activities, organized 32 study sessions for safety management personnel, and conducted 216 safety emergency trainings with 3,286 participants, ensuring that the training is well-organized, informative, well-summarized, and properly documented. The Group has repeatedly engaged professionals to deliver a series of expert lectures to safety management personnel, covering topics such as Drawing Experience from Accidents and Determining the Main Body Responsible for Safe Production《深刻吸取事故教訓落實安全主體責任》, Work Safety Law of the PRC《中華人民共和國安全生產法》, Safety Regulations for Special Operations in Hazardous Chemical Enterprises《危險化學品企業特殊作業安全規範》, and disseminated safe production knowledge to all individuals. Through these educational courses, safety management employees have not only updated their knowledge of laws and regulations about safe production but have also developed a deep understanding of the significance and immediacy of safe production. By consistently providing safety education and training, our goal is to safeguard the safety and well-being of employees, foster the establishment of a robust safety culture within the company, and offer substantial backing for the long-term stable growth of the Group.

During the Reporting Period, 133 employees of the Group held registered safety engineer certificates.

Case: Conducting the production safety month activity with the theme of "everyone talks about safety and everyone knows how to deal with emergencies"

In June 2023, which is the 22nd national production safety month, Henan Jinma Energy Company Limited conducted the production safety month activity with the theme of "everyone talks about safety and everyone knows how to deal with emergencies" throughout the Company based on its actual situation. Through various safety activities such as publicity and education, personnel training, emergency drills, hidden danger investigation and control, and accident warning education, the Company aimed to improve the safety awareness of all employees, standardize safety behaviors, establish a long-term mechanism and achieve sustainable safety production.

- The security department of the Company engaged safety experts from the Emergency Management Bureau to provide a special training themed on "everyone talks about safety and everyone knows how to deal with emergencies" for the Company's safety management personnel.

- Various forms of safe production publicity and education to create a safety atmosphere: During the production safety month, the safety promotion videos and safety knowledge were timely uploaded and displayed on the scrolling screen at the Company's entrance. All the departments and workshops of the Company conducted warning education activities such as "safety production discussion" and "learning from cases" and used blackboards, bulletin boards, banners, slogans, display boards, etc., to publicize various safety knowledge.

- Carrying out emergency drill week activities: During the production safety month, the Company organized various emergency drills based on the situations of all units, including comprehensive emergency drill for liquid oxygen storage tank leakage, emergency drills for coal yard greenhouse fires, and emergency drills for heatstroke incidents. These emergency rescue drills helped improve the employees' awareness and accident response capabilities and verified the effectiveness and feasibility of emergency plans, achieving the objectives of the drills. All units carried out a total of 25 emergency drills in accordance with the annual emergency drill plan during the production safety month, with more than 760 participants.

- Carefully conducting hazard identification and control: To ensure production safety, all the units launched the regional hazard identification and control activities. Based on the principle of "bottom-up and progressive layer" principle, the activities were aimed to ensure that hazard identification covered every aspect and no potential risk was omitted. For hazards identified during the investigation, all units adopted a strategy of classified management and hierarchical control. For hazards that could be rectified promptly, relevant persons immediately took actions to ensure timely resolution of problems. For hazards that could not be immediately rectified, all units formulated detailed preventive measures and clarified management responsibilities, to ensure that control was completed within specified time.

- Innovating activity modes: The Company creatively integrated safety culture into every detail of employees' daily work and life. Through the "Take Safety Home" campaign, employees could not only enhance their awareness of home safety, but also bring the diligent attitude from work to their homes. The competition of wearing positive pressure respirators helped employees exercise their self-rescue skills in emergency situations and promoted communication and cooperation among employees. Employees gained a deep understanding of the importance of safe operations from the warning and education activities themed on "learning from cases", improving their ability to prevent accidents.

Production safety month launching ceremony

Ceremony for signing the letter of commitment for safe production

The Company pays attention to the construction of a safe training space and adopts a strategy that combines online independent learning with offline physical training, aiming to enhance employee's professional technical capabilities and safety awareness. This training model aims to improve the Company's work efficiency and safety production levels through comprehensive skills improvement and safety education. The Company develops or utilizes existing online learning platforms to support employees to learn through computers and mobile devices; in the construction of physical space for offline training, the Company invests resources to create well-equipped training classrooms, which can not only accommodate a sufficient number of employees to conduct concentrated learning, but are also equipped with multimedia teaching equipment. Through these measures, the Company has not only improved employee's safety awareness and professional skills, but also laid a solid talent foundation for the Company's long-term development.

Development and construction of a safe training space

4.3 Occupational Health Management

The Group conscientiously implements the Work Safety Law of the PRC《中華人民共和國安全生產法》, the Labour Law of the PRC《中華人民共和國勞動法》, the Law of the PRC on the Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》, the Workplace Occupational Health Supervision and Management Regulations《工作場所職業衛生監督管理規定》and the "Three Simultaneities" Supervision and Management Measures for Occupational Disease Protection Facilities of Construction Projects《建設項目職業病防護設施"三同時"監督管理辦法》, and other national laws, regulations and standards, and considers occupational health management as an indispensable part of its business operations. We provide regular medical examinations and occupational disease screening and consultations for employees by establishing a sound occupational health monitoring system to ensure that their health is fully protected. We comprehensively assess and improve the work environment and operational procedures that may affect employees' health and strictly implement the workplace hygiene standards, to reduce occupational hazards. We strive to improve the occupational health and safety production management system of "taking charge by enterprise, management by professionals, and supervision by employees", strengthen and standardize the supervision and management of the construction of occupational disease prevention facilities in construction projects, ensure the occupational health and safety of all employees in the production process, and promote the harmonious development of corporate safety production.

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

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

- **Establish an occupational health leadership team:** The occupational health leadership team was established to better coordinate the occupational health management of the Company, conduct occupational health education and training, organize occupational health examinations and evaluations, and help employees better understand and maintain their occupational health, so as to prevent and reduce the occurrence of occupational diseases;

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

- **Regular monitoring of occupational hazard influence factors:** The Company has carried out testing of occupational hazard influence factors that may arise from the production process on a regular basis and truthfully informed the operators of such factors;

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

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

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

5. Adhere to Responsible Operations

Innovation is the driving force for an enterprise, quality is its foundation, and management is its survival basis. The Group adheres to the new development concept and the product philosophy of "creating value for users with high-quality products". It is committed to accelerating the industry transformation and upgrading to achieve the goals of green, low-carbon and high-quality development of the enterprise. The Group adjusts and optimizes the product mix to enhance the added value of products and further extends and expands the industrial chain to effectively enhance its overall competitiveness. Meanwhile, it propels the management and technological improvements through innovation, promotes intelligent and information technology construction, and strengthens supply chain management, to continuously improve its core competitiveness, and accelerate high-quality development. In 2023, the Group was ranked the 57th of Henan Top 100 Enterprises (河南企業 100 強).

5.1 Quality Products Management

The Group attaches great importance to improving the quality of products and services, stringently complies with relevant laws and regulations and industry rules, including the Product Quality Law of the PRC (《中華人民共和國產品質量法》), firmly follows the quality concept of "creating value for customers with high-quality products", continuously improves the development of product quality management systems, strengthens the process management of coal blending, coking, chemical production, processing of coal tar and benzene, so as to control product quality in an all-rounded way and to ensure that coke, coal tar, crude benzene and other products meet the standards such as the Coke for Metallurgy (GB/T 1996-2017), Coal Tar (YB/T 5075-2010) and Crude Benzene (YB/T 5022-2016), in an effort to improve the product quality and service level. Moreover, the Group pays great attention to customer service work, establishes multi-channel feedback mechanisms for different issues, actually protects customers' reasonable, compliant and lawful rights and interests, and endeavours to establish long-term, stable and mutually beneficial cooperative relationships with customers.

The Group adopted various management measures to promote quality and efficiency. During the Reporting Period, there were no complaints related to products quality, with 98.5% customer satisfaction and 0% product return rate.

■ **Comprehensive Quality Management System**

- **Establishment of a quality management system:** To ensure that our products meet the highest quality standards, the Group has established a management system centered on quality management. We have developed a series of multi-dimensional quality control systems by formulating the Quality Management Manual 《質量管理手冊》 comprising of the Quality Management Regulations 《質量管理規定》, the Quality Control Point Management Measures 《質量控制點管理辦法》, and the Quality Control Standards for Washing Clean Coal and Reward and Punishment Measures 《進場洗精煤質量控制標準及獎懲辦法》, so as to continuously follow up with and regularly assess the progress in achieving targets, ensuring the effective implementation and continuous improvement of the quality management system;

- **Improvement of the quality control of production processes:** We have formulated the Production and Operation Outline 《生產運行大綱》 with regular updates and refined the entire production process, to ensure that various factors affecting product quality are effectively controlled during the production process. We have formed a comprehensive, coordinated and efficient production process control system, to reduce production costs and improve product quality;

- **Testing of inspection procedures for raw and auxiliary materials and products:** We have analyzed and tested incoming products such as raw and auxiliary materials, intermediate products, and coke, tar, crude benzene and other outgoing products in accordance with the Testing Frequency Rules 《化驗檢測頻次規定》 to ensure the product quality, improve the production efficiency and enhance customer confidence;

- **Management of defective products:** Formulate and implement the Defective Products Management Rules 《不合格品管理規定》 and take graded measures to deal with the defective products, such as reworking, concession acceptance, scrapping or downgraded use to ensure that products and raw materials that do not meet standards are controlled. Defective products will already be dealt with before selling to the market and hence, no recall procedure is applicable;

- **Provide product after-sales service:** We develop and improve relevant systems such as the Customer Complaint Form, Customer Complaint Handling Scheme and Customer Feedback Form, proactively offer attentive after-sales service and pay a return visit to customers; conduct customer satisfaction survey on a regular basis in terms of product quality and after-sales service by face-to-face communication, letters and other forms, start from customers' needs, listen to their demands, actively address complaints related to products and services, promptly handle customer feedback, and are open to customer supervision to improve and enhance product quality in a timely manner;

- **Customer privacy protection:** Establish and improve the confidentiality system of customer information, and strengthen the protection of customer information and data. We have professional business personnel responsible for customer docking and communication, and ensure that all business personnel have strong personal qualities to guarantee the security of customer information and data; we use a variety of software developed by the Company, through real-time monitoring, peripheral management, application control, terminal security system, etc., to control employees and protect the Company's information and network security by means of technical encryption, strengthen internal management and strengthen external protection; we have regular discussions on information security at monthly security meetings, weekly meetings, etc.

5.2 Encourage Innovative Development

With a goal of building an "innovative modern energy and chemical enterprise", the Group accelerated the transformation and upgrading of the company, promoted effective connection and deep integration of the innovation chain and industrial chain, and actively built a new material and energy industry system. We regarded independent innovation as the key to enhancing the core competitiveness of the company and achieving high-quality development. The Group insisted on taking the path of independent innovation, increased investment in science and technology, strengthened the principal status of technological innovation and developed new technologies and products to improve our market competitiveness. Through continuous technological innovation and industrial upgrading, we contributed to sustainable and high-quality development.

■ **Science and technology innovation management**

- **Continuous improvement:** Focusing on current urgent and difficult problems of safety, production, equipment, environmental protection, and quality, the improvement team formulates specific problem points and organizes employees to put forward "improvement proposals" based on their own responsibilities. The proposals may be themed on improving management, improving safety production capacity, quality assurance capacity, environmental protection capacity and other aspects that contribute to the progress of the enterprise. Large improvement projects will be evaluated and scored by the Company's improvement promotion team according to the Benchmark Table for Grading of Proposal Outcomes and rewarded depending on the effect of the improvement.

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

- **Laboratory research and development activities:** The Group, in collaboration with Zhengzhou University-Jiyuan Research Institute, has established the Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals. Based on the needs of technological upgrading and transformation development of the coal and coke industry, the laboratory conducts research in four aspects: development of modern coking technologies, energy utilization technologies of coke oven gas and development of chemical products, development of downstream fine chemicals and functional materials such as "triphenyl" derived from coking, as well as deep processing of coal tar and coal pitch products, promoting technological progress in the coal and coke chemical industry and achieving sustainable development.

■ **Innovation in science and technology**

The Group considered technological innovation as the core engine for achieving sustainable development. We not only strove to promote effective connection between the innovation chain and the industrial chain, but also actively built new material and new energy industry systems to address the increasingly severe environmental challenges facing the world today. In addition, we have formed partnerships with renowned universities such as Tsinghua University and Zhejiang University, and established technology centers to strengthen cooperation and communication between the academic and industrial sectors and jointly explore innovative applications in cutting-edge technological fields. Through continuous investment in research and development and deep cooperation with leading partners in various industries, we have successfully transformed technological achievements into innovative products, bringing new power and vitality to the market. We aim to create a collaborative and innovative ecosystem, so as to make positive contributions to driving the entire industry towards more sustainable development.

Promoting innovation and upgrading of the industrial chain	• We vigorously extended, supplemented and strengthened the industrial chain, cultivated "chain leaders", formed an ecological industry, leveraged the advantages of benzene-based aromatic hydrocarbon resources and extended the chain to establish the industry chain of benzene hydrogenation -cyclohexanol-adipic acid-biodegradable plastics; • We implemented capacity expansion and transformation in deep processing of coal tar, with a deep processing capacity of hundreds of thousands of tons every year. We also extended the chain to develop high-end carbon-based new materials, such as needle coke, high-power graphite electrodes and carbon fibers.
Making layout in hydrogen energy sector to boost the utilization of new energy	• We actively established industrial parks to expand hydrogen supply, with an aim to achieve a hydrogen production capacity of 1 billion cubic meters per year and build a hydrogen supply base in Henan Province; • We planned to build over ten hydrogen refueling stations in surrounding cities such as Jiyuan, Zhengzhou and Luoyang, with a focus on key scenarios, to promote the pilot applications of fuel cell vehicles and hydrogen power generation; • We pursued development throughout the hydrogen equipment industry chain, focusing on fields such as hydrogen fuel cells, hydrogen vehicle transformation, hydrogen engines and complete hydrogen vehicle transformation.
Collaborating with universities to highlight innovation leadership	• We gave full play to the platform role of the engineering laboratory of coal-based ecological fine chemicals, planned to establish a research institute for hydrogen energy and coal-based new materials, and carried out applied basic research in areas such as fine chemicals, new materials, hydrogen energy, energy storage, carbon dioxide capture and utilization, energy conservation, environmental protection, and green low-carbon technologies, in order to enhance our independent innovation capabilities and promote industrial application; • We took advantage of the expertise of graduate students to continue conducting research projects and technological transformations and actively apply for patents and scientific and technological achievements.
Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals	• The laboratory is equipped with advanced equipment such as gas chromatograph, liquid chromatograph and laser particle size analyzer, which are used to analyze the composition and functional groups of gas, liquid and solid samples generated in the experimental process, and provide strong theoretical support for the inference of reaction mechanism. For the research and development of new catalysts, the laboratory is equipped with multi-functional catalyst forming machines and catalyst evaluation devices and other equipment; in order to develop fine chemical products, it is equipped with many kinds of reactors such as fixed bed experimental devices, fluidized bed high-pressure micro-reactor devices, high-pressure parallel reactors and magnetic stirring autoclaves, etc.; • The laboratory has an academic committee comprised of seven professors from universities and four renowned experts from the industry to guide the research work in the engineering laboratory. The engineering laboratory carries out product research and development, process optimization and improvement with the joint efforts of more than 50 R&D personnel from the Company and Jiyuan Research Institute of Zhengzhou University.

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

With the endorsement of the Development and Reform Commission of Henan Province, the Company made a significant investment of RMB10 million to establish the Henan Province Engineering Laboratory of Coal-based Ecological Fine Chemicals. Throughout 2023, the laboratory diligently fulfilled its role as a scientific research platform, providing unwavering support for innovative R&D endeavors and technological advancements.

"Coal-based Fine Chemicals and Functional Materials" Project

The engineering laboratory collaborated with the School of Chemical Engineering and Energy at Zhengzhou University to advance the development of coal-based fine chemicals and functional materials with high added value. Currently, it is conducting production trials for cyclohexylbenzene, utilizing benzene and cyclohexene as raw materials and employing a self-developed supported phosphotungsten heteropolyacid catalyst which has been filed for a national invention patent. This particular product finds its primary application in the high-end lithium-ion battery electrolyte market, where it is sold as an overcharge protection agent for lithium-ion batteries. Moreover, the remaining cyclohexylbenzene undergoes environmentally friendly processes to produce phenol and cyclohexanone, which serve as vital raw materials and intermediates for pharmaceuticals and nylon materials. These high value-added products not only create new business opportunities and profit growth drivers for the Company and contribute to the expansion of business scope, but also facilitate the transformation and upgrading of the industrial structure.

Organizing scientific and technological exchanges and achieving some success

The Group's engineering laboratory boasts a well-structured team of talented individuals and actively engages in scientific and technological exchanges. Presently, it has successfully organized two domestic technical exchanges, with the participation of 50 experts, who have provided valuable suggestions for the Company's development planning and product development. Leveraging its own resources, the laboratory has established an efficient project team committed to relevant research and development, yielding some success. Notably, our new catalytic oxidation desulfurization engineering technology of coke oven flue gas and negative pressure ammonia distillation engineering technology of coking residual ammonia water have won the first prize and second prize of the municipal technological invention award respectively. These accolades underscore the Company's exceptional performance in technological innovation and practical application, further showcasing its remarkable technological prowess and innovative capabilities.

■ **Steadily promote the deep integration of informatization and industrialization**

In today's fiercely competitive business landscape, the rapid advancement of information technology presents unparalleled opportunities for enterprises. The Group insists on the integration of informatization and industrialization policy of "digital empowerment, cost reduction and efficiency increase, green production, and full participation", aiming to seamlessly integrate digital technologies into all business processes. This endeavor encompasses reducing management costs, improving work and product quality, fostering innovative, intelligent, and sustainable development, so as to establish a robust foundation for the enterprise's sustainable growth.

In 2023, the Group was awarded the AAA-level Integration of Informatization and Industrialization Management System Certificate in recognition of its ground-breaking capability in the integration of informatization and industrialization, which was developed through the construction of coal chemical production and operation control capabilities. This certificate's validity extends to the Group's management activities of the AAA-level integration of informatization and industrialization pertaining to the construction of coal chemical production and operation control capabilities, encompassing the value creation process and collaborations with partners. It comprises four key areas: production process control capability, safety and environmental protection control capability in coal chemical production, supply chain synergy control capability, and business and financial integration control capability.

- Digital empowerment: Continuously use digital technology to improve the overall digital level of the Company, continuously empower the Company's management and employees, continuously optimize and adjust the phased goal, adhere to dynamic improvement, and continuously improve the performance of integration of informatization and industrialization;

- Cost reduction and efficiency enhancement: Establish a scientific management system for integration of informatization and industrialization that is compatible with the actual production and operation of the Company, so that there are patterns and rules to follow in the process of development, making the production and operation of the enterprise more standardized and efficient, thus improving the level of enterprise management, continuously improving the efficiency of enterprise management, reducing costs and improving quality, and finally achieving the purpose of cost reduction and efficiency enhancement.

- Green production: The Company makes full use of digital technology to continuously improve the intelligence of production equipment and management process, improve process management level through equipment intelligence, continuously reduce energy consumption in the production process, reduce pollutant emissions, enhance energy conservation and emission reduction, gradually achieve green production and establish a green production system.

- Full participation: All employees participate to play the role of teamwork. Every employee of the Company, including top managers to ordinary employees, is both a builder and practitioner of the management system. From the top manager to each employee, they should: learn the system, use the system, and constantly put forward suggestions for system improvement in the actual work, and the system management department should constantly improve the system, which is the basis to ensure the effective operation of the system and the guarantee of the successful operation of the system.

证书编号：AIITRE-00723IIIMS0284602

cic 赛昇科技

AAA

两化融合管理体系评定证书

Integration of Informatization and Industrialization Management System Certificate

兹证明

河南金马能源股份有限公司

与 AAA 级新型能力对应等级的两化融合管理体系符合

GB/T 23001-2017《信息化和工业化融合管理体系 要求》及

GB/T 23006-2022《信息化和工业化融合管理体系 新型能力分级要求》

本证书对下述评定范围有效：

位于河南省济源市西一环路南的河南金马能源股份有限公司（含子公司：河南博海化工有限公司，河南金源氢能科技股份有限公司，河南金马中东能源有限公司，济源市金宁能源实业有限公司，河南金瑞能源有限公司，河南金瑞燃气有限公司），与价值创造的过程和合作伙伴有关的AAA级基于煤化工的生产与运营管控能力建设相关的两化融合管理活动。

发证日期：2023 年 12 月 16 日 有效期至：2026 年 12 月 15 日

（本证书的最新状态可在两化融合管理体系评定管理平台www.dlttx.com/gltx查询）

北京赛昇科技有限公司（盖章）

授权代表（签字）

体系评定 AIITRE A007-IIIMS

电子证书

评定机构地址：北京市石景山区鲁谷路35号

AAA-level Integration of Informatization and Industrialization Management System Certificate

■ Intellectual property and privacy protection

The Group strictly complies with the Patent Law of the PRC《中華人民共和國專利法》and relevant laws and regulations of locations where we operate related to intellectual property protection. We have established clear processes and actively refined methods in respect of intellectual property management, and have intensified efforts in intellectual property protection, ensuring compliance of intellectual property protection with the regulations. While focusing on enhancing the comprehensive ability to create, apply, protect, and manage intellectual property rights, we reinforce technical employees' awareness to keep sensitive information confidential, steadfastly maintaining the integrity and security of our intellectual property rights. Simultaneously, great emphasis is placed on privacy protection and information security, and the Contract Law of the People's Republic of China《中華人民共和國合同法》is strictly observed to prohibit the disclosure of trade secrets of contracting parties. For process involving the transformation of scientific and technological achievements, we also strictly follow the requirements set forth in the Law on Promoting the Transformation of Scientific and Technological Achievements of the PRC《中華人民共和國促進科技成果轉化法》, ensuring the utmost confidentiality of technical secrets.

In 2023, a total of 18 utility model patents were granted to the Group.

Technology and Innovation Data in 2023

Indicator	Unit	2023
Annual investment in research and development	RMB ten thousand	**3,010**
R&D personnel	Persons	**15**
Number of patent applications	/	**20**
Number of patents granted	/	**8**

5.3 Supply Chain Responsibility Management

Committed to the partnership of open cooperation and mutual benefit, the Group actively fulfills its responsibility as win-win partner, attaches great importance to supply chain management, and continuously raises the awareness and capability of suppliers on responsibility. The Group adheres to the principle of fair procurement, strictly monitors the process in choosing our suppliers and continues to promote the establishment of procurement standard and informatization construction. By constructing a management platform, the Group aims to establish an open, fair, and just procurement environment, standardize ethical business practices, and prevent incidents of commercial bribery and other forms of corruption. Concurrently, we enhance the supplier management system by implementing supplier rating management and conducting regular training and other activities. By incorporating risk factors such as production safety, occupational health, environmental protection, and emission reduction into the assessment and evaluation of suppliers, and setting clear expectations for them to fulfill their responsibilities, an improvement has been made in the level of environmental and social risk management among suppliers. Various measures have been taken by the Group to safeguard its own interests while effectively considering the interests of suppliers, fostering a win-win situation with the supplier partners.

- **Improving supplier management rules**: The Group formulated related rules such as the Material Procurement Management Rules (《物資採購管理制度》), the Raw Material Coal Procurement Management Rules (《原料煤採購管理制度》) and the Supplier Evaluation Management Rules (《供方評價管理制度》) to clarify procurement requirements and procedures, ensuring a stable and efficient supply chain operation, elevating the supply chain management level, and enhancing competitiveness;

- **Implementing supplier rating management**: According to the actual production needs of the Company, the raw and auxiliary materials provided by suppliers are classified into key materials, important materials and general materials; and the suppliers are classified into qualified suppliers, temporary suppliers and unqualified suppliers according to the influence of the purchased products provided by suppliers on the production and product quality of the Company;

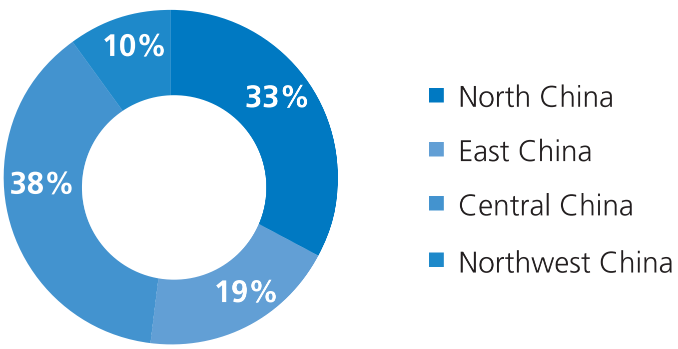
- **Carrying out social risk assessment of suppliers**: The Group formulated an assessment policy for suppliers, established a supplier evaluation team comprised of relevant functional departments to implement dynamic evaluation management of suppliers and required suppliers to comply with all applicable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

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

- **Carrying out supplier training**: The Group actively carried out training on safety and other aspects for outsourced construction units in conjunction with the production operation of the Company to ensure understanding of the Company's safety policies and procedures, mastery of the correct safety operation methods, and enhancement of safety awareness and capabilities.

Supplier Data in 2023

Indicator	Unit	2023
North China	Supplier	7
East China	Supplier	4
Central China	Supplier	8
Northwest China	Supplier	2
Number of annual audited suppliers	Supplier	21
Annual supplier assessment rate	%	100
Sessions of training on ESG related topics for suppliers	Times	1
Percentage of supply chain ESG audits	%	100



The Ratio of Suppliers by Region

6. Community Public Service

Consistently embracing the cultural concept of "being loyal internally, being honest externally, and being responsible toward the society", the Group actively engages in the development of new rural infrastructure, supports the advancement of education, culture, and charitable initiatives, and contributes to the revitalization of rural areas and the promotion of shared prosperity. By means of donations for education, disaster relief efforts, poverty alleviation programs, and other endeavors, the Group continues to deepen its commitment to charity and public welfare, fostering the unity and dissemination of positive social influence. Through practical actions, the Group exemplifies corporate social responsibility and dedication, harnessing the power of business for the greater good. During the Reporting Period, the cumulative donations to external parties amount to RMB1,212,100.

The Group's exceptional performance in public charity and community contributions has garnered recognition and appraisal from numerous key stakeholders. During the Reporting Period, the Group was honored with prestigious awards, including the first Henan Charity Award bestowed by the Henan Provincial Government and the Outstanding Charity Project Award presented by the Henan Provincial Charity Federation.

6.1 Public Welfare

Public welfare	The Double Ninth Festival is a celebration that deeply embodies the value of respecting the elderly. To uphold the Chinese traditional virtues of respect, care and love for the elderly, during the festival, the Company's labor union organized a condolence visit to employees' parents who are over 70 years old, as well as the elderly residents aged 70 or above in the surrounding villages including Wanghu, Nandu, Zenan and Zebei. This heartfelt gesture provided comfort to 668 employees' parents and 602 elderly residents from surrounding villages, with the total amount of condolences extended reaching RMB193,200. The Group donated RMB1.5 million to support the development of the coarse cloth industry in Guanyang New Village, Lilin Town. By adopting a "cooperative + farmers" approach, scattered households will be organized to achieve unified management, production, packaging, and sales. This collaborative effort will foster synergy and contribute to the creation of a distinctive brand. Once the project is implemented, it is anticipated that it will yield an annual output of 20,000 old coarse cloth bed sheets, with a total value of RMB6 million. Moreover, it will generate employment opportunities for over 300 individuals involved in the production and processing and boost the collective income of the surrounding six villages, further fortifying the foundation of the rural revitalization industry.
Donation for education	Commenced in 2012, the "Ten-Year Plan for Charity Education of Jinma Energy" aims at assisting academically talented underprivileged students in completing their studies through sustained financial support. In 2023, the Group continued this initiative by donating RMB500,000 to 100 students. To date, a total of RMB10.01 million has been provided in financial aid to 500 disadvantaged students, making the Group the leading contributor of educational assistance in Jiyuan City. The Group subsidizes the children of the Company's workers in need and college students from the surrounding villages who have been admitted to undergraduate colleges and universities by giving RMB3,000 per person per year. In 2023, the Group helped a total of 96 persons by providing them with funds totaling RMB288,000.

Condolence visit to the elderly during the Double Ninth Festival

Donation distribution activities of "Charity Education" of Jinma Energy

Awarded the First Henan Charity Award

Awarded the Outstanding Charity Project by the Henan Provincial Charity Federation

6.2 Volunteer Activities

Echoing with the core socialist values, the Group actively promotes the spirit of volunteerism, and encourages its employees to participate in volunteer service. We regularly host a variety of volunteer activities, including landscaping and voluntary blood donation. These endeavors not only enrich the essence of social civilization development but also foster stronger team cohesion and a heightened sense of social responsibility among all employees, testifying our contributions to the establishment of a harmonious society and the betterment of local communities.

Voluntary tree-planting campaign

Voluntary blood donation

The Board of Henan Jinma Energy Company Limited hereby presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Principal activities

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

Discussion and analysis of the business of the Group, significant factors affecting the results and financial position of the Group and financial ratios of the Group are provided in the section headed "Management Discussion & Analysis Overview" of this annual report (pages 9 to 27). The Group's environmental policies and performance are provided in the section headed "Environmental, Social and Governance Report" of this annual report (pages 44 to 91). In addition, description of the principal risks and uncertainties faced by the Group, the future development of the Group and details regarding the Group's relationships with its key stakeholders including employees are provided in the sections headed "Management Discussion & Analysis Overview – Employees and Remuneration" and "Management Discussion & Analysis Overview – Pension Scheme" (pages 9 to 27), "Corporate Governance Report" (pages 28 to 43), "Environmental, Social and Governance Report" (pages 44 to 91) and this section (pages 92 to 107) of this annual report. The particulars of important events that have occurred since the end of reporting period are provided in the section headed "Management Discussion & Analysis Overview" of this annual report (pages 9 to 27).

Five-year Financial Summary

Summaries of the results, assets and liabilities of the Group for the past five financial years (extracted from the audited financial statements published by the Group for 2019 to 2023) are set out as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000 (restated)	RMB'000	RMB'000
Revenue	**12,072,303**	12,448,644	7,398,260	6,392,350	7,571,945
Cost of sales	**(11,623,836)**	(11,307,824)	(6,383,003)	(5,344,854)	(6,490,863)
Gross profit	**448,467**	1,140,820	1,015,257	1,047,496	1,081,082
Other income	**103,237**	51,121	43,673	43,615	45,784
Other gains and losses	**(14,042)**	(25,658)	(93,209)	(7,368)	(7,748)
Impairment losses under expected credit loss model, net of reversal	**858**	48,821	(2,907)	(39,943)	2,737
Selling and distribution expenses	**(293,018)**	(251,033)	(104,398)	(139,313)	(143,250)
Administrative expenses	**(178,405)**	(173,081)	(140,288)	(110,169)	(100,449)
Finance costs	**(125,369)**	(94,182)	(48,285)	(61,208)	(54,265)
Share of result of a joint venture	**15,788**	28,482	3,334	2,194	3,949
Share of results of associates	**(8,474)**	1,969	–	(40,951)	(240)
(Loss) Profit before tax	**(50,958)**	727,259	673,177	694,353	827,600
Income tax credit (expense)	**44,895**	(156,475)	(172,497)	(188,003)	(208,353)
(Loss) Profit for the year from continuing operations	**(6,063)**	570,784	500,680	506,350	619,247
Profit for the year from discontinued operations	**–**	–	7,067	14,820	–
Other comprehensive income (expenses):					
Item that may be reclassified subsequently to profit or loss:					
Fair value gain (loss) on bills receivables at FVTOCI, net of income tax	**15**	(36)	(2,291)	1,823	914
Total comprehensive (expense) income for the year	**(6,048)**	570,748	505,456	522,993	620,161
Total comprehensive income (expense) for the year attributable to:					
—Owners of the Company	**23,372**	422,423	485,911	487,295	588,116
—Non-controlling interests	**(29,420)**	148,325	19,545	35,698	32,045
	(6,048)	570,748	505,456	522,993	620,161
Earnings per share (RMB)					
From continuing and discontinued operations					
—Basic	**0.04**	0.79	0.91	0.91	1.10
From continuing operations					
—Basic	**0.04**	0.79	0.91	0.90	1.10

Selected Historical Consolidated Assets and Liabilities Data

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000 (restated)	RMB'000	RMB'000
Non-current assets	**8,649,368**	7,124,154	5,186,072	2,947,248	2,099,797
Current assets	**3,885,610**	4,106,928	3,339,269	3,443,781	3,387,264
Current liabilities	**5,787,569**	4,533,238	3,326,323	1,993,737	1,681,226
Net current assets (liabilities)	**(1,901,959)**	(426,310)	12,946	1,450,044	1,706,038
Total assets less current liabilities	**6,747,409**	6,697,844	5,199,018	4,397,292	3,805,835
Equity attributable to owners of the Company	**3,460,434**	3,513,981	3,225,413	2,900,128	2,627,001
Total equity	**4,840,215**	4,726,480	4,304,287	3,980,493	3,392,225
Non-current liabilities	**1,907,194**	1,971,364	894,731	416,799	413,610
	6,747,409	6,697,844	5,199,018	4,397,292	3,805,835

Payment of Dividends

As at 27 March 2024, based on the operating results, the Board has resolved not to declare any final dividends for the year ended 31 December 2023. There is no arrangement under which the shareholders of the Company have waived or agreed to waive any dividends.

Key relationships with stakeholders – Key Customers and Suppliers

For the year ended 31 December 2023, the total revenue from top five customers of the Group and the revenue from the largest customer of the Group accounted for 45.81% and 14.7% (2022: 49.2% and 17.0%), respectively, of the total revenue of the Group. The top three largest customers are the Company's substantial shareholders or its subsidiaries and/or substantial shareholders and/or subsidiaries of the subsidiaries of the Company, and such revenue was generated from the sales of coke of the Group and there is no collectability problem upon due.

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

During the year ended 31 December 2023, the aggregate amount of purchase attributable to the Group's top five suppliers and the purchase amount attributable to the largest supplier of the Group accounted for 32.7% and 11.3% (2022: 34.2% and 10.6%), respectively, of the total purchase amount of the Group.

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

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

Subsidiaries, Associates and Joint Ventures

Details of key subsidiaries, associates and joint ventures of the Group are provided in Note 19, Note 21 and Note 20 to the consolidated financial statements in this report.

During the Reporting Period, Jinyuan Hchem (a subsidiary of the Company) was spun off and officially listed on the Hong Kong Stock Exchange (stock code: 2502) on 20 December 2023. Before the completion of the said spin-off and listing, Jinyuan Hchem was a wholly-owned subsidiary of the Group. After completion of the spin-off and the listing, the ownership of the Group in Jinyuan Hchem has been diluted to 75%, accordingly, the spin-off and listing of Jinyuan Hchem constituted a deemed disposal of the Group's interest in Jinyuan Hchem and a major transaction. For further details, please refer to the circular of the Company dated 26 October 2023.

In addition, on 26 June 2023, Jinyuan Hchem (a subsidiary of the Company) entered into an equity transfer agreement to acquire another 10% of the equity interest in Jinrui Energy at the consideration of RMB20 million. For further details, please refer to the announcement of the Company dated 26 June 2023 and the section headed "Connected Transaction" in this annual report.

Furthermore, on 13 July 2023, Jinzhou Chemical, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Mr. Ling Weigang, Mr. Ling Weicong and Yurui Chemical to acquire 100% of the equity interest in Yurui Chemical at an aggregate consideration of RMB66,000,000. After completion of the acquisition, Yurui Chemical became a subsidiary of the Company. For further details, please refer to the announcement of the Company dated 13 July 2023 and the section headed "Discloseable Transaction" in this annual report.

Save as disclosed in this annual report, there was no material acquisitions and disposals of subsidiaries, associates and joint ventures of the Company during the Reporting Period.

Reserves and Distributable Reserves

Details of movements in the reserves of the Company during the year are provided in Note 46 to the consolidated financial statements. On 31 December 2023, distributable reserves (i.e. retained profits) of the Company amounted to RMB2,063.9 million (2022: RMB1,944.1 million).

Donations

During 2023, the Group made a total of approximately RMB1.2 million (2022: approximately RMB1.7 million) of charitable donations, details of which are provided in the section headed "Environmental, Social and Governance Report" of this annual report (pages 90 to 91).

Share Capital

For details of the share capital of the Company, please refer to Note 35 to the consolidated financial statements in this annual report.

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 listed securities of the Company.

Pre-emptive Rights

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

Compliance with Relevant Laws and Regulations

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

Environmental Policies and Performance

The details of environmental, social and governance (ESG) policies and performance of the Group are disclosed in the section headed "Environmental, Social and Governance Report" of this report.

Directors and Supervisors

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

Executive Directors:

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

Non-executive Directors:

Mr. Xu Baochun (徐葆春) *(Deputy Chairman)*
Mr. Wang Kaibao (汪開保)
Ms. Ye Ting (葉婷)

Independent Non-executive Directors:

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

Supervisors:

Mr. Wong Tsz Leung (黃梓良)
Mr. Wu Jiacun (吳家村)
Mr. Zhou Tao David (周韜)
Ms. Tian Fangyuan (田方遠)
Ms. Hao Yali (郝亞莉)
Mr. Fan Xiaozhu (范小柱)

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

For the biographical details of the Directors, Supervisors and the senior management of the Company, please refer to the section headed "Directors, Supervisors and Senior Management" of this annual report (pages 111 to 117).

Interests of Directors, Supervisors and Chief Executive in Securities

As at 31 December 2023, the interests and short positions (if any) of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") were as follows:

Name	Nature of Interest	Class of securities	Number of Shares held (Note 1)	Approximate percentage of shareholding in the total share capital of the Company (Note 2)
Mr. Yiu Chiu Fai	Interest in controlled corporation (Note 3)	H shares	162,000,000 (L)	30.26%
	Beneficial owner	H shares	2,681,000 (L)	0.50%
Mr. Zhou Tao David	Beneficial owner	H shares	8,000 (L)	0.001%

Notes:

1. The Letter "L" denotes the person's long position in such Shares.

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

3. Mr. Yiu Chiu Fai (an executive Director) is the legal and beneficial owner of the entire issued share capital of Golden Star. Golden Star, in turn, holds 96.3% of the issued share capital of Jinma Coking, and Jinma HK is wholly owned by Jinma Coking. Jinma HK holds 30.26% of the issued share capital of the Company. Accordingly, Mr. Yiu is deemed to be interested in Jinma HK's interest held by Jinma Coking by virtue of the SFO.

Save as disclosed above, as at 31 December 2023, none of the Directors, Supervisors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Directors and Supervisors in Transactions, Arrangements or Contracts

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

Non-competition Undertaking

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

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

Arrangement to Purchase Shares or Debentures

At no time during the year 2023 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during 2023 and until the date of this annual report.

Permitted Indemnity Provision

The Company has taken out appropriate insurance coverage for Directors', Supervisors' and chief executive's liabilities in respect of legal actions against its Directors, Supervisors and chief executive arising out of corporate activities. The level of the coverage is reviewed annually. In 2023, no permitted indemnity provision was in force for the benefit of the Company's Directors, Supervisors and the chief executive.

Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 December 2023 and remain so as at the date of this annual report.

Discloseable Transaction

On 13 July 2023, Jinzhou Chemical, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Mr. Ling Weigang, Mr. Ling Weicong and Yurui Chemical, pursuant to which Jinzhou Chemical has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, 100% of the equity interest in Yurui Chemical, at an aggregate consideration of RMB66,000,000. Upon completion of the Acquisition, Yurui Chemical will be wholly-owned by Jinzhou Chemical, and accordingly, be accounted for as a subsidiary of the Company. For further details, please refer to the announcement of the Company dated 13 July 2023.

Connected Transaction

On 26 June 2023, Jinyuan Hchem, a then wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Yugang Coking, pursuant to which Yugang Coking has agreed to sell, and Jinyuan Hchem has agreed to purchase, 10% of the equity interest in Jinrui Energy, at the consideration of RMB20 million. The consideration has been paid in cash in full to Yugang Coking. The Board has considered the Group's long-term strategy of expanding its business in the value chain of clean energy, and the PRC government's strategic policy in developing clean energy. As Jinrui Energy is engaged in the manufacturing and sale of LNG, the Board considers that the Group's acquisition of another 10% equity interest in Jinrui Energy would consolidate the Group's control in and the management of Jinrui Energy, and is in line with the Group's overall developmental strategies. After the completion of the Acquisition, Jinrui Energy will continue to be a subsidiary of the Company and its results will continue to be consolidated into the consolidated financial statements of the Group. In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the Acquisition are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole. Although the Acquisition will be regarded as an investing activity for acquiring the Sale Interest in Jinrui Energy, and therefore not conducted in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is beneficial to the long-term business strategy of the Group.

For further details, please refer to the announcement of the Company dated 26 June 2023.

Continuing Connected Transactions

For the year ended 31 December 2023, the Group conducted the following continuing connected transactions in respect of its business, details of which are disclosed in compliance with the requirements under Chapter 14A of the Listing Rules:

Name of Connected Person	Relationship with the Group	Nature of Transaction	Annual Cap for 2023 RMB'000	Actual Transaction Amount for 2023 RMB'000
Maanshan Steel	Maanshan Steel is interested in 26.89% of the total number of shares in issue of the Company and is one of the substantial shareholders of the Company	Sale of coke	1,170,000	547,998
Zenith Steel	Holder of approximately 22.27% of the equity interest in Shenzhen Jinma (a subsidiary of the Company)	Sale of coke	3,753,600	1,119,442
Xuzhou Oriental	Holder of approximately 22.27% of the equity interest in Shenzhen Jinma (a subsidiary of the Company); Xuzhou Oriental is held by Shanghai Luxiang as to approximately 63.30% equity interest and is therefore a subsidiary of Shanghai Luxiang	Sale of coke and coal Purchase of coal Provision of logistics services	1,092,000 1,050,000 88,200	0 244,689 0
Xinyang Co	Holder of approximately 30.00% of the equity interest in Xinyang Jingang (a subsidiary of the Company)	Sale of coke and electricity	4,600,000	1,209,396

Sale of Coke to Maanshan Steel Group

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

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

On 8 November 2022, the Company and Maanshan Steel agreed to renew the Maanshan Steel Framework Agreement for three years commencing from 1 January 2023 to 31 December 2025, pursuant to which the Group will continue to sell coke to the Maanshan Steel Group during the three years from 1 January 2023 to 31 December 2025. The proposed annual caps for each of the three years ended 31 December 2025 remain the same, i.e. RMB1,170.0 million per year.

Through the transactions contemplated under the Maanshan Steel Framework Agreement, the Group will continue to sell coke to the Maanshan Steel Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions under the Maanshan Steel Framework Agreement. With respect to the sales amount, the 2023 annual cap for such continuing connected transactions was RMB1,170.0 million, and the actual annual transaction amount for the year ended 31 December 2023 was approximately RMB548.0 million.

For further details of the renewal of the Maanshan Steel Framework Agreement, please refer to the announcement of the Company dated 8 November 2022.

Sale of Coke and Coal to Zenith Steel Group

Pursuant to the framework agreement entered into between the Company and Zenith Steel dated 29 December 2021 (the "**New Zenith Steel Sales Framework Agreement**"), it was agreed that the Group could sell coke and coal to Zenith Steel and its associates (the "**Zenith Steel Group**") from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

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

Through the transactions under the New Zenith Steel Sales Framework Agreement, the Group considered that the Group will sell coke and/or coal to the Zenith Steel Group and record predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company from the transactions. With respect to the sales amount, the 2023 annual cap for such continuing connected transactions was RMB3,753.6 million, and the actual annual transaction amount for the year ended 31 December 2023 was approximately RMB1,119.44 million.

Sale of Coke and Coal to Xuzhou Oriental Group and Purchase of Coal and Provision of Logistics Services from Xuzhou Oriental Group

- **Sale of Coke and Coal to Xuzhou Oriental Group**

  Pursuant to the framework agreement entered into between the Company and Xuzhou Oriental dated 29 December 2021 (the "**New Xuzhou Oriental Sales Framework Agreement**"), it was agreed that the Group could sell coke and coal to Xuzhou Oriental and its associates (the "**Xuzhou Oriental Group**") from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

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

  Through the transactions contemplated under the New Xuzhou Oriental Sales Framework Agreement, the Group considered that the Group will continue to sell coke and/or coal to the Xuzhou Oriental Group and record stable and predictable revenue. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the 2023 annual cap for such continuing connected transactions was RMB1,092.0 million, and there was no actual annual transaction amount for the year ended 31 December 2023.

- **Purchase of Coal from Xuzhou Oriental Group**

  Pursuant to the framework agreement entered into between the Company and Xuzhou Oriental dated 29 December 2021 (the "**New Xuzhou Oriental Purchase Framework Agreement**"), it was agreed that the Group could purchase coal from the Xuzhou Oriental Group from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

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

  Through the transactions contemplated under the New Xuzhou Oriental Purchase Framework Agreement, the Group considered that the Group will continue to acquire coal from the Xuzhou Oriental Group and strengthen the business relationship with reliable business partners, in order to ensure stable supply of high quality coking coal for production and promote business development plan. Accordingly, the Directors (including the independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the 2023 annual cap for such continuing connected transactions was RMB1,050.0 million, and the actual annual transaction amount for the year ended 31 December 2023 was approximately RMB244.69 million.

- **Provision of Logistics Services from Xuzhou Oriental Group**

  Pursuant to the framework agreement entered into between the Company and Xuzhou Oriental dated 29 December 2021 (the "**New Xuzhou Oriental Logistics Services Framework Agreement**"), it was agreed that the provision of logistics services by the Xuzhou Oriental Group to the Group from 1 January 2022 to 31 December 2024. For further details, please refer to the announcement of the Company dated 29 December 2021.

  Under the New Xuzhou Oriental Logistics Services Framework Agreement, the sales department of the Group will regularly monitor the changing trends of different types of transportation (including railway, road and ship), and determine the prevailing price range of the transportation fees after considering the prices published by specialized online information platforms. Based on the prevailing price range of coke, the Group will also hold an internal price analysis meeting. After considering the above factors, the transportation fee will be determined through fair negotiation with the Xuzhou Oriental Group, and the payment will be settled on a monthly basis.

  Through the transactions contemplated under the New Xuzhou Oriental Logistics Services Framework Agreement, the Group believes that it can ensure a stable and reliable supply of high quality products and services without having to purchase from other market suppliers, which will further support the smooth operation of the Group. Accordingly, the Directors (including independent non-executive Directors) considered that it would be beneficial for the Company to continue the transactions. With respect to the sales amount, the 2023 annual cap for such continuing connected transactions was RMB88.2 million, and there was no actual annual transaction amount for the year ended 31 December 2023.

Sales of Coke, Electricity and Heat to Xinyang Co Group

On 8 November 2022, the Company entered into a new framework agreement (the "**New Xinyang Company Sales Framework Agreement**") with Xinyang Co, pursuant to which the Group agreed to provide coke and heat to the Xinyang Co Group for a period of three years from 1 January 2023 to 31 December 2025.

The Xinyang Co Group shall from time to time place purchase orders with the Group, specifying the amount of coke and/or heat required by the Xinyang Co Group, the requisite product specifications, as well as the expected delivery schedule; and following the Group's acceptance of the orders, the Group shall sell the coke and/or heat at a prevailing market price and complete the delivery of the products according to the agreed delivery schedule. The costs of transportation of coke from the Group's production facilities to the depot designated by the Xinyang Co Group shall be borne by the Xinyang Co Group. The payment to the Group in respect of the sale of coke and/or heat shall be settled on a monthly basis by the Xinyang Co Group.

The annual caps for transactions contemplated under the New Xinyang Company Sales Framework Agreement for the years 2023, 2024 and 2025 are RMB4,600 million, RMB5,375 million and RMB5,375 million, respectively, and the actual amount of the transactions for the year ended 31 December 2023 is approximately RMB1,209.40 million.

The Directors (including the independent non-executive Directors) were of the view that the continuation of the sales of coke and heat to the Xinyang Co Group was beneficial to the Group as it would enable the Group to further strengthen the relationship between the Group and the Xinyang Co Group, as well as provide a stable source of income for the Group and increase the overall sales of the Group's products, which would contribute to the implementation of the Group's sales growth plan.

For further details of the New Xinyang Company Sales Framework Agreement, please refer to the announcement of the Company dated 8 November 2022.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the aforementioned connected and continuing connected transactions.

Opinions of Independent Non-executive Directors and Auditor

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above at the meeting of the Board held on 27 March 2024 and confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or on terms no less favourable than those entered into by independent third parties with the Group; and (iii) pursuant to the relevant agreements governing these transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

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

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

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

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

Except for the connected transactions (including continuing connected transactions) disclosed above, all the related parties' transactions set out in Note 42 to the consolidated financial statements of the Group do not constitute continuing connected transactions or connected transactions of the Company that are required to comply with the relevant annual review, disclosure or shareholder's approval requirements under Chapter 14A of the Listing Rules.

Interests of Substantial Shareholders in Securities

As at 31 December 2023, so far as is known to the Directors, the following parties (other than a Director, Supervisor or Chief Executive Officer) were directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Nature of Interest	Class of Securities	Number of Shares Held (Note 1)	Approximate percentage of shareholding in the total Share Capital of the Company (Note 2)
Jinma HK	Beneficial owner	H shares	162,000,000 (L)	30.26%
Jinma Coking	Interests in controlled corporation (Note 3)	H shares	162,000,000 (L)	30.26%
Golden Star	Interests in controlled corporation (Note 4)	H shares	162,000,000 (L)	30.26%
Ms. Lam Yuk Wai	Interest of spouse (Note 5)	H shares	164,681,000 (L)	30.76%
Maanshan Steel	Beneficial owner (Note 6)	H shares	144,000,000 (L)	26.89%
Magang (Group) Holdings Co., Ltd.	Interests in controlled corporation (Note 6)	H shares	144,000,000 (L)	26.89%
Jiangxi PXSteel	Beneficial owner	H shares	52,945,000 (L)	9.89%
Jiangxi Fangda Steel Group Co., Ltd.	Interests in controlled corporation (Note 7)	H shares	52,945,000 (L)	9.89%
Liaoning Fangda Group Industrial Co., Ltd.	Interests in controlled corporation (Note 7)	H shares	52,945,000 (L)	9.89%
Beijing Fangda International Enterprise Investment Co., Ltd.	Interests in controlled corporation (Note 8)	H shares	52,945,000 (L)	9.89%
Mr. Fang Wei	Interests in controlled corporation (Note 9)	H shares	52,945,000 (L)	9.89%
Jinma Xingye	Beneficial owner	H shares	42,900,000 (L)	8.01%
Mr. Wang Lijie	Interests in controlled corporation (Note 10)	H shares	42,900,000 (L)	8.01%
Ms. Zheng Jing	Interest of spouse (Note 11)	H shares	42,900,000 (L)	8.01%

Notes:

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

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

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

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

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

6. Magang (Group) Holdings Co., Ltd., whose actual controller was the State-owned Assets Supervision and Administration Commission of the State Council (being the holder of 51% of the interest in Magang (Group) Holdings Co., Ltd. through its 100% controlled China Baowu Steel Group Corporation Limited), is the holding company of Maanshan Steel and holds approximately 47.31% of the shares of Maanshan Steel. Accordingly, Magang (Group) Holdings Co., Ltd. is deemed to be interested in Maanshan Steel's interest in the Company by virtue of the SFO.

7. As per their confirmations, Jiangxi Fangda Steel Group Co., Ltd. ("**Fangda Steel**") is directly interested in approximately 51.90% of Jiangxi PXSteel and is the holding company of Jiangxi PXSteel. Accordingly, Fangda Steel is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO. And while Liaoning Fangda Group Industrial Co., Ltd. ("**Fangda Group**") is directly and indirectly interested in approximately 61.41% of Jiangxi PXSteel, Fangda Group is the holding company of Jiangxi PXSteel. Accordingly, Fangda Group is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO.

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

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

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

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

Save as disclosed above, there was no other interest recorded in the register that was required to be kept under Section 336 of the SFO as at 31 December 2023.

Sufficiency of Public Float

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

Provision of Financial Assistance or Guarantees for Associates or Subsidiaries

For the year ended 31 December 2023, no financial assistance or guarantees were provided by the Company to its associates or subsidiaries in respect of any banking facilities.

Employees and Remuneration Policy

Employees are the Group's important asset. As at 31 December 2023, the Group employed about 2,963 employees, with an average turnover of less than 6.1% over the past three years, reflecting the competitive remuneration and benefits provided by the Group to its employees.

The Directors and management of the Group 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 reimburses the Directors and 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. The Group has established a remuneration committee to review the remuneration policy for all Directors and the management of the Group based on the Group's overall operating results, individual performance and comparison of market practices. The Group has made full contributions to social insurance (including pension scheme, medical insurance, work injury insurance, unemployment insurance and maternity insurance) and housing provident funds for its employees in accordance with the relevant PRC labour laws and regulations. Other relevant information is provided in Note 34 Retirement Benefit Costs to the "Consolidated Financial Statements".

Details of Directors' remunerations for 2023 are provided in Note 14 to the "Consolidated Financial Statements" in this annual report.

Pension Schemes

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

The Hong Kong based employees of the Group participate in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the employers' existing level of contributions can be reduced by contributions forfeited by the employers on behalf of those employees who leave the scheme prior to vesting fully in the contributions. During the 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.

Auditor

The consolidated financial statements for the year ended 31 December 2023 have been audited by Deloitte Touche Tohmatsu ("**Deloitte**") who will retire from the office of auditor at the forthcoming annual general meeting of the Company and, being eligible, will offer itself for re-election. Since the Listing Date and up to the date of this annual report, the Company has not changed its auditor.

On behalf of the Board of Directors

Yiu Chiu Fai
Chairman

Hong Kong
27 March 2024

In 2023, in strict compliance with the relevant requirements of the Company Law, Securities Law, Articles of Association, and Rules of Procedures for Supervisory Committee Meetings, in response to being accountable for all shareholders' interests, all members of the Supervisory Committee of Henan Jinma Energy Company Limited (hereinafter referred to as the "Company") had conscientiously fulfilled their Supervisory Committee's functions, proactively carried out the relevant work and exercised supervision over the operations of the Company according to law and the performance of duties of the directors and senior management personnel of the Company, which safeguarded the legal rights and interests of the Company and shareholders and promoted the regulated operation, risk avoidance and sound development of the Company.

I. Basic Assessment on the Operation, Management Behaviour and Results of the Company in 2023

In 2023, in strict compliance with the requirements of the Company Law, Securities Law, Articles of Association, Rules of Procedures for Supervisory Committee Meetings and relevant laws and regulations, the Supervisory Committee had conscientiously fulfilled its supervision duty in accordance with the principle of fiduciary. By attending and participating in the Company's board meetings and general meeting of shareholders, the Supervisory Committee understood and oversaw the Company's operational decisions, investment plans, financial position and production and operation conditions, and supervised the performance of duties of the directors, general manager and other senior management personnel of the Company, thus fulfilling all obligations within its supervisory role, safeguarding the legal rights and interests of the Company and all shareholders, and playing a proactive role in the regulation of the operation and development of the Company.

II. The Meetings of the Supervisory Committee

During the Reporting Period, the Company convened the meeting of the Supervisory Committee: out of the six Supervisors who were eligible to attend the meeting, six Supervisors were present at the meeting. The meeting was convened in compliance with the requirements of the Company Law and Articles of Association. The meeting had considered and approved the following resolutions: 2022 Annual Supervisory Committee's Report of Henan Jinma Energy Company Limited, the Audited Financial Statements and the Auditor's Report for the Year Ended 31 December 2022 for Henan Jinma Energy Company Limited《河南金馬能源股份有限公司截至2022年12月31日止年度經審核的財務報表及核數師報告》, the 2022 Annual Report for Henan Jinma Energy Company Limited《河南金馬能源股份有限公司2022年度報告》, the 2022 Annual Results Announcement for Henan Jinma Energy Company Limited《河南金馬能源股份有限公司2022年度業績報告》, and the Resolution on the Distribution of the Final Cash Dividends for the Year 2022《關於派發2022年度末期現金股息的議案》.

III. Supervision Opinions of the Supervisory Committee on Relevant Matters of the Company in 2023

(I) Operating the Company according to law

During the Reporting Period, pursuant to relevant national laws and regulations, the Supervisory Committee of the Company conducted supervision over the procedures for convening general meeting of shareholders and Board meetings of the Company, matters to be resolved, execution of resolutions passed at general meetings by the Board, the performance of duties and responsibilities by the senior management of the Company, and the establishment and improvement of the management system of the Company. The Supervisory Committee was not aware of any violation of relevant laws and regulations in the execution of the Company's decision-making procedures. The Directors and senior management of the Company have performed duties and responsibilities dutifully, and executed the resolutions passed at the general meeting of shareholders and Board meetings conscientiously. The Supervisory Committee was not aware of any violation of laws and regulations and the Articles of Association or any act detrimental to the interests of the Company in the performance of duties by the abovementioned personnel.

(II) Financial conditions of the Company

During the Reporting Period, the Supervisory Committee supervised and inspected the Company's financial conditions and was of the view that the preparation and review procedures of the Company's periodic reports were in compliance with the Company Law, the Articles of Association and other relevant laws and regulations, and that the contents of the reports gave a truthful, accurate and complete reflection of the Company's financial conditions and results of operation in 2023. The accounting firm issued an unqualified auditor's report for the Company for the year 2023, and the Supervisory Committee was of the view that the auditor's report did not contain any false records, misleading statements or material omissions.

(III) Related party transactions

During the Reporting Period, the Supervisory Committee supervised the related party transactions of the Company. The Supervisory Committee was of the view that the related party transactions were in compliance with the relevant laws and regulations such as the Articles of Association and were conducive to the enhancement of the Company's performance, and that their fairness was pricing based on the principles of compensation for equal value and fair market value, and that they did not contravene the principles of openness, fairness and impartiality, and did not involve any acts that were detrimental to the interests of the Company and other non-related shareholders.

(IV) Internal control assessment of the Company

During the Reporting Period, the Supervisory Committee reviewed the internal control assessment of the Company, and considered that the Company has established a sound internal control system covering all aspects of the Company in compliance with the relevant provisions of laws and regulations and in accordance with the actual situation of the Company; the internal audit department and personnel are well in place to ensure that the normal activities of the Company's business activities as well as the execution and supervision of the key activities of the Company's internal control are sufficiently effective to protect the safety and integrity of the Company's assets, and to comprehensively and truly reflect the actual situation of the Company's internal control.

IV. Comprehensive Opinions of the Supervisory Committee on the Circumstances of the Company in 2023

(I) During the Reporting Period, the Supervisory Committee attended all Board meetings and general meetings, participated in the discussions of the Company's major decisions and supervised the proposals and procedures of the Board meetings and the general meetings in accordance with the laws. The Supervisory Committee is of the view that the procedures are in compliance with the relevant laws and regulations, and are therefore lawful and valid.

(II) During the Reporting Period, the Board earnestly implemented the resolutions of the general meeting, operated in a regular manner and the decision-making procedures were lawful, and the Board of Directors safeguarded the fundamental interests of the Company and the shareholders in making decisions on major issues of the Company. The Directors, managers and other senior management of the Company worked earnestly, carefully, conscientiously and diligently with integrity and self-discipline in 2023 and made unremitting efforts for the sustainable and healthy development of the Company.

(III) During the Reporting Period, the Supervisory Committee of the Company implemented effective supervision and inspection over the financial conditions of the Company and is of the view that the financial operations of the Company are operated in a regular manner and the financial reports prepared by the finance department give an objective, truthful and accurate reflection of the financial conditions, operating results and cash flows of the Company and are in compliance with the Accounting Standards for Enterprises (《企業會計準則》) and the Enterprise Accounting System (《企業會計制度》).

V. Supervisory Committee's Outlook of Work in 2024

In 2024, the Supervisory Committee of the Company will continue to strictly comply with the relevant laws and regulations as well as the requirements of the Articles of Association and the Rules of Procedures for Supervisory Committee Meetings, and will adhere to the principles, act impartially and fulfil its duties and responsibilities. At the same time, the Supervisory Committee will further improve the corporate governance structure in accordance with the Company Law, strengthen its sense of self-discipline and integrity, intensify its supervisory efforts, and effectively assume the responsibility of safeguarding the rights and interests of shareholders. We will spare no efforts in order to fulfil our duties and responsibilities and work with the Board and all shareholders to promote the regular operation of the Company, so as to empower the Company to develop sustainably and healthily.

DIRECTORS

The Board currently consists of nine Directors, of whom three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The term of office of all Directors (of the current session of the Board) shall end at the conclusion of the annual general meeting for the year ending 31 December 2024, and the Directors may be appointed for consecutive terms. The Board shall be responsible for and shall have general power to manage and develop the Company's business.

Executive Directors

Mr. Yiu Chiu Fai (饒朝暉), aged 55, was appointed as an executive Director and the chairman of the Board of the Company in July 2016. Mr. Yiu is also a director of Jinma HK, Jinma Coking and Golden Star, all of which are companies controlled by Mr. Yiu. Mr. Yiu joined the Group in May 2006 as a Director of the Company's predecessor. As chairman of the Board, Mr. Yiu is mainly responsible for leading the Board to formulate corporate and operational strategies and make major corporate and operational decisions of the Group.

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

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

Mr. Wang Mingzhong (王明忠), aged 60, was appointed as the Chief Executive Officer and an executive Director of the Company in July 2016. Mr. Wang is also a director of Jinma Xingye, a Substantial Shareholder of the Company. Mr. Wang joined the Group as a Director of the Company's predecessor since its establishment in February 2003 and has served as the general manager of the Company (and the Company's predecessor) since April 2003. He is mainly responsible for formulating development and operational strategies and the overall daily business operation and management of the Group.

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

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

Mr. Li Tianxi (李天喜), aged 59, was appointed as an executive Director of the Company in December 2016. Mr. Li is currently the Company's executive deputy general manager and chief engineer, and also an executive director of Bohigh Chemical, a subsidiary of the Company. Mr. Li is also a director of Jinma Xingye, the Company's Substantial Shareholder. Mr. Li joined the Group in April 2003 as the Company's executive deputy general manager, chief engineer and the secretary to the Board. He is mainly responsible for the technological, environmental and construction developments of the Group. Mr. Li also served as an executive director and general manager of Jinma Qingneng (formerly known as Jinma Qingfeng), a subsidiary of the Company in January 2023.

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

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

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

Non-executive Directors

Mr. Wang Kaibao (汪開保), aged 51, was appointed as a non-executive Director of the Company in May 2020. Mr. Wang is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

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

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

Ms. Ye Ting (葉婷), aged 37, was appointed as a non-executive Director of the Company in October 2019. Ms. Ye is mainly responsible for participating in the formulation of the Group's corporate and operational strategies.

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

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

Mr. Xu Baochun (徐葆春), aged 53, was appointed as a non-executive Director of the Company in May 2022. Mr. Xu is mainly responsible for participating in the formulation of the Group's corporate and operational strategies. Mr. Xu graduated from Wuhan Institute of Iron and Steel* (武漢鋼鐵學院) (now known as Wuhan University of Science and Technology (武漢科技大學)) with a Bachelor's degree in Engineering specialising in iron and steel metallurgy. Mr. Xu is a qualified engineer.

Mr. Xu joined the No. Three Steel Factory* (三鋼廠) of Maanshan Steel in August 1994 and is currently the manager of the procurement centre of Maanshan Steel. Mr. Xu previously worked in various positions in the steel making workshops of No. Three Steel Factory of Maanshan Steel from August 1994 to July 2009, and acted as the factory manager of the steel casting branch factory of the No. Three Main Steel Mill* (三鋼軋總廠連鑄分廠) and the deputy chief engineer, the deputy manager and the manager of the procurement centre, of the No. 1 Main Steel Mill* (一鋼軋總廠) of Maanshan Steel from July 2009 to April 2022.

Independent non-executive Directors

Mr. Wu Tak Lung (吳德龍), aged 58, was appointed as an independent non-executive Director of the Company in September 2017. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group. Mr. Wu currently serves as an independent non-executive director of Kam Hing International Holdings Limited (stock code: 2307), Zhongguancun Science-Tech Leasing Co., Ltd. (stock code:1601) and Sinopharm Group Co., Ltd. (stock code: 1099).

During the past three years, Mr. Wu served as an independent non-executive director of Sinomax Group Limited (stock code: 1418) (resigned from 28 June 2023),), Minth Group Limited (stock code: 425) (resigned from 31 May 2023) and China Machinery Engineering Corporation. Mr. Wu has been criticized by the Listing Committee of the Stock Exchange for violations in relation to his capacity as a former independent non-executive director of Beijing Media Corporation Limited (a company listed in Hong Kong (stock code: 1000)), details of which are set out in the Company's announcement dated 14 February 2022. As stated in the announcement of the Company dated 14 February 2022, the Board has carefully assessed the abovementioned criticism and considers that Mr. Wu's ability to discharge his duties as an independent non-executive Director of the Company has not been affected, and he remains competent and suitable to act as an independent non-executive Director. Mr. Wu has worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years.

Mr. Wu is an Accounting Expert of the Ministry of Finance of The State Council of the PRC, a member of Hong Kong Institute of Certified Public Accountants, a fellow member of Hong Kong Securities and Investment Institute, the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong, and the Hong Kong Chartered Governance Institute ("HKCGI").

Mr. Wu obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University and a master's degree of business administration (MBA) jointly issued by the University of Manchester and the University of Wales. Additionally, he has acquired the ESG Reporting Certification Course Certificate issued by HKCGI.

Mr. Meng Zhihe (孟至和), aged 69, was appointed as an independent non-executive Director of the Company in May 2020. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group.

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

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

Mr. Cao Hongbin (曹紅彬), aged 56, was appointed as an independent non-executive Director of the Company in December 2020. He is responsible for supervising the compliance and corporate governance issues of the Group and providing independent opinion and advice to the Board of the Group.

Mr. Cao joined the group of Beijing Shougang Co., Ltd.* (北京首鋼股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000959), in August 1990 and served various positions in the group until March 2011, including the deputy division head of the technical department of the coking plant, the deputy manager of the engineering department (遷焦工程部) and the chief of the recycling section of the coking plant. Mr. Cao joined the China Coking Industry Association in April 2011, was appointed as the deputy secretary, and is currently appointed as the chief secretary since March 2023.

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

SUPERVISORS

The Supervisory Committee of the Company currently consists of six Supervisors, of whom two are shareholder representatives, two are external Supervisors and two are employee representatives. Shareholder representative Supervisors and external Supervisors are elected by the Shareholders and employee representative Supervisors are elected by employee representatives. The supervisors of this session of the Supervisory Committee were appointed for a term to the conclusion of the annual general meeting for the year ending 31 December 2024, and may be appointed for consecutive terms. The Supervisory Committee is responsible for overseeing the Board and senior management in discharging their responsibilities and reviewing financial statements of the Group.

Mr. Wong Tsz Leung (黃梓良), aged 60, was appointed as a shareholder representative Supervisor of the Company in July 2016 and was elected as the chairman of the Supervisory Committee of the Company in July 2016. Mr. Wong joined the Group in February 2012 as a Supervisor of the Company's predecessor. Mr. Wong is currently the financial manager of Jinma HK, a Substantial Shareholder of the Company. He is mainly responsible for overseeing the affairs of the Supervisory Committee and supervising the Group's operations and financial activities. Mr. Wong has been serving as an executive Director and the chief financial officer of Smart-Core Holdings Limited (stock code: 2166), a listed company in Hong Kong, since October 2016.

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

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

Mr. Wu Jiacun (吳家村), aged 59, joined the original No. Two Sintering plant of Maanshan Steel in November 1982 and is currently the senior manager (高級主任管理師) of the audit department of Maanshan Steel. He was appointed as a shareholder representative Supervisor of the Company in May 2022.

Mr. Wu served the audit department of Maanshan Steel from January 1989 to October 1998, and subsequently the audit department and the audit supervising department of 馬鋼(集團)控股有限公司(Magang (Group) Holdings Co., Ltd.) from October 1998 to October 2021. Mr. Wu graduated from the 安徽廣播電視大學(Anhui Radio & TV University*) (now known as 安徽開放大學(Anhui Open University)) with a degree in auditing. Mr. Wu is a qualified political commissioner (政工師).

Mr. Zhou Tao David (周韜), aged 53, joined the Group in September 2017 when he was appointed as an external Supervisor of the Company. Mr. Zhou is mainly responsible for supervising the Group's operations and financial activities. Mr. Zhou has served as the person in charge of compliance in Dongxing Securities (Hong Kong) Financial Holdings Limited since June 2021.

Mr. Zhou has been a non-executive director of Sansheng Holdings (Group) Co. Ltd. (a company listed in Hong Kong, stock code: 2183) since December 2021. He had been serving as the company secretary of Wealthking Investments Limited (formerly known as OP Financial Limited, a company listed in Hong Kong, stock code: 1140) from November 2016 to June 2021, during which he also acts as the head of legal and compliance. Mr. Zhou was appointed as an independent non-executive director of Beijing Evercare Medical Technology Group Co., Ltd. from July 2021 to January 2024. Mr. Zhou also served as an independent director of Tian Di No.1 Beverage Inc. (天地壹號飲料股份有限公司), a company quoted on the National Equities Exchange and Quotations System in the PRC. Mr. Zhou has over 19 years of experience in handling legal and compliance matters in financial institutions in Hong Kong. Mr. Zhou is qualified as a Hong Kong solicitor and obtained lawyer qualification in the PRC. He is also an arbitrator of the South China International Economics and Trade Arbitration Commission.

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

Ms. Tian Fangyuan (田方遠), aged 36, joined the Group in September 2017 when she was appointed as an external Supervisor of the Company. Ms. Tian is mainly responsible for supervising the Group's operations and financial activities.

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

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

Ms. Hao Yali (郝亞莉), aged 50, was elected as an employee representative Supervisor of the Company in September 2017. Ms. Hao joined the Group in September 2004, and was promoted to the position of the deputy manager of the materials procurement department of the Company's predecessor in July 2005, and was promoted to the position of the manager of the materials procurement department of the Company in 2018. Since December 2009, Ms. Hao has also served as a member of the labor union committee and the head of the female employee committee and was appointed as the deputy chairman of the labor union in April 2018. She is mainly responsible for supervising the Group's operations and financial activities.

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

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

Mr. Fan Xiaozhu (范小柱), aged 36. Mr. Fan joined the Group in 2016 as a safety officer and served as the deputy manager of the production department of the Company since 2021 and was elected as an employee representative Supervisor on 23 April 2021. He is mainly responsible for planning and supervising the implementation of safe production.

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

SENIOR MANAGEMENT

Members of the senior management are responsible for the day-to-day operation of the business of the Company. For the biographical details of Directors who form part of the senior management, please see page 111 of this section.

Mr. Tang Jianfa (唐建發), aged 58, joined the Group in May 2017, and was appointed as the chief financial officer and deputy general manager of the Company in March 2018. He is mainly responsible for overseeing the Group's financial and accounting management and coordination as well as implementation of the Group's financial strategic planning. He is also responsible for overseeing the finance department, the settlement department and the budget department.

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

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

Mr. Fan Jianguo (范建國), aged 57, joined the Group in March 2005 as the Group's deputy general manager. He was the general manager of Jinyuan Hchem (Formerly known as Jinyuan Chemicals), a subsidiary of the Company, between January 2015 and January 2018. He was also an executive Director of that company from January 2018 to November 2020. Mr. Fan is a chairman of Jinma Zhongdong, a subsidiary of our Company since April 2021. He is currently the Group's deputy general manager and is mainly responsible for the sales management of the Group.

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

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

Mr. Ju Lixing (琚理興), aged 48, joined the Group in October 2007 as the assistant to the general manager of the Company's predecessor. Since April 2012, he has served as the Company's deputy general manager and is in charge of the procurement operations. Mr. Ju was a director and chairman of the board of directors of Shanghai Jinma, a subsidiary of our Company. Mr. Ju also served as a director of Shaanxi Jinma, a former subsidiary of our Company from April 2020 to November 2021, and the chairman of Yan'an Jinneng, a former subsidiary of our Company from May 2020 to November 2021, and an executive director of Liyuan Railway, a former subsidiary of our Company from June 2020 to November 2021. Mr. Ju served as a director and general manager of 廈門金馬國貿有限公司(Xiamen Jinma ITG Co., Ltd.*) since March 2022. Mr. Ju is mainly responsible for overseeing procurement of the Group.

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

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

Mr. Wang Yongxin (王永新), aged 48, joined the Group in January 2004 as a deputy director of the electrical instrument workstation of the Company's predecessor and was appointed as the director of such workstation in March 2007. Mr. Wang was subsequently promoted to the position of the director of the workstation of the Company's predecessor in January 2008 and the head of the production department of the Company's predecessor in February 2011. Since October 2013, Mr. Wang has served as the deputy general manager of the Company's predecessor and he is mainly responsible for overseeing production of the Group. Mr. Wang was a director and the chairman of the board of directors of Jinning Energy, the Company's subsidiary. Mr. Wang currently is a director of Jinma Xingye, a Substantial Shareholder of the Company.

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

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

Mr. Wang Zhaofeng (王兆峰), aged 47, joined the Group in March 2008. Mr. Wang was subsequently promoted to the position of the deputy office manager and the deputy director of the human resources department of our predecessor in September 2012 and the manager of the investment department of our predecessor in January 2015. Since December 2016, Mr. Wang has also been serving as the secretary to our Board and is mainly responsible for providing support to our Board and coordinating the Group's administrative management. In September 2017, Mr. Wang served as a supervisor of of Jinjiang Refinery, a joint venture of the Company. In April 2020, Mr. Wang also served as a director of Jinning Energy, a Company's subsidiary. From May 2020 to November 2021, Mr. Wang served as a director of Yan'an Jinneng, a former subsidiary of our Company, and the deputy chairman of Yan'an Railway, a former associate of the Company. From February 2021 to October 2022, Mr. Wang has served as a director of Jinma Qingneng (formerly known as Jinma Qingfeng), a subsidiary of the Company.

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

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

Opinion

We have audited the consolidated financial statements of Henan Jinma Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 123 to 213, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	**How our audit addressed the key audit matter**
Principal versus agent consideration relating to revenue recognition	
We identified revenue recognition, specifically on the revenue from some of its contracts with customers relating to trading of coal and coke as a key audit matter because of the significant degree of judgment made by the Group's management in determining the revenue recognition. As disclosed in Note 4 to the consolidated financial statements, the management identified the Group taking different roles within contracts with customers relating to trading of coal and coke by determining whether its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent). When the Group acts as a principal, it recognises trading revenue in the gross amount of consideration ("Gross Amount") to which the Group expects to be entitled as specified in the contracts. When the Group acts as an agent, it recognises revenue in the net amount of consideration ("Net Amount") that it retains after paying the other party the consideration received in exchange for the goods provided by that party. In identifying the nature of promise, the Group's management takes into consideration indicators such as the contractual party that is primarily responsible for fulfilling the promise, is exposed to inventory risk and has discretion in establishing the price. Management's disclosures with regard to the judgement are set out in Note 4 to the consolidated financial statements. For the year ended 31 December 2023, the Group recognised revenue, acting as a principal, amounted to RMB328,877,000 and revenue, acting as an agent, amounted to RMB3,461,000 respectively relating to trading of coal and coke, the details of which are included in Note 5 to the consolidated financial statements.	Our procedures in relation to the revenue recognition as a principal or agent included: • Understanding the Group's revenue recognition process on sales relating to trading of coal and coke; • Evaluating the reliability of sales contracts list prepared by the management which entails contractual terms of contracts relating to trading of coal and coke, on a sample basis, by comparing them to the underlying contracts; • Evaluating the reasonableness of the management's assessment on the Group's roles within the contracts relating to trading of coal and coke, on sample basis, by assessing its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent) after taking into consideration indicators as follows: – Primary responsibility: the Group has the primary responsibility for the good meeting the customer's specifications; – Inventory risk: the Group obtains the control over products before passing on to customers; – Pricing strategy: the Group has discretion in establishing the pricing; and • Evaluate the appropriateness of the sales amounts, relating to trading of coal and coke, recorded at Gross Amount or at Net Amount by comparing to respective record in the sales contracts list.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2024

	NOTES	Year ended 31/12/2023	Year ended 31/12/2022
		RMB'000	RMB'000
Revenue	5	12,072,303	12,448,644
Cost of sales		(11,623,836)	(11,307,824)
Gross profit		448,467	1,140,820
Other income	6	103,237	51,121
Other gains and losses	7	(14,042)	(25,658)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	8	858	48,821
Selling and distribution expenses		(293,018)	(251,033)
Administrative expenses		(178,405)	(173,081)
Finance costs	9	(125,369)	(94,182)
Share of result of a joint venture		15,788	28,482
Share of results of associates		(8,474)	1,969
(Loss) profit before tax	10	(50,958)	727,259
Income tax credit (expense)	11	44,895	(156,475)
(Loss) profit for the year		(6,063)	570,784
Other comprehensive income (expense):	12		
Item that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on bills receivables at fair value through other comprehensive income ("**FVTOCI**"), net of income tax		15	(36)
Total comprehensive (expense) income for the year		(6,048)	570,748
Profit (loss) for the year attributable to:			
– owners of the Company		22,324	421,950
– non-controlling interests		(28,387)	148,834
(Loss) profit for the year		(6,063)	570,784
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		23,372	422,423
– Non-controlling interests		(29,420)	148,325
		(6,048)	570,748
Earnings per share (RMB)			
– Basic	15	0.04	0.79

At 31 December 2023

	NOTES	31/12/2023	31/12/2022
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	7,475,492	5,998,533
Right-of-use assets	17	429,148	326,462
Intangible assets	18	424,124	449,462
Goodwill		10,669	10,669
Interest in a joint venture	20	74,372	83,084
Interests in associates	21	91,495	99,969
Deferred tax assets	22	140,744	85,124
Deposits for acquisition of property, plant and equipment and right-of-use assets		3,324	70,851
		8,649,368	7,124,154
CURRENT ASSETS			
Inventories	23	818,964	571,078
Trade and other receivables	24	494,019	800,520
Tax recoverable		9,460	19,076
Amount due from a shareholder	25	18,423	70,490
Amounts due from related parties	26	18,843	78,389
Bills receivables at FVTOCI	27	1,135,340	1,065,648
Restricted bank balances	28	472,692	587,735
Bank balances and cash	28	917,869	913,992
		3,885,610	4,106,928
CURRENT LIABILITIES			
Borrowings	29	2,438,420	1,387,680
Trade and other payables	30	3,118,963	2,841,560
Amounts due to related parties	31	2,636	—
Sale and leaseback payable	36	96,371	—
Contract liabilities	32	117,226	283,139
Lease liabilities	33	1,229	1,864
Tax payable		12,724	18,995
		5,787,569	4,533,238
NET CURRENT LIABILITIES		(1,901,959)	(426,310)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,747,409	6,697,844

	NOTES	31/12/2023	31/12/2022
		RMB'000	RMB'000
CAPITAL AND RESERVES			
Share capital	35	535,421	535,421
Reserves		2,925,013	2,978,560
Equity attributable to owners of the Company		3,460,434	3,513,981
Non-controlling interests		1,379,781	1,212,499
TOTAL EQUITY		4,840,215	4,726,480
NON-CURRENT LIABILITIES			
Borrowings	29	1,505,371	1,835,440
Payables for purchase of property, plant and equipment		198,174	—
Sale and leaseback payable	36	94,629	—
Lease liabilities	33	3,011	2,693
Deferred revenue	37	18,440	20,644
Deferred tax liabilities	22	71,939	96,957
Perpetual loan	38	15,630	15,630
		1,907,194	1,971,364
		6,747,409	6,697,844

The consolidated financial statements on pages 123 to 213 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Yiu Chiu Fai
DIRECTOR

Wang Mingzhong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								
	Share capital	Capital reserve	FVTOCI reserve	Statutory surplus reserve fund	Retained profits	Special reserve	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000
At 1 January 2022	535,421	386,695	(8,084)	267,710	2,012,756	30,915	3,225,413	1,078,874	4,304,287
Profit for the year	—	—	—	—	421,950	—	421,950	148,834	570,784
Other comprehensive income (expense) for the year	—	—	473	—	—	—	473	(509)	(36)
Total comprehensive income for the year	—	—	473	—	421,950	—	422,423	148,325	570,748
Dividends recognised as distribution (Note 13)	—	—	—	—	(133,855)	—	(133,855)	(14,700)	(148,555)
Transfer	—	—	—	—	1,398	(1,398)	—	—	—
At 31 December 2022 and 1 January 2023	535,421	386,695	(7,611)	267,710	2,302,249	29,517	3,513,981	1,212,499	4,726,480
Profit (loss) for the year	—	—	—	—	**22,324**	—	**22,324**	**(28,387)**	**(6,063)**
Other comprehensive income (expense) for the year	—	—	**1,048**	—	—	—	**1,048**	**(1,033)**	**15**
Total comprehensive income (expense) for the year	—	—	**1,048**	—	**22,324**	—	**23,372**	**(29,420)**	**(6,048)**
Conversion of equity accounts of a subsidiary	—	**238,533**	**769**	—	**(239,302)**	—	—	—	—
Acquisition of non-controlling interests	—	**2,143**	—	—	—	—	**2,143**	**(22,143)**	**(20,000)**
Issue of shares by a subsidiary to non-controlling interests	—	**5,042**	—	—	—	—	**5,042**	**255,845**	**260,887**
Transaction costs attributable to issue of shares by a subsidiary to non-controlling interests	—	**(30,562)**	—	—	—	—	**(30,562)**	—	**(30,562)**
Dividends recognised as distribution (Note 13)	—	—	—	—	**(53,542)**	—	**(53,542)**	**(37,000)**	**(90,542)**
Transfer	—	—	**(769)**	—	**(6,130)**	**6,899**	—	—	—
At 31 December 2023	**535,421**	**601,851**	**(6,563)**	**267,710**	**2,025,599**	**36,416**	**3,460,434**	**1,379,781**	**4,840,215**

Notes:

(i) The balance mainly comprises (i) reserves arose from shareholding reform of the Company prior to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in year 2016; (ii) the difference between the carrying amount of consideration paid and 25% of the net assets value of Shanghai Jinma Energy Co., Ltd. ("**Shanghai Jinma**") 上海金馬能源有限公司, when acquiring the non-controlling interest of Shanghai Jima in year 2019; (iii) the difference between the carrying amount of consideration paid and 10% of the net assets value of Henan Jinrui Energy Co., Ltd. ("**Jinrui Energy**") 河南金瑞能源有限公司, 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; (iv) the difference between the carrying amount of consideration received and 25% of the net assets value of Henan Jinyuan Hydrogenated Chemicals Co., Ltd. ("**Jinyuan Hchem**") 河南金源氫化化工股份有限公司, when Jinyuan Hchem issues H shares for listing on the Main Board of The Stock Exchange 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 (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the entity.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
OPERATING ACTIVITIES		
(Loss) profit before tax	**(50,958)**	727,259
Adjustments for:		
Interest income on bank deposits	**(17,614)**	(22,642)
Interest income on loans to other companies	**(1,696)**	(1,742)
Interest income on bills receivables at FVTOCI	**(28,909)**	(20,328)
(Gain) loss on disposal of property, plant and equipment	**(286)**	427
Depreciation of property, plant and equipment	**353,963**	262,962
Depreciation of right-of-use assets	**9,883**	9,764
Amortisation of intangible assets	**25,338**	35,727
Impairment losses under ECL model, net of reversal	**(858)**	(48,821)
Allowance for inventories	**14,576**	14,028
Share of results of associates	**8,474**	(1,969)
Share of result of a joint venture	**(15,788)**	(28,482)
Finance costs	**125,369**	94,182
Release of assets-related government subsidies	**(2,204)**	(2,204)
Fair value changes from financial assets at fair value through profit or loss ("**FVTPL**")	**—**	(93)
Gain on disposal of interest in an associate	**(26,400)**	—
Interest received on execution of a judgment	**(44,679)**	—
Net foreign exchange loss	**748**	429
Operating cash flows before movements in working capital	**348,959**	1,018,497
Increase in inventories	**(262,462)**	(117,433)
Increase in bills receivables at FVTOCI	**(40,763)**	(239,255)
Decrease (increase) in trade and other receivables	**321,979**	(136,890)
Decrease (increase) in amount due from a shareholder	**52,067**	(12,905)
Decrease (increase) in amounts due from related parties	**59,546**	(78,369)
(Decrease) increase in trade and other payables	**(213,658)**	540,178
Increase (decrease) in amount due to related parties	**2,636**	(113)
(Decrease) increase in contract liabilities	**(165,913)**	181,738
Cash generated from operations	**102,391**	1,155,448
Income tax paid	**(32,403)**	(158,434)
NET CASH FROM OPERATING ACTIVITIES	**69,988**	997,014

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
INVESTING ACTIVITIES		
Interest received	**19,310**	24,384
Interest received on execution of a judgment	**44,679**	—
Repayment from an associate	**940**	60,000
Proceeds from disposal of financial assets at FVTPL	—	18,093
Proceeds from disposal of interest in associates	**20,840**	—
Purchase of property, plant and equipment	**(1,000,546)**	(1,666,390)
Refundable deposit returned to constructors	**(12,074)**	(13,296)
Refundable deposit received from constructors	**8,277**	14,211
Purchase of intangible assets	—	(278,555)
Refund of deposit for acquisition of intangible assets and right-of-use assets	—	50,000
Payments for right-of-use assets	**(111,855)**	—
Deposit paid for acquisition of property, plant and equipment and right-of-use assets	**(2,125)**	(58,439)
Payment for acquisition of a subsidiary in prior year	—	(425)
Placement of restricted bank balances	**(1,430,418)**	(1,563,012)
Withdrawal from restricted bank balances	**1,545,461**	1,678,395
Loans to other companies	**(52,500)**	—
Repayment from other companies	**42,500**	—
Proceeds from disposal of property, plant and equipment	**4,293**	103
Investment in an associate	—	(98,000)
Dividend received from a joint venture	**24,500**	4,900
NET CASH USED IN INVESTING ACTIVITIES	**(898,718)**	(1,828,031)
FINANCING ACTIVITIES		
Interest paid	**(203,721)**	(118,366)
Cash received from perpetual loan	—	15,630
Cash received from other borrowing	**50,000**	80,000
Cash received from sale and leaseback transaction	**200,000**	—
Bank borrowings raised	**2,007,833**	2,423,378
Repayment of bank borrowings	**(1,257,162)**	(1,081,121)
Repayment of other borrowings	**(80,000)**	—
Repayment of lease liabilities	**(1,821)**	(2,479)
Repayment of sale and leaseback payable	**(9,000)**	—
Acquisition of non-controlling interest	**(20,000)**	—
Issue of new shares by a subsidiary to non-controlling interests	**260,887**	—
Transaction costs attributable to issue of shares by a subsidiary to non-controlling interests	**(23,119)**	—
Dividends paid	**(54,244)**	(134,786)
Dividends paid to non-controlling shareholders of subsidiaries	**(37,000)**	(14,700)
NET CASH FROM FINANCING ACTIVITIES	**832,653**	1,167,556
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,923**	336,539
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**913,992**	576,951
Effect of foreign exchange rate changes	**(46)**	502
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	**917,869**	913,992

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (Note 19) (the "**Group**") are mainly engaged in the production and sales of coke, coking by-products and derivative chemical products, coal gas, liquefied natural gas ("**LNG**"), trading of coke, coal, refined oil and hydrogen and provision of other services including but not limited to provision of steam, water, catering and fire prevention and management services ("**Other Services**").

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

The Company was owned by Henan Hongkong (Jiyuan) Coking Group Co., Ltd., Maanshan Iron & Steel Company Limited ("**Maanshan Steel**") 馬鞍山鋼鐵股份有限公司 and Jiangxi PXSteel Industrial Co., Ltd. ("**Jiangxi PXSteel**") 江西萍鋼實業股份有限公司 when established in 2003. With a series of equity transfer arrangements, the Company has been jointly owned by Jinma Energy (Hong Kong) Limited ("**Jinma HK**") 金馬能源(香港)有限公司, Maanshan Steel, Jiangxi PXSteel and Jiyuan Jinma Xingye Investment Co., Ltd. 濟源市金馬興業投資有限公司 since August 2011. On 3 August 2016, the Company was converted into a joint stock company with 400,000,000 shares at a par value of RMB1.00 in issue. Pursuant to a prospectus issued by the Company dated 26 September 2017 in relation to its global offering of the Company's shares, the Company issued 133,334,000 H shares and were listed on the Stock Exchange on 10 October 2017. In addition, 2,087,000 new H shares of the Company were issued upon exercise of over-allotment option and were listed on the Stock Exchange on 31 October 2017. On 20 December 2023, Jinyuan Hchem, the subsidiary of the Company, issued 238,910,000 H shares and were listed on the Stock Exchange.

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

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

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied following new and amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

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

2.1 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

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 the amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION 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.

As at 31 December 2023, the Group had net current liabilities of approximately RMB1,901,959,000. In addition, there were outstanding capital commitments amounting to RMB133,390,000 (Note 39). The directors of the Company are of the opinion that, taking into account the current operation of the Group, undrawn banking facilities (Note 44) available to the Group and new borrowings to be obtained by the Group subsequent to 31 December 2023, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the consolidated financial statements have been prepared on a going concern basis.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

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

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

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

Investments in associates and joint ventures

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Investments in associates and joint ventures (continued)

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers

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

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date.

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

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

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

- the lease payments change due to changes in an index in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Sale and leaseback transactions

The Group applies the requirements of IFRS 16 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9 Financial Instruments.

Borrowing costs

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Government grants

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

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property, plant and equipment

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

Buildings and structures, machinery and equipment and office equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

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

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

Intangible assets

Intangible assets acquired separately

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

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

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

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

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

(i) Amortised cost and interest income

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Bills receivables classified as at FVTOCI

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

Impairment of financial assets subject to impairment assessment under IFRS 9

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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 related parties are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Principal versus agent consideration

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

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

During the year ended 31 December 2023, the Group recognised revenue, acting as a principal, amounted to RMB328,877,000 (2022: RMB618,189,000) and revenue, acting as an agent, amounted to RMB3,461,000 (2022: RMB3,791,000) respectively relating to trading of coal and coke.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Allowance for inventories

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

During the year ended 31 December 2023, inventory allowance of RMB14,028,000 (2022: RMB2,618,000) were derecognised upon realisation of sales and an additional allowance of RMB14,576,000 (2022: RMB14,028,000) was recognised based on estimated net realisable value.

As at 31 December 2023, the carrying amount of inventories is RMB818,964,000 (2022: RMB571,078,000) (net of allowance for inventories of RMB14,576,000 (2022: RMB14,028,000)).

Provision of ECL for Trade-related Receivables

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL for Trade-related Receivables are disclosed in Note 44.

Fair value measurement of bills receivables at FVTOCI

As at 31 December 2023, the Group's bills receivables at FVTOCI amounting to RMB1,135,340,000 (2022: RMB1,065,648,000) 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 44.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2023						
Segments*	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service							
Sales of goods							
Coke	8,359,161	—	—	—	675,868#	—	9,035,029
Ammonium sulphater	—	29,100	—	—	—	—	29,100
Hydrogenated benzene-based chemicals	—	210,881	1,502,282	—	—	—	1,713,163
Coal tar based chemicals	—	420,164	776,239	—	—	—	1,196,403
Coal gas	—	—	—	885,955	—	—	885,955
LNG	—	—	—	308,868	78,630	—	387,498
Coal	—	—	—	—	1,168,412#	—	1,168,412
Refined oil	—	—	—	—	157,767	—	157,767
Hydrogen	—	—	—	—	1,003	—	1,003
Others	—	25,153	—	91,210	16,778	6,541	139,682
	8,359,161	685,298	2,278,521	1,286,033	2,098,458	6,541	14,714,012
Providing services							
Trading agency	—	—	—	—	4,975##	—	4,975
Energy supply	—	—	—	391,633	—	70,425	462,058
Others	—	—	—	—	—	51,016	51,016
	—	—	—	391,633	4,975	121,441	518,049
Total	8,359,161	685,298	2,278,521	1,677,666	2,103,433	127,982	15,232,061

Included in trading of coke and coal are intragroup sales amounting to RMB1,515,403,000, which are recorded at gross amount for which the Group acts as principal. The Group recognised revenue from contracts with external customers, acting as a principal, amounted to RMB328,877,000, relating to trading of coal and coke.

RMB1,514,000 out of total, are intragroup trading agency services. The Group recognised revenue from contracts with external customers, acting as an agent, amounted to RMB3,461,000, relating to trading of coal and coke.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

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

	For the year ended 31 December 2023		
	Segment revenue	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000
Coke	8,359,161	(7,748)	8,351,413
Coking by-products	685,298	(633,222)	52,076
Refined chemicals	2,278,521	(34,821)	2,243,700
Energy products	1,677,666	(810,442)	867,224
Trading	2,103,433	(1,578,003)	525,430
Other Services	127,982	(95,522)	32,460
Revenue from contracts with customers	15,232,061	(3,159,758)	12,072,303

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

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

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

Performance obligations for contracts with customers

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

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

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

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

For sales 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.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

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

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

Segment revenues and results

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

For the year ended 31 December 2023

	Sales of goods						
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE							
External sales	8,351,413	52,076	2,243,700	867,224	525,430	32,460	12,072,303
Inter-segment sales	7,748	633,222	34,821	810,442	1,578,003	95,522	3,159,758
	8,359,161	685,298	2,278,521	1,677,666	2,103,433	127,982	15,232,061
Segment profit	464,420	11,954	(75,976)	9,024	28,864	13,484	451,770
Other income							103,237
Other gains and losses							(14,042)
Impairment losses, under ECL model, net of reversal							858
Selling and distribution expenses							(293,018)
Administrative expenses							(178,405)
Finance costs							(125,369)
Share of result of a joint venture							15,788
Share of results of associates							(8,474)
Unallocated expenses							(3,303)
Loss before tax							(50,958)

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2022

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

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

Inter-segment sales are charged at prevailing market rates.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

	Sales of goods							
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2023								
Amounts included in measure of segment results:								
Depreciation and amortisation	**195,734**	**3,366**	**68,828**	**59,893**	**6,302**	**29,181**	**25,880**	**389,184**

	Sales of goods							
	Coke	Coking by-products	Refined chemicals	Energy products	Trading	Other Services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2022								
Amounts included in measure of segment results:								
Depreciation and amortisation	139,027	1,969	55,401	45,812	6,269	35,519	24,456	308,453

Entity-wide disclosures

Geographical information

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Entity-wide disclosures (continued)

Information about major customers

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

	Year ended	
	31/12/2023	31/12/2022
	RMB'000	RMB'000
Jiangxi PXSteel and its subsidiaries (Notes i and ii)	**1,774,131**	2,118,997
Customer A (Notes iii)	**1,209,471**	N/A
Customer B (Note i and iv)	**N/A**	1,311,766

Notes:

(i) Revenue from sale of coke.

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

(iii) Revenue from sale of coke and supply of energy. The revenue from customer A in 2022 is less than 10% of total revenue of the Group.

(iv) The revenue from customer B in 2023 is less than 10% of total revenue of the Group.

6. OTHER INCOME

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Interest income on bank deposits	**17,614**	22,642
Interest income on loans to other companies	**1,696**	1,742
Interest income on bills receivables at FVTOCI	**28,909**	20,328
Release of assets-related government subsidies (Note 37)	**2,204**	2,204
Government grants	**5,530**	987
Interest received on execution of a judgment (Note 21)	**44,679**	—
Others	**2,605**	3,218
	103,237	51,121

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Gain on fair value changes of financial assets at FVTPL	—	93
Net loss arising on bills receivables at FVTOCI	(42,054)	(33,121)
Gain on disposal of interest in an associate (Note 21)	26,400	—
Gain (loss) on disposal of property, plant and equipment	286	(427)
Foreign exchange loss, net	(748)	(429)
Gain on disposal of scrap steel	1,610	5,980
Others	464	2,246
	(14,042)	(25,658)

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

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Impairment losses (reversed) recognised on:		
– trade receivables	—	(3,894)
– advance to an associate	(940)	(45,000)
– other receivables	82	73
	(858)	(48,821)

Details of impairment assessment are set out in Note 44.

9. FINANCE COSTS

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Interest expense on:		
– bank borrowings	**198,225**	121,000
– sale and leaseback payable	**3,041**	—
– perpetual loan	**1,600**	1,600
– other borrowing	**4,940**	485
– lease liabilities	**243**	303
	208,049	123,388
Less: amounts capitalised	**(82,680)**	(29,206)
	125,369	94,182
Capitalisation rate – per annum	**5.66%**	4.69%

10. (LOSS) PROFIT BEFORE TAX

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
(Loss) profit before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration (Note 14)	2,250	2,340
Other staff costs	228,163	216,756
Other staffs' benefit	44,785	37,177
Total staff costs	275,198	256,273
Capitalised in inventories	(196,518)	(153,333)
Capitalised in property, plant and equipment	(3,607)	(25,297)
	75,073	77,643
Depreciation of property, plant and equipment	353,963	262,962
Capitalised in inventories	(339,861)	(251,419)
	14,102	11,543
Depreciation of right-of-use assets	11,001	10,685
Capitalised in construction in progress	(1,118)	(921)
	9,883	9,764
Amortisation of intangible assets included in		
– cost of sales	25,338	25,727
– administrative expenses	—	10,000
Auditors' remuneration	2,490	2,010
Listing expense of a subsidiary	1,415	—
Cost of inventories recognised as expenses (including write-down of inventories amounting to RMB14,576,000 (2022: RMB14,028,000))	11,620,533	11,297,890

11. INCOME TAX (CREDIT) EXPENSE

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**50,405**	122,606
– (over) under-provision in prior years	**(14,657)**	3,012
Deferred tax (Note 22)	**(80,643)**	30,857
	(44,895)	156,475

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 (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
(Loss) profit before tax	**(50,958)**	727,259
Tax (credit) charge at the applicable income tax rate of 25% (2022: 25%)	**(12,740)**	181,815
Tax effect of expenses not deductible for tax purposes	**848**	888
Tax effect of tax concessions	**(77)**	(218)
Tax effect of share of results of associates and a joint venture	**(1,828)**	(7,613)
Tax effect of tax losses not recognised	**91**	87
(Over) under-provision in prior years	**(14,657)**	3,012
Tax effect of income not taxable for tax purpose (Note)	**(9,832)**	(12,881)
Utilisation of tax losses previously not recognised	**(36)**	(8,565)
Tax effect of deductible temporary differences previously not recognised	**(6,600)**	—
Others	**(64)**	(50)
Income tax (credit) expense	**(44,895)**	156,475

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 RMB9,832,000 (2022: RMB12,881,000).

12. OTHER COMPREHENSIVE INCOME (EXPENSE)

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Other comprehensive income (expense) includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value change arising from bills receivables at FVTOCI	**(135,741)**	(134,940)
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	**135,756**	134,904
	15	(36)

Income tax effect relating to other comprehensive income

	Year ended 31/12/2023			Year ended 31/12/2022		
	Before-tax amount	**Tax charge**	**Net-of-income tax amount**	Before-tax amount	Tax credit	Net-of-income tax amount
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Item that may be reclassified subsequently to profit or loss:						
Fair value gain (loss) on:						
– bills receivables at FVTOCI	**20**	**(5)**	**15**	(48)	12	(36)

13. DIVIDENDS

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Interim – RMB0.05 (2022: 2022 Interim – RMB0.05) per share	**26,771**	26,771
2022 Final – RMB0.05 (2022: 2021 Final – RMB0.20) per share	**26,771**	107,084
	53,542	133,855

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2023 (2022: RMB0.05 per share, in an aggregate amount of RMB26,771,000) has been proposed by the directors of the Company.

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.

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

Directors', Chief Executive's and Supervisors' emoluments

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

	Fees	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. Yiu Chiu Fai	—	—	—	—	—
Mr. Wang Mingzhong	—	627	—	23	650
Mr. Li Tianxi	—	468	—	40	508
Non-executive directors:					
Mr. Xu Baochun	—	—	—	—	—
Ms. Ye Ting	—	—	—	—	—
Mr. Wang Kaibao	—	—	—	—	—
Independent non-executive directors:					
Mr. Wu Tak Lung	272	—	—	—	272
Mr. Meng Zhihe	120	—	—	—	120
Mr. Cao Hongbin	120	—	—	—	120
Supervisors:					
Mr. Fan Xiaozhu	—	135	—	24	159
Mr. Wu Jiacun	—	—	—	—	—
Mr. Zhou Tao David	72	—	—	—	72
Ms. Tian Fangyuan	80	—	—	—	80
Ms. Hao Yali	—	245	—	24	269
	664	1,475	—	111	2,250

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors', Chief Executive's and Supervisors' emoluments (continued)

	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 2022					
Executive directors:					
Mr. Yiu Chiu Fai	—	—	—	—	—
Mr. Wang Mingzhong	—	649	55	32	736
Mr. Li Tianxi	—	361	55	32	448
Non-executive directors:					
Mr. Xu Baochun (Note i)	—	—	—	—	—
Mr. Hu Xiayu (Note i)	—	—	—	—	—
Ms. Ye Ting	—	—	—	—	—
Mr. Wang Kaibao	—	—	—	—	—
Independent non-executive directors:					
Mr. Wu Tak Lung	280	—	—	—	280
Mr. Meng Zhihe	120	—	—	—	120
Mr. Cao Hongbin	120	—	—	—	120
Supervisors:					
Mr. Wong Tsz Leung	—	—	—	—	—
Mr. Fan Xiaozhu	—	123	39	20	182
Mr. Wu Jiacun (Note ii)	—	—	—	—	—
Ms. Li Lijuan (Note ii)	—	—	—	—	—
Mr. Zhou Tao David	80	—	—	—	80
Ms. Tian Fangyuan	80	—	—	—	80
Ms. Hao Yali	—	243	31	20	294
	680	1,376	180	104	2,340

Notes:

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

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

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

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors', Chief Executive's and Supervisors' emoluments (continued)

Mr. Yiu Chiu Fai and Mr. Wang Mingzhong are the chief executive and the general manager of the Company, respectively. Their emoluments disclosed above include those for services in connection with the management of affairs of the Group rendered by them as the chief executive and 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 are included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Salaries, wages and allowance	**2,464**	2,801
Performance related bonuses	—	756
Retirement benefit	**201**	238
	2,665	3,795

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	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	1

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

15. 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	Year ended 31/12/2022
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	22,324	421,950
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	535,421	535,421

No diluted earnings per share is presented as there was no dilutive potential ordinary share in issue for the years ended 31 December 2023 and 2022.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2022	1,088,417	2,569,758	22,504	78,479	1,494,869	5,254,027
Additions	40,860	74,611	209	1,183	1,792,717	1,909,580
Transfer	562,639	894,277	1,915	550	(1,459,381)	—
Disposals	—	(3,212)	(1,209)	(1,462)	—	(5,883)
At 31 December 2022	1,691,916	3,535,434	23,419	78,750	1,828,205	7,157,724
Additions	45,298	38,875	1,583	942	1,748,231	1,834,929
Transfer	725,611	1,032,615	—	—	(1,758,226)	—
Disposals	(85)	(6,180)	(1,683)	(33)	—	(7,981)
At 31 December 2023	**2,462,740**	**4,600,744**	**23,319**	**79,659**	**1,818,210**	**8,984,672**
Depreciation						
At 1 January 2022	303,263	546,159	12,922	39,238	—	901,582
Provided for the year	61,545	193,304	2,962	5,151	—	262,962
Eliminated on disposals	—	(2,905)	(1,135)	(1,313)	—	(5,353)
At 31 December 2022	364,808	736,558	14,749	43,076	—	1,159,191
Provided for the year	98,962	247,506	2,848	4,647	—	353,963
Eliminated on disposals	(17)	(2,695)	(1,231)	(31)	—	(3,974)
At 31 December 2023	**463,753**	**981,369**	**16,366**	**47,692**	—	**1,509,180**
Carrying values						
At 31 December 2023	**1,998,987**	**3,619,375**	**6,953**	**31,967**	**1,818,210**	**7,475,492**
At 31 December 2022	1,327,108	2,798,876	8,670	35,674	1,828,205	5,998,533

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

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

17. RIGHT-OF-USE ASSETS

	Leasehold lands	Office premises	Machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	332,659	1,900	564	335,123
Additions	—	2,024	—	2,024
Depreciation charged during the year	(8,133)	(1,988)	(564)	(10,685)
As at 31 December 2022	324,526	1,936	—	326,462
Additions	112,183	1,504	—	113,687
Depreciation charged during the year	(9,516)	(1,485)	—	(11,001)
As at 31 December 2023	**427,193**	**1,955**	—	**429,148**

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

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

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Expense relating to short-term leases (Note)	**1,028**	1,602
Total cash outflow for leases	**114,947**	4,081

Note: The short-term leases are mainly apartments rented for staff, office premises and machinery. The Group has elected the recognition exemption on short-term leases and recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expenses disclosed above.

17. RIGHT-OF-USE ASSETS (continued)

For both years, the Group leases offices and machinery for its operations. Lease contracts are entered into for fixed term of 2 years to 5 years (2022: 1 year to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for five (2022: five) leasehold lands with carrying amount of RMB2,524,000 (2022: RMB2,800,000) in which the Group obtains the right of use under long-term lease contracts.

Variable lease payment

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

Restrictions or covenants on leases

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.

18. INTANGIBLE ASSETS

	Franchise right	Operating license	Coke capacity	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 January 2022	93,502	29,018	141,510	264,030
Addition	—	—	300,000	300,000
At 31 December 2022 and 2023	93,502	29,018	441,510	564,030
Amortisation				
At 1 January 2022	74,207	3,062	1,572	78,841
Charge for the year	14,842	1,451	19,434	35,727
At 31 December 2022	89,049	4,513	21,006	114,568
Charge for the year	4,453	1,451	19,434	25,338
At 31 December 2023	**93,502**	**5,964**	**40,440**	**139,906**
Carrying values				
At 31 December 2023	—	**23,054**	**401,070**	**424,124**
At 31 December 2022	4,453	24,505	420,504	449,462

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, while that of the coke capacity is 15 or 30 years.The above intangible assets have finite useful lives, amortised on a straight-line basis over the following remaining periods:

	31/12/2023	31/12/2022
	years	years
Franchise right – sales of coal gas	—	0.3
Operating license of refined oil	**15.3**	16.3
Coke capacity	**12.5-28**	13.5-29

19. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary*	Place of establishment and operations	Class of registered shares held	Equity interest attributable to the Group		Paid up/ registered capital	Principal activities
			2023	2022		
Directly held:						
Jinyuan Hchem (Note)	PRC	Ordinary shares	75%	100%	RMB955,640,000	Manufacturing and sales of environmental benzene based chemicals
Shanghai Jinma	PRC	Ordinary shares	100%	100%	RMB50,000,000	Trading of coke, coal and coal mining equipment
河南博海化工有限公司 (Henan Bohigh Chemical Co., Ltd.)	PRC	Ordinary shares	100%	100%	United States dollar 7,700,000	Manufacturing and sale of coal tar based chemicals
深圳市金馬能源有限公司 (Shenzhen Jinma Energy Co., Ltd.) ("**Shenzhen Jinma**")	PRC	Ordinary shares	51%	51%	RMB1,347,000,000	Project investment, and investment management
河南金馬環保科技有限公司 (Henan Jinma Environmental Protection Technology Co., Ltd.)	PRC	Ordinary shares	60%	60%	Nil./RMB10,000,000	Research and development of environmental protection technology
信陽鋼鐵金港能源有限公司 (Xinyang Steel Jingang Energy Co., Ltd.) ("**Xinyang Jingang**")	PRC	Ordinary shares	70%	70%	RMB1,000,000,000	Production and sale of coke, electricity and heat energy
河南省金洲化工科技有限公司 (Henan Jinzhou Chemical Technology Co., Ltd.)	PRC	Ordinary shares	100%	100%	RMB78,000,000/ RMB100,000,000	Production and sale of chemical products

19. PARTICULARS OF SUBSIDIARIES (continued)

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

Name of subsidiary*	Place of establishment and operations	Class of registered shares held	Equity interest attributable to the Group		Paid up/ registered capital	Principal activities
			2023	2022		
Indirectly held:						
濟源市金寧能源實業有限公司 (Jiyuan Jinning Energy Co., Ltd.) ("**Jinning Energy**") (Note)	PRC	Ordinary shares	**38.25%**	51%	RMB10,000,000	Distribution and sale of coal gas
Jinrui Energy (Note)	PRC	Ordinary shares	**60.75%**	71%	RMB100,000,000	Manufacturing and sale of LNG
河南金瑞燃氣有限公司 (Henan Jinrui Gas Co., Ltd.) (Note)	PRC	Ordinary shares	**60.75%**	71%	RMB25,500,000	Sales and retail of LNG and oil
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) (Note)	PRC	Ordinary shares	**60.75%**	71%	RMB500,000	Sales and retail shares of refined oil
河南金馬氫能有限公司 (Henan Jinma Qingneng Co., Ltd.) ("**Jinma Qingneng**") (Note)	PRC	Ordinary shares	**75%**	100%	RMB15,000,000/ RMB200,000,000	Provision of multimodal transportation, warehouse and distribution services for coal products
河南金馬中東能源有限公司 (Henan Jinma Zhongdong Energy Co., Ltd.)	PRC	Ordinary shares	**51%**	51%	RMB1,347,000,000	Manufacturing and sale of coke

* English name for identification only

Notes: Jinning Energy, Jinrui Energy and its subsidiaries (including Henan Jinrui Gas Co., Ltd. and Jiyuan Ouya Gas Station Co., Ltd. became the non-wholly-owned subsidiaries of Jinyuan Hchem, while Jinma Qingneng became the wholly-owned subsidiary of Jinyuan Hchem in August 2023. After listing on the Stock Exchange on 20 December 2023, Jinyuan Hchem became the non-wholly-owned subsidiary of the Company with 75% equity interest attributable to the Group, equity interest in Jinning Energy, Jinrui Energy and its subsidiaries and Jinma Qingneng attributable to the Group dropped accordingly.

19. PARTICULARS OF SUBSIDIARIES (continued)

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. Considering the reorganization mentioned in Note above, financial information of Jinyuan Hchem and its subsidiaries as at 31 December 2023 is presented as a whole, and comparative financial information of Jining Energy and Jinrui Energy and its subsidiaries as at 31 December 2022 were presented separately.

Name of subsidiary	Proportion ownership interest held by non-controlling interests At 31 December		Profit (loss) allocated to non-controlling interests Year ended 31 December		Accumulated non-controlling interests At 31 December	
	2023	2022	**2023**	2022	**2023**	2022
	%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Jinyuan Hchem and its subsidiaries	**25**	Nil	**26,455**	N/A	**360,568**	N/A
Jinning Energy	**N/A**	49	**N/A**	16,739	**N/A**	63,432
Jinrui Energy and its subsidiaries	**N/A**	29	**N/A**	39,113	**N/A**	74,115
Shenzhen Jinma and its subsidiary	**49**	49	**(6,319)**	101,680	**776,503**	783,626
Xinyang Jingang	**30**	30	**(48,523)**	(8,698)	**242,710**	291,326
			(28,387)	148,834	**1,379,781**	1,212,499

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.

Jinyuan Hchem and its subsidiaries

	31/12/2023
	RMB'000
Current assets	**551,767**
Non-current assets	**1,109,019**
Current liabilities	**382,573**
Non-current liabilities	**149,497**
Net equity	**1,128,716**
Equity attributable to owners of the Company	**768,148**
Non-controlling interests of Jinyuan Hchem	**254,903**
Non-controlling interests of Jinyuan Hchem's subsidiaries	**105,665**

19. PARTICULARS OF SUBSIDIARIES (continued)

Jinyuan Hchem and its subsidiaries (continued)

	Year ended 31/12/2023 RMB'000
Revenue	2,330,228
Expenses (Note)	2,248,083
Profit attributable to	
– the owners of the Company	55,690
– the non-controlling interests	26,455
Profit for the year	82,145
Other comprehensive expense attributable to	
– the owners of the Company	201
– the non-controlling interests	(135)
Other comprehensive expense for the year	66
Total comprehensive income attributable to	
– the owners of the Company	55,891
– the non-controlling interests	26,320
Total comprehensive income for the year	82,211
Dividends declared and paid to non-controlling interests	37,000
Net cash from operating activities	104,459
Net cash used in investing activities	(71,062)
Net cash from financing activities	204,947
Net cash inflow	238,344

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

19. PARTICULARS OF SUBSIDIARIES (continued)

Jinning Energy

	31/12/2022
	RMB'000
Current assets	60,231
Non-current assets	87,502
Current liabilities	17,167
Non-current liabilities	1,113
Net equity	129,453
Equity attributable to owners of the Company	66,021
Equity attributable to non-controlling interests	63,432

	Year ended 31/12/2022
	RMB'000
Revenue	415,089
Expenses (Note)	380,927
Profit and total comprehensive income for the year	34,162
Profit and total comprehensive income attributable to	
– the owners of the Company	17,423
– the non-controlling interests	16,739
Profit and total comprehensive income for the year	34,162
Dividends declared and paid to non-controlling interests	14,700
Net cash from operating activities	44,262
Net cash used in investing activities	(36,097)
Net cash used in financing activities	(30,000)
Net cash outflow	(21,835)

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

19. PARTICULARS OF SUBSIDIARIES (continued)

Jinrui Energy and its subsidiaries

	31/12/2022
	RMB'000
Current assets	82,415
Non-current assets	302,377
Current liabilities	88,015
Non-current liabilities	41,209
Net equity	255,568
Equity attributable to owners of the Company	181,453
Equity attributable to non-controlling interests	74,115

	Year ended 31/12/2022
	RMB'000
Revenue	652,124
Expenses (Note)	515,671
Profit and total comprehensive income for the year	136,453
Profit and total comprehensive income attributable to	
– the owners of the Company	97,340
– the non-controlling interests	39,113
Profit and total comprehensive income for the year	136,453
Net cash from operating activities	189,841
Net cash used in investing activities	(40,163)
Net cash used in financing activities	(150,471)
Net cash outflow	(793)

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

19. PARTICULARS OF SUBSIDIARIES (continued)

Shenzhen Jinma and its subsidiary

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Current assets	1,716,890	1,388,913
Non-current assets	2,570,084	2,708,963
Current liabilities	2,133,664	1,642,513
Non-current liabilities	568,610	856,127
Net equity	1,584,700	1,599,236
Equity attributable to owners of the Company	808,197	815,610
Equity attributable to non-controlling interests	776,503	783,626

19. PARTICULARS OF SUBSIDIARIES (continued)

Shenzhen Jinma and its subsidiary (continued)

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Revenue	**5,491,866**	6,200,987
Expenses *(Note)*	**5,504,761**	5,988,672
(Loss) profit for the year	**(12,895)**	212,315
(Loss) profit attributable to		
– the owners of the Company	**(6,576)**	110,635
– the non-controlling interests	**(6,319)**	101,680
(Loss) profit for the year	**(12,895)**	212,315
Other comprehensive expense attributable to		
– the owners of the Company	**(837)**	(1,481)
– the non-controlling interests	**(804)**	(1,423)
Other comprehensive expense for the year	**(1,641)**	(2,904)
Total comprehensive (expense) income attributable to		
– the owners of the Company	**(7,413)**	109,154
– the non-controlling interests	**(7,123)**	100,257
Total comprehensive (expense) income for the year	**(14,536)**	209,411
Net cash from operating activities	**42,958**	675,185
Net cash used in investing activities	**(51,623)**	(795,502)
Net cash from financing activities	**115,326**	175,522
Net cash inflow	**106,661**	55,205

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

19. PARTICULARS OF SUBSIDIARIES (continued)

Xinyang Jingang

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Current assets	333,002	478,258
Non-current assets	3,670,158	2,537,654
Current liabilities	2,420,729	1,310,443
Non-current liabilities	773,399	734,382
Net equity	809,032	971,087
Equity attributable to owners of the Company	566,322	679,761
Equity attributable to non-controlling interests	242,710	291,326

19. PARTICULARS OF SUBSIDIARIES (continued)

Xinyang Jingang (continued)

	Year ended 31/12/2023 RMB'000	Year ended 31/12/2022 RMB'000
Revenue	**1,716,406**	44,221
Expense (Note)	**1,878,149**	73,280
Loss for the year	**(161,743)**	(29,059)
Loss attributable to		
– the owners of the Company	**(113,220)**	(20,361)
– the non-controlling interests	**(48,523)**	(8,698)
Loss for the year	**(161,743)**	(29,059)
Other comprehensive (expense) income attributable to		
– the owners of the Company	**(219)**	2,132
– the non-controlling interests	**(93)**	914
Other comprehensive (expense) income for the year	**(312)**	3,046
Total comprehensive expense attributable to		
– the owners of the Company	**(113,439)**	(18,229)
– the non-controlling interests	**(48,616)**	(7,784)
Total comprehensive expense for the year	**(162,055)**	(26,013)
Net cash from (used in) operating activities	**35,502**	(96,139)
Net cash used in investing activities	**(236,437)**	(1,460,116)
Net cash from financing activities	**144,337**	1,036,419
Net cash outflow	**(56,598)**	(519,836)

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

20. INTEREST IN A JOINT VENTURE

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Cost of unlisted investment in a joint venture	49,000	49,000
Share of post-acquisition results, net of dividends received	25,372	34,084
	74,372	83,084

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

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

* English name for identification only

20. INTEREST IN A JOINT VENTURE (continued)

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	31/12/2022
	RMB'000	RMB'000
Current assets	**93,689**	103,980
Non-current assets	**79,878**	96,079
Current liabilities	**11,697**	20,169
Non-current liabilities	**10,090**	10,332
The above amounts of assets and liabilities include the followings:		
Cash and cash equivalents	**61,034**	38,633

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Revenue	**229,172**	283,972
Profit and total comprehensive income for the year	**32,220**	58,127
Dividends received from Jinjiang Refinery during the year	**24,500**	4,900
The above profit for the year includes the following:		
Depreciation	**16,706**	16,626
Interest income	**493**	672
Income tax expense (Note)	**3,101**	—

Note: Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources is exempted from tax.

20. INTEREST IN A JOINT VENTURE (continued)

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Net assets	**151,780**	169,558
Proportion of the Group's ownership interest in the joint venture	**49%**	49%
Carrying amount of the Group's interest in the joint venture	**74,372**	83,084

21. INTERESTS IN ASSOCIATES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Cost of unlisted investment in associates	**98,000**	139,460
Share of post-acquisition results, net of dividends received	**(6,505)**	(39,491)
	91,495	99,969

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

Name of associate	**Place of registration and operations**	**Fully paid registered capital**	**Proportion of ownership interest/voting rights attributable to the Group**		**Principal activities**
			2023	2022	
Xiamen Jinma ITG Co., Ltd.* ("**Xiamen Jinma**") 廈門金馬國貿有限公司	PRC	RMB200,000,000	**49%**	49%	Domestic trading
Huozhou Coal Power Group Hongtong Yilong Co., Ltd.* ("**Yilong Coal**") 霍州煤電集洪洞億隆煤業有限責任公司	PRC	RMB80,000,000	**Nil**	33%	Mining and sale of coal

* English name for identification only

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

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

21. INTERESTS IN ASSOCIATES (continued)

Xiamen Jinma

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Current assets	232,995	290,345
Non-current assets	5,935	161
Current liabilities	52,206	86,488
Non-current liabilities	—	—

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Revenue	678,178	170,360
(Loss) profit and total comprehensive (expense) income for the year	(17,294)	4,018

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Net assets	186,724	204,018
Proportion of the Group's ownership interest in the associate	49%	49%
Carrying amounts of the Group's interest in the associate	91,495	99,969

21. INTERESTS IN ASSOCIATES (continued)

Yilong Coal

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

On 8 June 2023, the Group entered into an equity transfer agreement with a 16% equity interest shareholder of Yilong Coal to transfer its 33% equity interest in Yilong Coal at the consideration of RMB26,400,000. The transaction was completed on 6 December 2023, thus the Group's interest in Yilong Coal as an associate was derecognised and a gain of RMB26,400,000 was recognised.

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Advance to an associate	—	940
Less: Allowance for ECL	—	(940)
	—	—

The advance to an associate represents deposit for acquisition of mining right ("**採礦許可證**") and the total advance is unsecured, interest-free and has no fixed repayment terms. Impairment of RMB45,940,000 was recognised on advance to an associate during the year end 31 December 2020. In November 2021, the Group brought legal claim against Yilong Coal demanding for repayment of the loan and accrued interest. In February 2022, the court ordered Yilong Coal to repay the Group the entire amount of loan and the interest accrual thereon and Yilong Coal appealed in March 2022. The Higher People's Court of Henan Province rejected the appeal request on 27 May 2022 and Yilong Coal has repaid RMB60,000,000 to the Group during the year ended 31 December 2022, reversal of impairment loss of RMB45,000,000 was recognised. During the year ended 31 December 2023, the rest of RMB940,000 was repaid by Yilong Coal and thus reversal of impairment loss of RMB940,000 was recognised. Yilong Coal has also repaid the accrued interest of RMB44,679,000 in the year 2023.

22. DEFERRED TAX ASSETS/LIABILITIES

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

	Allowance for inventories	ECL provision	Accelerated tax depreciation and temporary difference on deductible expenses	Fair value change of bills receivables at FVTOCI	Unrealised profits	Fair value adjustments upon acquisition of business	Deferred revenue	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	655	12,534	(29,265)	2,738	36,401	(9,763)	5,712	—	19,012
Credit (charge) to profit or loss	2,852	(12,205)	(69,426)	787	37,416	4,083	(551)	6,187	(30,857)
Credit to the other comprehensive income	—	—	—	12	—	—	—	—	12
At 31 December 2022	3,507	329	(98,691)	3,537	73,817	(5,680)	5,161	6,187	(11,833)
Credit (charge) to profit or loss	137	(290)	(87,106)	(1,018)	4,092	1,362	(551)	164,017	80,643
Charge to the other comprehensive income	—	—	—	(5)	—	—	—	—	(5)
At 31 December 2023	**3,644**	**39**	**(185,797)**	**2,514**	**77,909**	**(4,318)**	**4,610**	**170,204**	**68,805**

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	**140,744**	85,124
Deferred tax liabilities	**(71,939)**	(96,957)
	68,805	(11,833)

As at 31 December 2023, the Group had unused tax losses of RMB681,612,000 (2022: RMB25,324,000) available to offset against future profits. Deferred tax asset of RMB170,204,000 (2022: RMB6,187,000) has been recognised in respect of tax losses of RMB680,816,000 (2022: RMB24,748,000). All tax losses will expire within 5 years (2022: 5 years) from the year of origination. No deferred tax asset has been recognised in respect of the rest losses due to the unpredictability of future profit streams.

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

23. INVENTORIES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Raw materials	661,310	444,048
Finished goods	157,654	127,030
	818,964	571,078

24. TRADE AND OTHER RECEIVABLES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Trade receivables – contract with customers	165,380	171,744
Less: Allowance for ECL	—	(301)
	165,380	171,443
Other receivables	2,121	2,314
Less: Allowance for ECL	(155)	(73)
	1,966	2,241
Prepayments to suppliers	221,398	322,777
Prepaid other taxes and charges	88,971	303,195
Refundable deposits to suppliers	744	864
Receivable from disposal of interest in an associate	5,560	—
Loans receivable (Note)	10,000	—
	494,019	800,520

Note: The balance is due from a third party carrying an interest rate of 13% per annum and matured within one year. The Group holds the 100% equity interest of this third party as collateral over the balance.

24. TRADE AND OTHER RECEIVABLES (continued)

As at 1 January 2022, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB90,360,000.

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	165,357	171,149
91 – 180 days	23	—
181 – 365 days	—	204
More than 1 year	—	90
	165,380	171,443

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of nil (2022: RMB595,000) which are past due as at the reporting date. Out of the past due balances, no balance has been past due 90 days or more (2022: RMB301,000 which is considered in default and impairment allowance of RMB301,000 was recognised).

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 44.

25. AMOUNT DUE FROM A SHAREHOLDER

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Trade nature		
Maanshan Steel	18,423	70,490

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

The balance at 1 January 2022 amounted to RMB57,585,000.

The normal credit term is 30 to 60 days. The amount due from a shareholder in trade nature is aged within 90 days based on invoice date, none of the balance is past due as at 31 December 2023 and 2022.

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

Details of impairment assessment of amount due from a shareholder are set out in Note 44.

26. AMOUNTS DUE FROM RELATED PARTIES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Trade nature		
Jiangxi PXSteel's subsidiaries	18,553	45,375
Xiamen Jinma (Note i)	—	32,640
Jiyuan Fangsheng Chemicals Co., Ltd.* ("**Fangsheng Chemicals**") 濟源市方升化學有限公司 (Note ii)	290	374
	18,843	78,389

* English name for identification only

Notes:

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

(ii) The entity is controlled by a shareholder of the Company. The balance contains prepayment of RMB290,000 (2022: RMB366,000) for purchase of materials including sodium hydroxide and hydrochloric acid.

The amounts due from related parties at 1 January 2022 amounted to RMB20,000, which was due from Fangsheng Chemicals.

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Within 90 days	18,553	45,383

The normal credit term to the customers is ranged between 30 to 60 days. None of the balance is past due as at 31 December 2023 and 2022.

The Group does not hold any collateral over these balances.

Details of impairment assessment of amounts due from related parties are set out in Note 44.

27. BILLS RECEIVABLES AT FVTOCI

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Bills receivables	**1,135,340**	1,065,648

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 44.

28. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

Restricted bank balances and bank balances carry interest at prevailing market interest rates ranging from 0.01% to 3.35% (2022: from 0.25% to 1.65%) per annum as at 31 December 2023.

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

29. BORROWINGS

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Bank borrowings	3,893,791	3,143,120
Other borrowing (Note)	50,000	80,000
	3,943,791	3,223,120
Secured	2,059,771	1,891,040
Unsecured	1,884,020	1,332,080
	3,943,791	3,223,120
Fixed-rate borrowings	1,916,948	2,006,491
Floating-rate borrowings	2,026,843	1,216,629
	3,943,791	3,223,120

Note: This borrowing was borrowed from a third party for a period of 6 months at an interest rate of 12% (2022: 12%) per annum with no collateral.

	Bank borrowings		Other borrowing		Total borrowings	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable: (based on scheduled payment terms)						
Within one year	2,388,420	1,307,680	50,000	80,000	2,438,420	1,387,680
More than one year, but not more than two years	978,700	771,747	—	—	978,700	771,747
More than two years, but not more than five years	526,671	1,063,693	—	—	526,671	1,063,693
	3,893,791	3,143,120	50,000	80,000	3,943,791	3,223,120
Less: Amount due for settlement within 12 months shown under current liabilities	(2,388,420)	(1,307,680)	(50,000)	(80,000)	(2,438,420)	(1,387,680)
Amount due for settlement after 12 months shown under non-current liabilities	1,505,371	1,835,440	—	—	1,505,371	1,835,440

29. BORROWINGS (continued)

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%-5.70%**	3.70%-6.30%
– Floating-rate borrowings	**2.60%-5.60%**	3.62%-5.60%

30. TRADE AND OTHER PAYABLES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Trade payables	**709,060**	732,017
Bills payables	**907,324**	1,057,580
	1,616,384	1,789,597
Salaries and wages payables	**14,807**	31,831
Other tax payables	**27,032**	46,696
Consideration payable for purchase of property, plant and equipment	**1,411,856**	928,769
Accruals	**7,584**	12,267
Interest payable	**9,350**	5,022
Consideration payable for acquisition of business	**3,222**	3,222
Refundable deposit from constructors	**12,253**	16,050
Share issue costs payable	**7,443**	—
Other payables	**9,032**	8,106
	1,502,579	1,051,963
	3,118,963	2,841,560

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

30. TRADE AND OTHER PAYABLES (continued)

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	1,169,340	1,139,065
91 – 180 days	422,764	568,947
181 – 365 days	14,372	70,330
Over 1 year	9,908	11,255
	1,616,384	1,789,597

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

31. AMOUNTS DUE TO RELATED PARTIES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Trade nature		
Xiamen Jinma	1,368	—
Jinjiang Refinery	1,063	—
Fangsheng Chemicals	205	—
	2,636	—

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

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Within 90 days	2,636	—

32. CONTRACT LIABILITIES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Sales of goods	117,226	283,139

As at 1 January 2022, contract liabilities amounted to RMB101,401,000.

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 RMB283,139,000 (2022: RMB101,401,000) recognised in the current year with performance obligation satisfied includes whole contract liability balance at the beginning of the year.

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

33. LEASE LIABILITIES

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Within one year	1,229	1,864
Within a period of more than one year but not more than two years	870	430
Within a period of more than two years but not more than five years	652	666
Within a period of more than five years	1,489	1,597
	4,240	4,557
Less: Amount due for settlement within 12 months shown under current liabilities	(1,229)	(1,864)
Amount due for settlement after 12 months shown under non-current liabilities	3,011	2,693

The weighted average incremental borrowing rates applied to lease liabilities range from 4.00% to 5.96% (2022: from 4.50% to 5.96%) per annum.

34. 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 RMB23,207,000 (2022: RMB19,736,000).

As at 31 December 2023, no contributions (2022: Nil) due in respect of the year ended 31 December 2023 had not been paid over to the plans.

35. SHARE CAPITAL

	Number of shares		Share capital	
	2023	2022	**2023**	2022
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
Ordinary shares of RMB1 each				
At beginning and end of year	**535,421**	535,421	**535,421**	535,421

36. SALE AND LEASEBACK PAYABLE

	31/12/2023
	RMB'000
Within one year	**96,371**
Within a period of more than one year but not more than two years	**67,893**
Within a period of more than two years but not more than five years	**26,736**
	191,000
Less: Amount due for settlement within 12 months shown under current liabilities	**(96,371)**
Amount due for settlement after 12 months shown under non-current liabilities	**94,629**

During the year ended 31 December 2023, the Group sold and leased back some coking facilities. The Group continues to recognise the assets and accounts for the transfer proceeds as borrowings, because the transfer does not satisfy the requirements as a sale. The effective borrowing rate applied to sale and leaseback payable is 6.18% per annum.

37. DEFERRED REVENUE

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Assets-related government subsidies	18,440	20,644

During the year ended 31 December 2023, the Group received nil (2022: Nil) in relation to incentives for certain plants and equipment acquired by the Group. The amounts received in prior years 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 RMB2,204,000 (2022: RMB2,204,000) was released to profit or loss.

38. PERPETUAL LOAN

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

39. 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	133,390	1,133,486

40. PLEDGE OF ASSETS

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Property, plant and equipment	327,620	141,888
Right-of-use assets	261,181	211,510
Restricted bank balances	472,692	587,735
Bills receivables at FVTOCI	335,560	205,198
	1,397,053	1,146,331

41. TRANSFER OF FINANCIAL ASSETS

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Endorsed bills for settlement of payables	**2,828,952**	2,885,122
Discounted bills for raising cash	**1,250,544**	1,363,804
Outstanding endorsed and discounted bills receivables	**4,079,496**	4,248,926

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

42. 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:		
Jiangxi PXSteel's subsidiaries	**1,774,131**	2,118,997
Maanshan Steel	**547,998**	955,286
Jinjiang Refinery	**115,024**	126,689
Xiamen Jinma	**16,664**	17,323
Fangsheng Chemicals	**38**	38
Purchase of raw materials and services from:		
Xiamen Jinma	**89,534**	—
Fangsheng Chemicals	**11,685**	16,496
Jinjiang Refinery	**9,589**	8,969

42. RELATED PARTIES' TRANSACTIONS (continued)

(b) Compensation of key management personnel

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

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	RMB'000
Salaries and allowance	5,469	5,203
Performance related bonuses	—	1,142
Retirement benefit	465	385
	5,934	6,730

Key management represents the directors of the Company disclosed in Note 14 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.

43. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (which includes perpetual loan, borrowings, lease liabilities, sale and leaseback payable, 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.

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Financial assets		
Bills receivables at FVTOCI	1,135,340	1,065,648
Financial assets at amortised cost		
– Bank balances and cash	917,869	913,992
– Restricted bank balances	472,692	587,735
– Trade and other receivables*	183,650	174,548
– Amount due from a shareholder	18,423	70,490
– Amounts due from related parties**	18,553	45,383

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

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

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Financial liabilities		
Amortised cost		
– Borrowings	3,943,791	3,223,120
– Trade and other payables*	3,275,298	2,763,033
– Amounts due to related parties	2,636	—
– Perpetual loan	15,630	15,630
– Sale and leaseback payable	191,000	—

* 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/to a shareholder/related parties, bills receivables at FVTOCI, restricted bank balances, bank balances and cash, trade and other payables, amounts due to related parties, sale and leaseback payable, perpetual loan and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

44. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to certain interest-bearing restricted bank balances, bills receivables at FVTOCI, perpetual loan, sale and leaseback payable, fixed-rate borrowings and lease liabilities, all bear fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to certain cash equivalents 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 RMB7,601,000 (2022: RMB4,562,000) 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 cash equivalents is presented as the directors of the Company consider that the exposure of cash flow interest rate risk arising from cash equivalents is minimal.

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

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, which are mainly cash equivalents, 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$	**254,037**	4,841

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	Year ended 31/12/2022
	RMB'000	RMB'000
Increase in post-tax profit	**9,526**	182

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.

44. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment

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

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

Trade-related Receivables arising from contracts with customers

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

As at 31 December 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 47% (2022: 41%).

As at 31 December 2023, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 68% (2022: 78%) of total Trade-related Receivables outstanding balances.

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

Except for debtors that are credit-impaired with internal credit rate of loss are assessed for impairment individually, the remaining Trade-related Receivables are assessed collectively following lifetime ECL (not credit-impaired) based on shared credit risk characteristics by reference to the Group's internal credit ratings. No impairment is recognised or reversed during the year (2022: reversal of RMB3,894,000). Details of the quantitative disclosures are set out below.

Other receivables, refundable deposits, receivable from disposal of interest in an associate and loans receivable ("Other Loans and Receivables")

For Other Loans and 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. Impairment of RMB82,000 (2022: RMB73,000) is recognised during the year.

44. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Advance to an associate

The Group regularly monitors the business performance of the associate. The Group's credit risks in the balance is mitigated through the historical financial information as well as consideration of probability of default and loss given default, adjusted for forward-looking information including industrial factors and available market data. Impairment loss of RMB940,000 (2022: RMB45,000,000) is reversed during the year as repayment is received.

Bank balances and cash and restricted bank balances

The Group's credit risk on cash equivalents 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 cash equivalents and restricted bank balances was insignificant in the profit or loss during 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 Loans and 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

44. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Bills receivables at FVTOCI (continued)

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

	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 31/12/2023	31/12/2022
				RMB'000	RMB'000
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	1,135,340	1,065,648
Financial assets at amortised cost					
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	202,356	287,022
		Watch list	Lifetime ECL (not credit-impaired)	—	294
		Loss	Credit-impaired	—	301
				202,356	287,617
Bank balances and restricted bank balances	AAA – AA+	N/A	12m ECL	1,390,561	1,501,727
Advance to an associate	N/A	Loss	Credit-impaired	—	940
Other Loans and Receivables	Note	Low risk	12m ECL	17,870	2,623
		Watch list	Lifetime ECL (not credit-impaired)	555	555
				18,425	3,178

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

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. Credit-impaired debtors with gross carrying amounts of nil as at 31 December 2023 (2022: RMB301,000) were assessed individually.

44. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount

Internal credit rating	31/12/2023 Average loss rate	31/12/2023 Trade-related Receivables RMB'000	31/12/2023 ECL (not credit-impaired) RMB'000	31/12/2022 Average loss rate	31/12/2022 Trade-related Receivables RMB'000	31/12/2022 ECL (not credit-impaired) RMB'000
Low risk	0.14%	202,356	— *	0.20%	287,022	— *
Watch list	1.04%	—	— *	4.23%	294	— *
		202,356	—		287,316	—

* 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.

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

	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2022	4,195	4,195
– Impairment losses reversed	(3,894)	(3,894)
At 31 December 2022	301	301
– Write off	(301)	(301)
At 31 December 2023	—	—

44. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised on Other Loans and Receivables under the simplified approach.

	Lifetime ECL (not credit-impaired)	**Total**
	RMB'000	**RMB'000**
At 31 December 2021	—	—
– Impairment losses recognised	73	73
At 31 December 2022	73	73
– Impairment losses recognised	82	82
At 31 December 2023	**155**	**155**

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 and sales and leaseback payables as significant sources of liquidity. As at 31 December 2023, the Group had unutilised bank facilities of approximately RMB820,058,000 (2022: RMB629,371,000).

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.

44. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Liquidity tables

		As at 31 December 2023					
	Interest rate	Carrying amounts	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	2.60%-5.70%	3,893,791	1,780,377	714,538	1,554,961	—	4,049,876
Other borrowing	12%	50,000	51,833	—	—	—	51,833
Lease liabilities	4.00%-5.96%	4,240	858	406	1,719	2,510	5,493
Trade and other payables	N/A	3,275,298	3,077,124	—	198,174	—	3,275,298
Perpetual loan	10.24%	15,630	—	1,600	6,400	15,630	23,630
Sale and leaseback payable	6.18%	191,000	56,284	43,953	105,120	—	205,357
		7,429,959	4,966,476	760,497	1,866,374	18,140	7,611,487

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

44. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2023	31/12/2022		
Bills receivables at FVTOCI	**Assets- RMB1,135,340,000**	Assets- RMB1,065,648,000	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.

45. 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	Other borrowing	Dividends payable	Perpetual loan	Sale and leaseback payable	Lease liabilities	Share issue costs payables	Interest payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	1,800,863	—	—	—	—	5,012	—	—	1,805,875
Financing cash flows (Note)	1,342,257	80,000	(149,486)	15,630	—	(2,782)	—	(118,063)	1,167,556
Dividend declared	—	—	148,555	—	—	—	—	—	148,555
Exchange adjustments	—	—	931	—	—	—	—	—	931
New leases entered	—	—	—	—	—	2,024	—	—	2,024
Finance costs recognised	—	—	—	—	—	303	—	123,085	123,388
At 1 December 2022	3,143,120	80,000	—	15,630	—	4,557	—	5,022	3,248,329
Financing cash flows (Note)	750,671	(30,000)	(91,244)	—	191,000	(2,064)	(23,119)	(203,478)	591,766
Dividend declared	—	—	90,542	—	—	—	—	—	90,542
Exchange adjustments	—	—	702	—	—	—	30,562	—	31,264
New leases entered	—	—	—	—	—	1,504	—	—	1,504
Finance costs recognised	—	—	—	—	—	243	—	207,806	208,049
At 31 December 2023	3,893,791	50,000	—	15,630	191,000	4,240	7,443	9,350	4,171,454

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

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2023	31/12/2022
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,217,945	1,000,304
Right-of-use assets	50,998	58,776
Investments in subsidiaries	1,986,522	1,733,159
Interest in a joint venture	—	49,000
Interest in associates	98,000	98,000
Deposit for acquisition of property, plant and equipment	3,217	19,831
	3,356,682	2,959,070
CURRENT ASSETS		
Inventories	222,759	132,141
Trade and other receivables	89,515	191,070
Amount due from a shareholder	10	8
Amounts due from subsidiaries	607,204	590,302
Amounts due from related parties	18,553	59,711
Bills receivables at FVTOCI	275,566	470,399
Restricted bank balances	236,008	366,289
Bank balances and cash	347,180	567,286
	1,796,795	2,377,206

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31/12/2023	31/12/2022
	RMB'000	RMB'000
CURRENT LIABILITIES		
Borrowings	457,620	523,580
Trade and other payables	907,788	1,347,515
Amount due to a related party	205	—
Sale and leaseback payable	96,371	—
Contract liabilities	8,691	40,055
Lease liabilities	6,265	7,061
Tax payable	1,801	3,646
	1,478,741	1,921,857
NET CURRENT ASSETS	318,054	455,349
TOTAL ASSETS LESS CURRENT LIABILITIES	3,674,736	3,414,419
CAPITAL AND RESERVES		
Share capital	535,421	535,421
Reserves	2,721,773	2,596,022
TOTAL EQUITY	3,257,194	3,131,443
NON-CURRENT LIABILITIES		
Borrowings	271,800	233,000
Sale and leaseback payable	94,629	—
Payables for purchase of property, plant and equipment	8,160	—
Lease liabilities	7,810	13,340
Deferred revenue	6,269	7,266
Deferred tax liabilities	28,874	29,370
	417,542	282,976
	3,674,736	3,414,419

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Movement in the Company's reserves:

	Special reserve	Capital reserve	Statutory surplus reserve fund	Retained profits	FVTOCI reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	1,942	386,496	267,710	1,770,538	(3,253)	2,423,433
Profit for the year	—	—	—	307,416	—	307,416
Other comprehensive expense for the year	—	—	—	—	(972)	(972)
Total comprehensive income (expense) for the year	—	—	—	307,416	(972)	306,444
Dividends paid	—	—	—	(133,855)	—	(133,855)
At 31 December 2022 and 1 January 2023	**1,942**	**386,496**	**267,710**	**1,944,099**	**(4,225)**	**2,596,022**
Profit for the year	—	—	—	**177,515**	—	**177,515**
Other comprehensive income for the year	—	—	—	—	**1,778**	**1,778**
Total comprehensive income for the year	—	—	—	**177,515**	**1,778**	**179,293**
Dividends paid	—	—	—	**(53,542)**	—	**(53,542)**
Transfer	**(1,211)**	—	—	**1,211**	—	—
At 31 December 2023	**731**	**386,496**	**267,710**	**2,069,283**	**(2,447)**	**2,721,773**

COMPANY INFORMATION

Company name

河南金馬能源股份有限公司
Henan Jinma Energy Company Limited

Share listing

Stock abbreviation: Jinma Energy
H Share: The Stock Exchange of Hong Kong Limited
Stock Code: 6885

Registered office and principal place of business in the PRC

West First Ring Road South
Jiyuan
Henan Province
PRC

Principal place of business in Hong Kong

Unit 2801, 28/F
88 Hing Fat Street
Causeway Bay
Hong Kong

Contact information

Tel.: +852 3115 7766
Fax: +852 3115 7798
Email: paulwong@hnjmny.com

Company website

www.hnjmny.com

Board of Directors

Executive Directors

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

Non-executive Directors

Mr. Xu Baochun (Deputy Chairman)
Ms. Ye Ting
Mr. Wang Kaibao

Independent Non-executive Directors

Mr. Wu Tak Lung
Mr. Meng Zhihe
Mr. Cao Hongbin

Supervisors

Mr. Wong Tsz Leung (Chairman)
Mr. Wu Jiacun
Mr. Zhou Tao David
Ms. Tian Fangyuan
Ms. Hao Yali
Mr. Fan Xiaozhu

Audit Committee

Mr. Wu Tak Lung (Chairman)
Mr. Xu Baochun
Mr. Meng Zhihe

Remuneration Committee

Mr. Cao Hongbin (Chairman)
Mr. Wu Tak Lung
Mr. Wang Mingzhong

Nomination Committee

Mr. Yiu Chiu Fai (Chairman)
Mr. Meng Zhihe
Mr. Cao Hongbin

Strategic Development Committee

Mr. Xu Baochun (Chairman)
Mr. Li Tianxi
Mr. Cao Hongbin

Company secretary

Mr. Wong Hok Leung

Authorized representatives

Mr. Yiu Chiu Fai
Mr. Wong Hok Leung

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Admiralty
Hong Kong

Legal advisers

PRC Law

Brightstone lawyers
Suite 1406, 14/F
North Tower, Shanghai Stock Exchange Building,
528 South Pudong Road,
Pudong New District,
Shanghai,
PRC

Hong Kong Law

Reed Smith Richards Butler LLP
17/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

H share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

Principal bankers

Agricultural Bank of China Limited Jiyuan Branch
No. 5 Central Road, Xin Garden
Jiyuan, Henan Province
PRC

Industrial and Commercial Bank of China Limited Jiyuan Branch
No. 131 Xuanhua East Street
Jiyuan, Henan Province
PRC

Bank of China Limited Jiyuan Branch
No. 98 Central Road, Xin Garden
Jiyuan, Henan Province
PRC

Shanghai Pudong Development Bank Zhengzhou Branch
Zijingshan Road Operations Department
1F, Pufa Square
No. 299 Jinshui Road, Jinshui District
Zhengzhou, Henan Province
PRC

Zhongyuan Bank Co., Ltd. Luoyang Branch, Jili Sub-branch
Zhongyuan Road, Jili District
Luoyang, Henan Province
PRC

China Zheshang Bank Co., Ltd. Zhengzhou Branch
No. 8 Longhu Financial Island, Jinshui District
Zhengzhou, Henan Province
PRC

HengFeng Bank Co., Ltd. Zhengzhou Branch
Block B, Oriental Peak Centre
No. 6 Caigao Street, Jinshui District
Zhengzhou, Henan Province
PRC

China Citic Bank Zhengzhou Branch
No. 1 Shangwu Inner Ring Road
Zhengdong New Area
Zhengzhou, Henan Province
PRC

China Guangfa Bank Zhengzhou Shangdu Road Sub-branch
No. 31 Shangdu Road
Zhengzhou, Henan Province
PRC

Zhongyuan Bank Co., Ltd. Jiyuan Branch
No. 481 Huang He Central Road
Jiyuan, Henan Province
PRC

China Everbright Bank Co., Ltd. Zhengzhou Branch
No. 22 Zhonghuan Lu, Longhu Financial Island,
Jinshui District
Zhengzhou, Henan Province
PRC

Bank of China (Hong Kong) Limited Metroplaza Branch
Shop 260-265, Metroplaza
223 Hing Fong Road
Kwai Chung, New Territories
Hong Kong

In this report, unless the context otherwise requires, the following expressions have the following meanings.

GENERAL TERMS

"Board"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this annual report, Taiwan, the Macau Special Administrative Region of the PRC and the Hong Kong Special Administrative Region of the PRC
"Code"	Appendix C1 (formerly known as Corporate Governance Code as set out in Appendix 14) to the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as the same may be amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Henan Jinma Energy Company Limited (河南金馬能源股份有限公司)
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	Director(s) of our Company
"Group" or "our Group"	our Company and its subsidiaries
"HK" or "Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LNG"	liquefied natural gas
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	shareholder(s) of the Company
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the member of the Supervisory committee of our Company established pursuant to the PRC Company Law
"Supervisory Committee"	the Supervisory committee of our Company established pursuant to the PRC Company Law

TECHNICAL TERMS

"basic earnings per share"	$\frac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of shares in issue during the year}}$
"current ratio"	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$
"dividend payout ratio"	$\frac{\text{Dividend}}{\text{Profit attributable to owners of our Company}}$
"gearing ratio"	$\frac{\text{Total interest-bearing bank borrowings}}{\text{Total equity}}$
"return on assets"	$\frac{\text{Profit and total comprehensive income}}{\text{Average total assets}}$
"return on equity"	$\frac{\text{Profit attributable to owners of our Company}}{\text{Average equity attributable to owners of our Company}}$

ABBREVIATED NAMES OF COMPANIES

"Bohigh Chemical"	河南博海化工有限公司(Henan Bohigh Chemical Co., Ltd.)
"China Baowu"	中國寶武鋼鐵集團有限公司(China Baowu Steel Group Corporation Limited)
"Fangsheng Chemicals"	濟源市方升化學有限公司(Jiyuan Fangsheng Chemicals Co., Ltd.*)
"Golden Star"	金星化工(控股)有限公司(Golden Star Chemicals (Holdings) Limited)
"Jiangxi PXSteel"	江西萍鋼實業股份有限公司(Jiangxi PXSteel Industrial Co. Ltd.*) (formerly known as 萍鄉鋼鐵有限責任公司(Ping Xiang Steel Co., Ltd.*))
"Jiangxi PXSteel Group"	Jiangxi PXSteel and its subsidiaries
"Jinjiang Refinery"	河南金江煉化有限責任公司(Henan Jinjiang Refinery Co., Ltd.*)
"Jinma Coking"	金馬焦化(英屬維爾京群島)有限公司(Jinma Coking (BVI) Limited)
"Jinma Energy"	河南金馬能源股份有限公司(Henan Jinma Energy Co., Ltd.*)
"Jinma HK"	金馬能源(香港)有限公司(Jinma Energy (Hong Kong) Limited), formerly known as 金馬焦化(香港)有限公司(Jinma Coking (Hong Kong) Limited)

"Jinma Qingneng"	河南金馬氫能有限公司(Henan Jinma Qingneng Co., Ltd.*)
"Jinma Xingye"	濟源市金馬興業投資有限公司(Jiyuan Jinma Xingye Investment Co., Ltd.*)
"Jinma Zhongdong"	河南金馬中東能源有限公司(Henan Jinma Zhongdong Energy Co., Ltd.)
"Jinning Energy"	濟源市金寧能源實業有限公司(Jiyuan Jinning Energy Co., Ltd.*)
"Jinrui Energy"	河南金瑞能源有限公司(Henan Jinrui Energy Co., Ltd.*)
"Jinrui Gas"	河南金瑞燃氣有限公司(Henan Jinrui Gas Co., Ltd.*)
"Jinyuan Hchem"	河南金源氫化化工股份有限公司(Henan Jinyuan Hydrogenated Chemicals Co., Ltd.) (formerly known as 濟源市金源化工有限公司(Jiyuan Jinyuan Chemicals Co., Ltd* ("Jinyuan Chemicals"))
"Jinzhou Chemical"	河南省金洲化工科技有限公司(Henan Jinzhou Chemical Technology Co., Ltd.*)
"Liyuan Railway"	延安利源礦業鐵路運輸有限公司(Yan'an Liyuan Minerals Railway Logistics Co., Ltd.*)
"Maanshan Steel"	馬鞍山鋼鐵股份有限公司(Maanshan Iron & Steel Company Limited)
"Maanshan Steel Group"	Maanshan Steel and its subsidiaries
"Shaanxi Jinma"	陝西金馬能源有限公司(Shaanxi Jinma Energy Sources Co., Ltd.)
"Shanghai Hyfun"	上海氫楓能源技術有限公司(Shanghai Hyfun Energy Technology Co., Ltd.*)
"Shanghai Jinma"	上海金馬能源有限公司(Shanghai Jinma Energy Sources Co., Ltd.*)
"Shanghai Luxiang"	上海鷺翔實業集團有限公司(Shanghai Luxiang Industrial Group Co., Ltd.*)
"Shenzhen Jinma"	深圳市金馬能源有限公司(Shenzhen Jinma Energy Co., Ltd*)
"Xiamen Jinma"	廈門金馬國貿有限公司(Xiamen Jinma ITG Co., Ltd.*)
"Xinyang Co"	安鋼集團信陽鋼鐵有限責任公司(Angang Group Xinyang Steel Co., Ltd.*)
"Xinyang Jingang"	信陽鋼鐵金港能源有限公司(Xinyang Steel Jingang Energy Co., Ltd.*)
"Xuzhou Oriental"	徐州東方物流集團有限公司(Xuzhou Oriental Logistics Group Co., Ltd.*)

"Yan'an Jinneng"	延安金能鐵路物流科技有限公司(Yan'an Jinneng Railway Logistics Technology Co., Ltd.)
"Yan'an Railway"	延安能源鐵路運銷有限公司(Yan'an Energy Railway Transportation Co., Ltd.)
"Yilong Coal"	霍州煤電集團洪洞億隆煤業有限責任公司(Huozhou Coal Power Group Hongtong Yilong Co., Ltd.*)
"Yugang Coking"	豫港(濟源)焦化集團有限公司(Henan Hongkong (Jiyuan) Coking Group Co., Ltd.)
"Yurui Chemical"	河南宇銳化工科技有限公司(Henan Yurui Chemical Technology Company Limited*)
"Zenith Steel"	中天鋼鐵集團有限公司(Zenith Steel Group Co., Ltd.*)
"ZT Logistics"	江蘇中通物流有限公司(Jiangsu Zhong Tong Logistics Co., Ltd.*)

In this report, there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese which are marked with "*" is for identification purpose only.

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