

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



河南金馬能源股份有限公司
HENAN JINMA ENERGY COMPANY LIMITED
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6885)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

FINANCIAL HIGHLIGHTS

Revenue	: RMB8,123.4 million
Loss attributable to shareholders	: RMB527.4 million
Basic loss per share	: RMB0.99

RESULTS

The Board (the “**Board**”) of Directors (the “**Director**”) of Henan Jinma Energy Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (“**Reporting Period**”) together with comparative figures for the year ended 31 December 2024.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	5	8,123,404	11,598,533
Cost of sales		(8,191,818)	(11,448,421)
– Cost of goods and services		(7,683,904)	(11,448,421)
– Impairment losses on non-current assets		(507,914)	–
Gross profit		(68,414)	150,112
Other income	6	32,099	65,516
Other gains and losses	7	(8,958)	(26,050)
Selling and distribution expenses		(307,022)	(411,137)
Administrative expenses		(173,969)	(177,136)
Finance costs	8	(154,301)	(143,963)
Share of result of a joint venture		1,010	3,219
Share of results of associates		736	626
Loss before tax	9	(678,819)	(538,813)
Income tax (expense) credit	10	(53,688)	61,090
Loss for the year		<u>(732,507)</u>	<u>(477,723)</u>
Other comprehensive income:	11		
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Fair value gain on bills receivables at fair value through other comprehensive income (“FVTOCI”), net of income tax		558	8,267
Total comprehensive expense for the year		<u>(731,949)</u>	<u>(469,456)</u>
Loss for the year attributable to:			
– owners of the Company		(527,391)	(345,890)
– non-controlling interests		(205,116)	(131,833)
Loss for the year		<u>(732,507)</u>	<u>(477,723)</u>

	<i>NOTES</i>	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(526,849)	(340,614)
– Non-controlling interests		<u>(205,100)</u>	<u>(128,842)</u>
		<u>(731,949)</u>	<u>(469,456)</u>
Loss per share (RMB)			
– Basic	<i>14</i>	<u>(0.99)</u>	<u>(0.65)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 December 2025

	NOTES	31/12/2025 RMB'000	31/12/2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	6,584,403	7,409,017
Right-of-use assets	16	405,956	417,375
Intangible assets	17	345,088	403,240
Goodwill		10,669	10,669
Interest in a joint venture	19	63,901	67,791
Interests in associates	20	97,757	97,021
Deferred tax assets	21	111,730	173,994
Deposits for acquisition of property, plant and equipment and right-of-use assets		–	1,907
		<u>7,619,504</u>	<u>8,581,014</u>
CURRENT ASSETS			
Inventories	22	280,810	525,940
Trade and other receivables	23	359,463	362,920
Tax recoverable		401	5,667
Amount due from a shareholder	24	–	31,456
Amounts due from related parties	25	29,628	130
Bills receivables at FVTOCI	26	180,616	316,852
Restricted bank balances	27	136,779	666,362
Time deposits	27	215,150	215,843
Bank balances and cash	27	249,554	509,560
		<u>1,452,401</u>	<u>2,634,730</u>
CURRENT LIABILITIES			
Borrowings	28	2,264,791	2,668,118
Trade and other payables	29	2,134,005	2,674,306
Amounts due to related parties	30	110,407	87,130
Amounts due to a shareholder	31	57,311	–
Sale and leaseback payable	37	152,125	156,438
Contract liabilities	32	100,216	53,689
Lease liabilities	33	1,014	2,107
Tax payable		7,703	8,422
		<u>4,827,572</u>	<u>5,650,210</u>
NET CURRENT LIABILITIES		<u>(3,375,171)</u>	<u>(3,015,480)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>4,244,333</u></u>	<u><u>5,565,534</u></u>

	<i>NOTES</i>	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	35	535,421	535,421
Reserves		2,056,032	2,582,881
		<hr/>	<hr/>
Equity attributable to owners of the Company		2,591,453	3,118,302
Non-controlling interests		991,011	1,218,961
		<hr/>	<hr/>
TOTAL EQUITY		3,582,464	4,337,263
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Borrowings	28	400,166	680,622
Payables for purchase of property, plant and equipment		–	144,092
Refundable deposit payable	36	57,999	111,375
Sale and leaseback payable	37	126,106	221,062
Lease liabilities	33	3,030	2,480
Deferred revenue	38	51,594	25,041
Deferred tax liabilities	21	7,344	27,969
Perpetual loan	39	15,630	15,630
		<hr/>	<hr/>
		661,869	1,228,271
		<hr/>	<hr/>
		4,244,333	5,565,534
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Capital reserve RMB'000 <i>(Note i)</i>	FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000 <i>(Note ii)</i>	Retained profits RMB'000	Special reserve RMB'000 <i>(Note iii)</i>			
At 1 January 2024	535,421	601,851	(6,563)	267,710	2,025,599	36,416	3,460,434	1,379,781	4,840,215
Loss for the year	-	-	-	-	(345,890)	-	(345,890)	(131,833)	(477,723)
Other comprehensive income for the year	-	-	5,276	-	-	-	5,276	2,991	8,267
Total comprehensive income (expense) for the year	-	-	5,276	-	(345,890)	-	(340,614)	(128,842)	(469,456)
Transaction costs attributable to issue of shares by a subsidiary to non-controlling interests	-	(1,518)	-	-	-	-	(1,518)	-	(1,518)
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	-	-	-	(31,978)	(31,978)
Transfer	-	-	-	-	(4,314)	4,314	-	-	-
At 31 December 2024 and 1 January 2025	<u>535,421</u>	<u>600,333</u>	<u>(1,287)</u>	<u>267,710</u>	<u>1,675,395</u>	<u>40,730</u>	<u>3,118,302</u>	<u>1,218,961</u>	<u>4,337,263</u>
Loss for the year	-	-	-	-	(527,391)	-	(527,391)	(205,116)	(732,507)
Other comprehensive income for the year	-	-	542	-	-	-	542	16	558
Total comprehensive income (expense) for the year	-	-	542	-	(527,391)	-	(526,849)	(205,100)	(731,949)
Transaction costs attributable to issue of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-
Dividends recognised as distribution <i>(Note 12)</i>	-	-	-	-	-	-	-	(22,850)	(22,850)
Transfer	-	-	-	-	(9,716)	9,716	-	-	-
At 31 December 2025	<u>535,421</u>	<u>600,333</u>	<u>(745)</u>	<u>267,710</u>	<u>1,138,288</u>	<u>50,446</u>	<u>2,591,453</u>	<u>991,011</u>	<u>3,582,464</u>

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 Jinma 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.* ("**Yugang Coking**") 豫港(濟源)焦化集團有限公司 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.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(678,819)	(538,813)
Adjustments for:		
Interest income on bank deposits	(11,391)	(24,859)
Interest income on loans to other companies	(4,118)	(10,080)
Interest income on bills receivables at FVTOCI	(4,870)	(10,353)
Gain on disposal of property, plant and equipment	(102)	(255)
Gain on disposal of right-of-use assets	–	(351)
Gain on early termination of a lease	(111)	–
Depreciation of property, plant and equipment	441,870	428,758
Depreciation of right-of-use assets	12,170	12,339
Amortisation of intangible assets	20,884	20,884
Allowance for inventories	4,746	24,841
Impairment losses on property, plant and equipment and intangible assets	507,914	–
Share of results of associates	(736)	(626)
Share of result of a joint venture	(1,010)	(3,219)
Finance costs	154,301	143,963
Release of assets-related government subsidies	(4,066)	(2,318)
Net foreign exchange loss (gain)	228	(5,477)
Operating cash flows before movements in working capital	436,890	34,434
Decrease in inventories	240,384	268,183
Decrease in bills receivables at FVTOCI	141,850	839,864
(Increase) decrease in trade and other receivables	(6,543)	134,403
Decrease (increase) in amount due from a shareholder	31,456	(13,033)
(Increase) decrease in amounts due from related parties	(29,498)	18,713
Decrease in trade and other payables	(464,104)	(450,006)
(Decrease) increase in amounts due to related parties	(15,281)	81,524
(Decrease) increase in refundable deposit payable	(14,625)	111,375
Increase (decrease) in contract liabilities	46,527	(63,537)
Cash generated from operations	367,056	961,920
Income tax paid	(7,688)	(19,395)
NET CASH FROM OPERATING ACTIVITIES	359,368	942,525

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
INVESTING ACTIVITIES		
Interest received	16,202	24,155
Assets-related government subsidy received	30,619	8,919
Proceeds from disposal of interest in associates	–	5,560
Purchase of property, plant and equipment	(345,009)	(360,786)
Refundable deposit returned to constructors	(1,438)	(14,026)
Refundable deposit received from constructors	4,328	9,765
Payments for right-of-use assets	(83)	(1,274)
Deposit paid for acquisition of property, plant and equipment and right-of-use assets	–	(1,854)
Placement of time deposits	(213,923)	(213,923)
Placement of restricted bank balances	(558,946)	(1,861,084)
Withdrawal from restricted bank balances	1,088,529	1,667,414
Withdraw from time deposits	213,923	–
Loans to other companies	–	(10,000)
Repayment of loans from other companies	10,000	10,000
Proceeds from disposal of property, plant and equipment	2,734	3,640
Proceeds from disposal of right-of-use assets	–	2,655
Investment in an associate	(2,970)	(1,930)
Dividend received from a joint venture	4,900	9,800
	<hr/>	<hr/>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	248,866	(722,969)

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
FINANCING ACTIVITIES		
Interest paid	(137,674)	(161,118)
Cash received from other borrowing	115,000	66,500
Cash received from a shareholder	53,000	–
Cash received from sale and leaseback transaction	50,000	300,000
Bank borrowings raised	2,293,347	1,943,112
Repayment of bank borrowings	(2,982,130)	(2,578,163)
Repayment of other borrowing	(70,000)	(26,500)
Repayment of lease liabilities	(2,115)	(2,284)
Repayment of sale and leaseback payable	(164,590)	(133,950)
Transaction costs attributable to issue of shares by a subsidiary to non-controlling interests	–	(8,961)
Dividends paid to non-controlling shareholders of subsidiaries	(22,850)	(32,082)
	<u>(868,012)</u>	<u>(633,446)</u>
NET CASH USED IN FINANCING ACTIVITIES		
	<u>(868,012)</u>	<u>(633,446)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(259,778)	(413,890)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	509,560	917,869
Effect of foreign exchange rate changes	(228)	5,581
	<u>(228)</u>	<u>5,581</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	249,554	509,560
	<u><u>249,554</u></u>	<u><u>509,560</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 18) (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**”), hydrogen, trading of coke, coal, refined oil and hydrogen and provision of other services including but not limited to provision of steam, water, catering, consignment processing, 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.

Since its listing on the Stock Exchange in 2017, the Company has been jointly owned by Jinma Energy (Hong Kong) Limited* 金馬能源(香港)有限公司 (“**Jinma HK**”), Maanshan Iron & Steel Company Limited 馬鞍山鋼鐵股份有限公司 (“**Maanshan Steel**”), Jiangxi PXSteel Industrial Co., Ltd.* 江西萍鋼實業股份有限公司 (“**Jiangxi PXSteel**”), Jiyuan Jinma Xingye Investment Co., Ltd.* 濟源市金馬興業投資有限公司 (“**Jinma Xingye**”) and public shareholders.

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

* *For identification purpose only*

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied following amendments to an IFRS Accounting Standard 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 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
----------------------	-------------------------

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

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity ²
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 Accounting Standards IFRS 18	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
Amendments to IAS 21	Presentation and Disclosure in Financial Statements ³
	Translation to a Hyperinflationary Presentation Currency 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 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The directors of the Company anticipate that the application of IFRS 18 will affect the structure and presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, but will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

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 IFRS Accounting Standards as 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 2025, the Group recorded net current liabilities of approximately RMB3,375,171,000 and outstanding capital commitments of RMB14,875,000 (Note 40). In addition, the Group incurred a net loss of RMB732,507,000 for the year then ended. The liquidity of the Group is dependent on sustaining adequate operating cash inflows and securing sufficient financing to fulfill its financial obligations as and when they fall due.

In assessing the Group's ability to continue as a going concern, the directors have carefully considered the Group's future liquidity prospect, performance forecast and available financing options. Management has implemented, and will continue to implement, measure to alleviate liquidity pressures and improve cash flows, including, but not limited to, the following:

- The Group has undrawn banking facilities of RMB238,320,000 (Note 45) as at 31 December 2025, which remain available for use within twelve months from the end of the reporting period without restriction. The Group has also obtained additional banking facilities of RMB30,000,000 subsequent to the reporting period. All available facilities are expected to be drawn as borrowings within the twelve months from the end of the reporting period;
- Leveraging its long-term relationship with the financial institutions, the Group has initiated the process of refinancing or renewing certain existing unsecured bank borrowings, which had a carrying amount of RMB1,595,690,000 as at 31 December 2025, and due within twelve months from the end of the reporting period;
- The Group has been actively negotiating with the equipment suppliers, contractors and raw material suppliers of its subsidiary, namely, Xinyang Steel Jingang Energy Co., Ltd.* (“**Xinyang Jingang**”) 信陽鋼鐵金港能源有限公司, to resolve the debt-related litigations with these counterparties. Management expects to agree on extended repayment schedules for related payables, which had a carrying amount of approximately RMB904,435,000 as at 31 December 2025 and are included in other borrowings (Note 28), trade payables (Note 29) and consideration payable for purchase of property, plant and equipment (Note 29).

Management has prepared a cash flow forecast for the twelve months following the end of the reporting period based on the Group's historical performance and management expectations. These expectations assume that net cash inflows generated from operating activities will exceed those of the current year. The assumptions are based on the projected increase in profit margins for the Group's primary products, taking into account actual improvements in operating performance and prevailing market prices of relevant future contracts entered into subsequent to the end of the reporting period. In addition, the cash flow forecast incorporates management's expectation that the Group will be able to successfully negotiate extended repayment schedules with counterparties in debt related litigations involving Xinyang Jingang. On this basis, the directors are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due. Accordingly, they consider it appropriate to prepare the consolidated financial statements on a going concern basis which presumes the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the ordinary course of business. The management of the Group continues to closely monitor the liquidity position of the Group to ensure that adequate levels are maintained.

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

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

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

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

Investments in associates and joint ventures

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

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

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

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 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

Revenue from contracts with customers

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

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

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- 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

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.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 Revenue from Contracts with Customers 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.

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 Accounting Standard 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 (loss)/profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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.

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.

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.

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, including costs to be incurred in selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

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

Financial assets

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 generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the 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 collecting contractual cash flows and selling the financial assets; 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 fair value through profit or loss, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

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

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. 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, time deposits, bank balances and bills receivables at FVTOCI) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity 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 Group 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, refundable deposit payable, amounts due to related parties, amounts due to a shareholder, perpetual loan and sale and leaseback payable 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 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 2025, the Group recognised revenue, acting as a principal, amounted to RMB181,044,000 (2024: RMB268,339,000) and revenue, acting as an agent, amounted to RMB1,553,000 (2024: RMB1,117,000) respectively relating to trading of coal and coke.

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 2025, inventory allowance of RMB24,841,000(2024: RMB14,576,000) were derecognised upon realisation of sales and an additional allowance of RMB4,746,000 (2024: RMB24,841,000) was recognised based on estimated net realisable value.

As at 31 December 2025, the carrying amount of inventories is RMB280,810,000 (2024: RMB525,940,000 (net of allowance for inventories of RMB4,746,000 (2024: RMB24,841,000))).

Estimated impairment of property, plant and equipment, right-of-use assets and intangible asset

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets, and intangible assets subject to impairment assessment were RMB3,303,645,000, RMB141,435,000 and RMB222,730,000 (2024: RMB3,332,822,000, RMB88,071,000 and RMB269,999,000) respectively, after taking into account the impairment losses of RMB470,646,000, nil and RMB37,268,000 (2024: nil, nil and nil) in respect of property, plant and equipment, right-of-use assets and intangible assets that have been recognised respectively. Details of the impairment of right of use assets, property, plant and equipment, and intangible assets are disclosed in Note 15.

Fair value measurement of bills receivables at FVTOCI

As at 31 December 2025, the Group's bills receivables at FVTOCI amounting to RMB180,616,000 (2024: RMB316,852,000) are measured at fair values with fair values being determined based on observable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques which is reflective of the current market conditions and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of fair value measurement of financial instruments are set out in Note 45.

Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of the year. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves several assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years. Details of deferred tax assets are set out in Note 21.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Segments*	For the year ended 31 December 2025						Total RMB'000
	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	
Types of goods or service							
<i>Sales of goods</i>							
Coke	4,296,893	-	-	-	320,913 [#]	-	4,617,806
Ammonium sulphater	-	26,254	-	-	-	-	26,254
Hydrogenated benzene-based chemicals	-	158,560	1,956,165	-	-	-	2,114,725
Coal tar based chemicals	-	285,989	852,671	-	-	-	1,138,660
Coal gas	-	-	-	815,631	-	-	815,631
LNG	-	-	-	248,488	52,109	-	300,597
Refined oil	-	-	-	-	59,268	-	59,268
Hydrogen	-	-	-	6,120	45,086	-	51,206
Others	-	35,121	-	90,941	-	8,551	134,613
	<u>4,296,893</u>	<u>505,924</u>	<u>2,808,836</u>	<u>1,161,180</u>	<u>477,376</u>	<u>8,551</u>	<u>9,258,760</u>
<i>Providing services</i>							
Trading agency	-	-	-	-	3,572 ^{##}	-	3,572
Energy supply	-	-	-	223,902	-	65,188	289,090
Providing services	-	-	-	-	-	139,057	139,057
Others	-	-	-	-	-	49,422	49,422
	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,902</u>	<u>3,572</u>	<u>253,667</u>	<u>481,141</u>
Total	<u>4,296,893</u>	<u>505,924</u>	<u>2,808,836</u>	<u>1,385,082</u>	<u>480,948</u>	<u>262,218</u>	<u>9,739,901</u>

[#] Included in trading of coke and coal are intragroup sales amounting to RMB139,869,000, 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 RMB181,044,000, relating to trading of coal and coke.

^{##} RMB2,019,000 out of total, are intragroup trading agency services. The Group recognised revenue from contracts with external customers, acting as an agent, amounted to RMB1,553,000 relating to trading of coal and coke.

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

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

	For the year ended 31 December 2025		
	Segment revenue	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000
Coke	4,296,893	(4,332)	4,292,561
Coking by-products	505,924	(445,718)	60,206
Refined chemicals	2,808,836	(25,060)	2,783,776
Energy products	1,385,082	(781,006)	604,076
Trading	480,948	(275,783)	205,165
Other Services	262,218	(84,598)	177,620
Revenue from contracts with customers	9,739,901	(1,616,497)	8,123,404

Segments*	For the year ended 31 December 2024							Total RMB'000
	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000		
Types of goods or service								
<i>Sales of goods</i>								
Coke	7,198,339	–	–	–	861,304 [#]	–		8,059,643
Ammonium sulphater	–	26,009	–	–	–	–		26,009
Hydrogenated benzene-based chemicals	–	234,247	2,377,194	–	–	–		2,611,441
Coal tar based chemicals	–	366,927	707,863	–	–	–		1,074,790
Coal gas	–	–	–	831,007	–	–		831,007
LNG	–	–	–	292,367	65,764	–		358,131
Refined oil	–	–	–	–	100,600	–		100,600
Hydrogen	–	–	–	5,676	24,250	–		29,926
Others	–	28,390	–	82,140	4,601	8,337		123,468
	<u>7,198,339</u>	<u>655,573</u>	<u>3,085,057</u>	<u>1,211,190</u>	<u>1,056,519</u>	<u>8,337</u>		<u>13,215,015</u>
<i>Providing services</i>								
Trading agency	–	–	–	–	6,498 ^{##}	–		6,498
Energy supply	–	–	–	411,714	–	73,669		485,383
Others	–	–	–	–	–	48,076		48,076
	<u>–</u>	<u>–</u>	<u>–</u>	<u>411,714</u>	<u>6,498</u>	<u>121,745</u>		<u>539,957</u>
Total	<u>7,198,339</u>	<u>655,573</u>	<u>3,085,057</u>	<u>1,622,904</u>	<u>1,063,017</u>	<u>130,082</u>		<u>13,754,972</u>

[#] Included in trading of coke and coal are intragroup sales amounting to RMB592,965,000, 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 RMB268,339,000, relating to trading of coal and coke.

^{##} RMB5,381,000 out of total, are intragroup trading agency services. The Group recognised revenue from contracts with external customers, acting as an agent, amounted to RMB1,117,000, relating to trading of coal and coke.

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

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

	For the year ended 31 December 2024		
	Segment revenue <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Coke	7,198,339	(7,348)	7,190,991
Coking by-products	655,573	(602,632)	52,941
Refined chemicals	3,085,057	(34,610)	3,050,447
Energy products	1,622,904	(765,363)	857,541
Trading	1,063,017	(662,848)	400,169
Other Services	130,082	(83,638)	46,444
Revenue from contracts with customers	13,754,972	(2,156,439)	11,598,533

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, hydrogen, 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.

For provision of consignment processing services, revenue is recognised at a point in time when the specific services are fulfilled, being when the consigned processed products have been delivered to the location specified in the service contracts.

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.

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 and oxygen ("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, LNG, electricity and hydrogen ("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 2025

	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	Total RMB'000
SEGMENT REVENUE							
External sales	4,292,561	60,206	2,783,776	604,076	205,165	177,620	8,123,404
Inter-segment sales	4,332	445,718	25,060	781,006	275,783	84,598	1,616,497
	<u>4,296,893</u>	<u>505,924</u>	<u>2,808,836</u>	<u>1,385,082</u>	<u>480,948</u>	<u>262,218</u>	<u>9,739,901</u>
Segment profit (loss)	<u>(261,806)</u>	<u>26,811</u>	<u>(54,346)</u>	<u>219,425</u>	<u>6,900</u>	<u>1,360</u>	(61,656)
Other income							32,099
Other gains and losses							(8,958)
Selling and distribution expenses							(307,022)
Administrative expenses							(173,969)
Finance costs							(154,301)
Share of result of a joint venture							1,010
Share of results of associates							736
Unallocated expenses							<u>(6,758)</u>
Loss before tax							<u>(678,819)</u>

For the year ended 31 December 2024

	Sales of goods						
	Coke	Coking	Refined	Energy	Trading	Other	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
SEGMENT REVENUE							
External sales	7,190,991	52,941	3,050,447	857,541	400,169	46,444	11,598,533
Inter-segment sales	<u>7,348</u>	<u>602,632</u>	<u>34,610</u>	<u>765,363</u>	<u>662,848</u>	<u>83,638</u>	<u>2,156,439</u>
	<u><u>7,198,339</u></u>	<u><u>655,573</u></u>	<u><u>3,085,057</u></u>	<u><u>1,622,904</u></u>	<u><u>1,063,017</u></u>	<u><u>130,082</u></u>	<u><u>13,754,972</u></u>
Segment profit (loss)	<u><u>102,489</u></u>	<u><u>17,383</u></u>	<u><u>(123,987)</u></u>	<u><u>111,434</u></u>	<u><u>15,774</u></u>	<u><u>28,015</u></u>	<u><u>151,108</u></u>
Other income							65,516
Other gains and losses							(26,050)
Selling and distribution expenses							(411,137)
Administrative expenses							(177,136)
Finance costs							(143,963)
Share of result of a joint venture							3,219
Share of results of associates							626
Unallocated expenses							<u>(996)</u>
Loss before tax							<u><u>(538,813)</u></u>

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. Unallocated expenses are sales related taxes.

Inter-segment sales are charged at prevailing market rates.

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

Other segment information

	Sales of goods						Unallocated RMB'000	Total RMB'000
	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000		
For the year ended 31 December 2025								
Amounts included in measure of segment results:								
Depreciation and amortisation	<u>186,284</u>	<u>18,101</u>	<u>86,706</u>	<u>53,546</u>	<u>7,740</u>	<u>108,073</u>	<u>14,474</u>	<u>474,924</u>

	Sales of goods						Unallocated RMB'000	Total RMB'000
	Coke RMB'000	Coking by-products RMB'000	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000		
For the year ended 31 December 2024								
Amounts included in measure of segment results:								
Depreciation and amortisation	<u>239,697</u>	<u>16,459</u>	<u>91,002</u>	<u>82,928</u>	<u>7,139</u>	<u>8,479</u>	<u>16,277</u>	<u>461,981</u>

Entity-wide disclosures

Geographical information

During the years ended 31 December 2025 and 2024, 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 2025 and 2024.

Information about major customers

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

	Year ended	
	31/12/2025 RMB'000	31/12/2024 RMB'000
Maanshan Steel (<i>Note</i>)	<u>1,633,431</u>	<u>1,210,425</u>

Note: Revenue from sale of coke.

6. OTHER INCOME

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Interest income on bank deposits	11,391	24,859
Interest income on loans to other companies	4,118	10,080
Interest income on bills receivables at FVTOCI	4,870	10,353
Release of assets-related government subsidies (Note 38)	4,066	2,318
Government grants	7,002	16,350
Others	652	1,556
	<u>32,099</u>	<u>65,516</u>

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Net loss arising on bills receivables at FVTOCI	(12,103)	(27,141)
Gain on disposal of right-of-use assets	–	351
Gain on early termination of a lease	111	–
Gain on disposal of property, plant and equipment	102	255
Foreign exchange (loss) gain, net	(228)	5,477
Gain on disposal of scrap steel	1,463	3,701
Others	1,697	(8,693)
	<u>(8,958)</u>	<u>(26,050)</u>

8. FINANCE COSTS

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Interest expense on:		
– bank borrowings	127,185	154,423
– sale and leaseback payable	15,321	22,165
– perpetual loan	1,600	1,600
– other borrowings	9,508	8,600
– amount due to a shareholder	4,311	–
– amount due to a related party	1,528	–
– lease liabilities	228	298
– execution of judgements	17,733	–
	<u>177,414</u>	<u>187,086</u>
Less: amounts capitalised	(23,113)	(43,123)
	<u>154,301</u>	<u>143,963</u>
Capitalisation rate – per annum	<u>4.96%</u>	<u>4.72%</u>

9. LOSS BEFORE TAX

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Loss before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration (<i>Note 13</i>)	2,720	2,078
Other staff costs	216,940	229,821
Other staffs' benefit	44,404	45,989
	<u>264,064</u>	<u>277,888</u>
Total staff costs	264,064	277,888
Capitalised in inventories	(181,555)	(203,675)
	<u>82,509</u>	<u>74,213</u>
Depreciation of property, plant and equipment	441,870	428,758
Capitalised in inventories	(427,279)	(411,719)
	<u>14,591</u>	<u>17,039</u>
Depreciation of right-of-use assets	13,185	13,374
Capitalised in construction in progress	(1,015)	(1,035)
	<u>12,170</u>	<u>12,339</u>
Amortisation of intangible assets (included in cost of sales)	20,884	20,884
Impairment losses on property, plant and equipment and intangible assets included in cost of sales (<i>Note 15</i>)	507,914	–
Auditor's remuneration (audit services)	1,980	2,400
Cost of inventories recognised as expenses (including write-down of inventories amounting to RMB4,746,000 (2024: RMB24,841,000))	7,677,146	11,406,581
	<u><u>7,677,146</u></u>	<u><u>11,406,581</u></u>

10. INCOME TAX (EXPENSE) CREDIT

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)		
– current tax	11,906	16,479
– under provision in prior years	329	2,407
Deferred tax (<i>Note 21</i>)	41,453	(79,976)
	<u>53,688</u>	<u>(61,090)</u>

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

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

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Loss before tax	<u>(678,819)</u>	<u>(538,813)</u>
Tax credit at the applicable income tax rate of 25% (2024: 25%)	(169,705)	(134,703)
Tax effect of expenses not deductible for tax purposes	2,143	4,383
Tax effect of tax concessions	(68)	(79)
Tax effect of share of results of associates and a joint venture	(437)	(961)
Tax effect of tax losses and deductible temporary differences not recognised	175,118	78,000
Tax effect of reversal of tax losses previously recognised	57,314	–
Under provision in prior years	329	2,407
Tax effect of income not taxable for tax purpose (Note)	(10,883)	(9,933)
Utilisation of tax losses previously not recognised	–	(74)
Others	<u>(123)</u>	<u>(130)</u>
Income tax expense (credit)	<u>53,688</u>	<u>(61,090)</u>

Note: Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources (“資源綜合利用”) is exempted from EIT. During the year ended 31 December 2025, the Group had tax deduction under the scheme of RMB10,883,000 (2024: RMB9,933,000).

11. OTHER COMPREHENSIVE INCOME

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Other comprehensive (expense) income includes:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value change arising from bills receivables at FVTOCI	(43,175)	(89,202)
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	<u>43,733</u>	<u>97,469</u>
	<u>558</u>	<u>8,267</u>

Income tax effect relating to other comprehensive income

	Year ended 31/12/2025			Year ended 31/12/2024		
	Before-tax amount RMB'000	Tax charge RMB'000	Net-of- income tax amount RMB'000	Before-tax amount RMB'000	Tax credit RMB'000	Net-of- income tax amount RMB'000
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Fair value gain on bills receivables at FVTOCI	<u>744</u>	<u>(186)</u>	<u>558</u>	<u>11,023</u>	<u>(2,756)</u>	<u>8,267</u>

12. DIVIDENDS

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2025 (2024: nil) has been proposed by the directors of the Company.

The dividends declared by subsidiaries of the Company to the non-controlling shareholders amounted to RMB22,850,000 (2024: RMB31,978,000) during the year ended 31 December 2025.

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

Directors', Chief Executive's and Supervisors' emoluments

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

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement benefit RMB'000	Total RMB'000
For the year ended 31 December 2025					
Executive directors:					
Mr. Yiu Chiu Fai (from 1 January 2025 to 16 June 2025) (Note i)	-	-	-	-	-
Mr. Wang Mingzhong (Note ii)	-	421	-	-	421
Mr. Li Tianxi (Note ii)	-	229	-	20	249
Mr. Liu Liangyu (Note i)	-	-	-	-	-
Mr. Xu Huaping (Note ii)	-	-	-	-	-
Mr. Wang Lijie (Note ii)	-	628	-	109	737
Non-executive directors:					
Mr. Yiu Chiu Fai (from 5 September 2025 to 31 December 2025) (Note i)	-	-	-	-	-
Ms. Ye Ting	-	-	-	-	-
Mr. Xu Baochun (Note iii)	-	-	-	-	-
Mr. Wang Kaibao (Note iii)	-	-	-	-	-
Mr. Xu Fenglei (Note iii)	-	-	-	-	-
Ms. Wan Tingting (Note iii)	-	-	-	-	-
Independent non-executive directors:					
Mr. Wu Tak Lung (Note iv)	128	-	-	-	128
Mr. Meng Zhihe (Note iv)	55	-	-	-	55
Mr. Cao Hongbin (Note iv)	55	-	-	-	55
Mr. Su Jiangang (Note iv)	65	-	-	-	65
Mr. Zhang Xicheng (Note iv)	65	-	-	-	65
Mr. Man Kwok Leung (Note iv)	128	-	-	-	128
Supervisors:					
Mr. Wong Tsz Leung (Note v)	-	-	-	-	-
Mr. Fan Xiaozhu (Note v)	-	89	8	16	113
Mr. Wu Jiacun (Note v)	-	-	-	-	-
Mr. Zhou Tao David (Note v)	80	-	-	-	80
Ms. Tian Fangyuan (Note v)	80	-	-	-	80
Ms. Hao Yali (Note v)	-	462	50	32	544
Ms. Lv Hong (Note v)	-	-	-	-	-
Ms. Zhu Ziyao (Note v)	-	-	-	-	-
	656	1,829	58	177	2,720

Notes:

- (i) During the year ended 31 December 2025, Mr. Yiu Chiu Fai was the executive director during the period from 1 January 2025 to 16 June 2025 and the non-executive director during the period from 5 September 2025 to 31 December 2025. Mr. Liu Liangyu was the executive director during the period from 16 June 2025 to 25 July 2025.
- (ii) Mr Wang Mingzhong and Mr. Li Tianxi tendered their resignations as executive directors on 16 June 2025 whereas Mr. Xu Huaping and Mr. Wang Lijie were appointed as executive directors on the same day.
- (iii) Mr. Xu Baochun and Mr. Wang Kaibao tendered their resignations as non-executive directors on 16 June 2025 whereas Mr. Xu Fenglei and Ms. Wan Tingting were appointed as non-executive directors on the same day.
- (iv) Mr. Wu Tak Lung, Mr. Meng Zhihe and Mr. Cao Hongbin tendered their resignations as independent non-executive directors on 16 June 2025 whereas Mr. Su Jiangang, Mr. Zhang Xicheng and Mr. Man Kwok Leung were appointed as independent non-executive directors on the same day.
- (v) Mr. Wong Tsz Leung and Mr. Wu Jiacun tendered their resignations as supervisors on 16 June 2025 whereas Ms. Lv Hong, Mr. Zhu Ziyao, Mr. Zhou Tao David and Ms. Tian Fangyuan were appointed as supervisors on the same day. Ms. Hao Yali and Mr. Fan Xiaozhu have been elected by the employees of the Company as employee representative supervisors on 16 June 2025.

	Fees <i>RMB'000</i>	Salaries, allowance and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Retirement benefit <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2024					
Executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Mingzhong	–	623	–	–	623
Mr. Li Tianxi	–	353	–	40	393
Non-executive directors:					
Mr. Xu Baochun	–	–	–	–	–
Ms. Ye Ting	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Independent non-executive directors:					
Mr. Wu Tak Lung	259	–	–	–	259
Mr. Meng Zhihe	120	–	–	–	120
Mr. Cao Hongbin	120	–	–	–	120
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Fan Xiaozhu	–	90	–	17	107
Mr. Wu Jiacun	–	–	–	–	–
Mr. Zhou Tao David	74	–	–	–	74
Ms. Tian Fangyuan	80	–	–	–	80
Ms. Hao Yali	–	278	–	24	302
	<u>653</u>	<u>1,344</u>	<u>–</u>	<u>81</u>	<u>2,078</u>

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.

Mr. Yiu Chiu Fai and Mr. Wang Mingzhong are the chairman, and the chief executive and the general manager of the Company respectively, during their tenure as executive directors, 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 (2024: one) were the directors of the Company for the year ended 31 December 2025, whose emoluments are included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2025 RMB’000	Year ended 31/12/2024 RMB’000
Salaries, allowance and benefits in kind	2,691	3,020
Retirement benefit	158	147
	2,849	3,167

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

	Number of employees	
	2025	2024
Nil to Hong Kong Dollar (“ HK\$ ”) 1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	Nil	1
HK\$1,500,001 to HK\$2,000,000	1	Nil

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

14. LOSS PER SHARE

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

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(527,391)</u>	<u>(345,890)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	<u>535,421</u>	<u>535,421</u>

No diluted earnings per share is presented as there was no dilutive potential ordinary share in issue for the years ended 31 December 2025 and 2024.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost						
At 1 January 2024	2,462,740	4,600,744	23,319	79,659	1,818,210	8,984,672
Additions	8,007	30,417	1,761	4,710	320,773	365,668
Transfer	102,092	491,128	–	21,064	(614,284)	–
Disposals	(151)	(9,150)	(4,658)	(64)	–	(14,023)
At 31 December 2024	<u>2,572,688</u>	<u>5,113,139</u>	<u>20,422</u>	<u>105,369</u>	<u>1,524,699</u>	<u>9,336,317</u>
Additions	18,245	31,165	2,711	460	37,953	90,534
Transfer	699	82,340	–	1,954	(84,993)	–
Disposals	–	(3,986)	(2,451)	(61)	–	(6,498)
At 31 December 2025	<u>2,591,632</u>	<u>5,222,658</u>	<u>20,682</u>	<u>107,722</u>	<u>1,477,659</u>	<u>9,420,353</u>
Depreciation and impairment						
At 1 January 2024	463,753	981,369	16,366	47,692	–	1,509,180
Provided for the year	118,179	303,004	2,332	5,243	–	428,758
Eliminated on disposals	(57)	(6,521)	(3,998)	(62)	–	(10,638)
At 31 December 2024	<u>581,875</u>	<u>1,277,852</u>	<u>14,700</u>	<u>52,873</u>	<u>–</u>	<u>1,927,300</u>
Provided for the year	119,038	314,747	2,027	6,058	–	441,870
Impairment loss recognised in profit or loss	121,672	122,490	178	619	225,687	470,646
Eliminated on disposals	–	(1,761)	(2,047)	(58)	–	(3,866)
At 31 December 2025	<u>822,585</u>	<u>1,713,328</u>	<u>14,858</u>	<u>59,492</u>	<u>225,687</u>	<u>2,835,950</u>
Carrying values						
At 31 December 2025	<u>1,769,047</u>	<u>3,509,330</u>	<u>5,824</u>	<u>48,230</u>	<u>1,251,972</u>	<u>6,584,403</u>
At 31 December 2024	<u>1,990,813</u>	<u>3,835,287</u>	<u>5,722</u>	<u>52,496</u>	<u>1,524,699</u>	<u>7,409,017</u>

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

Buildings and structures	5%-19%
Machinery and equipment	5%-20%
Motor vehicles	6%-19%
Office equipment	6%-19%

Impairment assessment

As at 31 December 2025, considering the continued loss of two subsidiaries, Xinyang Jingang and Jinyuan Hchem, the management of the Group concluded there were indications for impairment and conducted impairment assessments on Xinyang Jingang's property, plant and equipment, right-of-use assets and intangible assets with finite useful lives ("**Xinyang Jingang's Tested Assets**") with carrying amounts of RMB3,283,464,000, RMB85,234,000 and RMB259,998,000 respectively (2024: RMB3,332,822,000, RMB88,071,000 and RMB269,999,000 respectively), and Jinyuan Hchem's plant and equipment, and right-of-use assets with finite useful lives ("**Jinyuan Hchem's Tested Asset**") with carrying amounts of RMB490,836,000 and RMB56,201,000 respectively. The recoverable amounts of the Xinyang Jingang's Tested Assets and Jinyuan Hchem's Tested Asset have been determined based on their value in use as two separate CGUs.

For Xinyang Jingang's Tested Assets, the calculation uses cash flow projections based on forecasts approved by the management of Xinyang Jingang covering the following 19 years (2024: 20 years), comprising of a 5-year-period financial budgets and an extrapolation of cash flows covering the remaining useful life of the CGU of 14 years (2024: 15 years), with a pre-tax discount rate of 14.3% as at 31 December 2025 (2024: 14.5%). For Jinyuan Hchem's Tested Assets, the calculation uses cash flow projections based on forecasts approved by the management of Jinyuan Hchem covering the following 20 years, comprising of a 5-year-period financial budgets and an extrapolation of cash flows covering the remaining useful life of the CGU of 15 years, with a pre-tax discount rate of 13.8% as at 31 December 2025. The cash flows beyond the 5-year period are extrapolated using 1.5% (2024: 1.5%) growth rate for both Xinyang Jingang and Jinyuan Hchem. The annual growth rate used is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value in use calculations were the forecasted gross margin, which are determined based on past performances and management expectations for the market development of the CGUs.

Based on the results of the assessments, the management of the Group determined that the recoverable amount of Xinyang Jingang's Tested Assets is lower than the carrying amount while the recoverable amount of Jinyuan Hchem's Tested Assets exceeds the carrying amount. As a result, no impairment has been recognised on Jinyuan Hchem's Tested Assets. The impairment amount of Xinyang Jingang's Tested Assets has been allocated to each category of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero.

Based on the value in use calculation and the allocation, impairment loss of RMB470,646,000, nil and RMB37,268,000 (2024: nil, nil and nil) has been recognised against the carrying amount of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives respectively within the relevant functions to which these assets relate.

* *For identification purpose only*

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Office premises RMB'000	Total RMB'000
As at 1 January 2024	427,193	1,955	429,148
Additions	1,274	2,631	3,905
Depreciation charged during the year	(11,387)	(1,987)	(13,374)
Disposal	(2,304)	–	(2,304)
	<hr/>	<hr/>	<hr/>
As at 31 December 2024	414,776	2,599	417,375
Additions	615	1,158	1,773
Lease modification	244	–	244
Depreciation charged during the year	(11,373)	(1,812)	(13,185)
Early termination	–	(251)	(251)
	<hr/>	<hr/>	<hr/>
As at 31 December 2025	<u>404,262</u>	<u>1,694</u>	<u>405,956</u>

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

Leasehold lands		2%-20%
Office premises		33%-50%
	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Expense relating to short-term leases (<i>Note</i>)	221	1,041
Total cash outflow for leases	<u>2,336</u>	<u>4,897</u>

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 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expenses disclosed above.

For both years, the Group leases offices and machinery for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2024: 2 years to 2.7 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 (2024: five) leasehold lands with carrying amount of RMB2,783,000 (2024: RMB2,304,000) 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 payment is adjusted every 5 years according to the National Grain Purchase Price (“國家糧食收購價格”), and the annual lease payment for each Mu (“畝”) of the land is calculated by the purchase price of 550 kilogram of wheat. Since the adjustment in 2020, the lease payment is RMB244,000 per year for the five years ended 31 December 2024. The lease payment is RMB257,000 per year after the adjustment in 2025. It is expected the next payment adjustment will be in the year of 2030.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. INTANGIBLE ASSETS

	Franchise right RMB'000	Operating license RMB'000	Coke capacity RMB'000	Total RMB'000
Cost				
At 1 January 2024, 31 December 2024 and 2025	93,502	29,018	441,510	564,030
Amortisation and impairment				
At 1 January 2024	93,502	5,964	40,440	139,906
Charge for the year	–	1,451	19,433	20,884
At 31 December 2024	93,502	7,415	59,873	160,790
Charge for the year	–	1,451	19,433	20,884
Impairment loss recognised in profit or loss (<i>Note 15</i>)	–	–	37,268	37,268
At 31 December 2025	93,502	8,866	116,574	218,942
Carrying values				
At 31 December 2025	–	20,152	324,936	345,088
At 31 December 2024	–	21,603	381,637	403,240

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. Except for the franchise right which had reached its useful life and fully amortised in 2023, the above intangible assets have finite useful lives, amortised on a straight-line basis over the following remaining periods:

	31/12/2025 years	31/12/2024 years
Operating license of refined oil	13.3	14.3
Coke capacity	10.5-26	11.5-27

18. 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 shares held	Equity interest attributable to the Group		Paid up/ registered capital	Principal activities
			2025	2024		
<i>Directly held:</i>						
Jinyuan Hchem (Note)	PRC	Ordinary shares	75%	75%	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
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
<i>Indirectly held:</i>						
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%	38.25%	RMB10,000,000	Distribution and sale of coal gas
Jinrui Energy (Note)	PRC	Ordinary shares	60.75%	60.75%	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%	60.75%	RMB25,500,000	Sales and retail of LNG, refined oil and hydrogen
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) (Note)	PRC	Ordinary shares	60.75%	60.75%	RMB500,000	Sales and retail of refined oil
河南金馬氫能有限公司 (Henan Jinma Qingneng Co., Ltd.) ("Jinma Qingneng")	PRC	Ordinary shares	75%	75%	RMB19,000,000/ RMB200,000,000 (2024: 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.) ("Jinma Zhongdong")	PRC	Ordinary shares	51%	51%	RMB1,347,000,000	Manufacturing and sale of coke

* English name for identification only

All the subsidiaries of the Company are domestic limited liability companies, except for Jinyuan Hchem which was listed on the Stock Exchange. None of the subsidiaries had any debt securities outstanding at 31 December 2025 and 2024 or at any time during both years.

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

Name of subsidiary	Proportion ownership interest held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	At 31 December		Year ended 31 December		At 31 December	
	2025	2024	2025	2024	2025	2024
	%	%	RMB'000	RMB'000	RMB'000	RMB'000
Jinyuan Hchem and its subsidiaries	25	25	8,134	23,523	337,573	352,279
Shenzhen Jinma and its subsidiary	49	49	7,636	(60,568)	726,292	718,650
Xinyang Jingang	30	30	(220,886)	(94,788)	(72,854)	148,032
			<u>(205,116)</u>	<u>(131,833)</u>	<u>991,011</u>	<u>1,218,961</u>

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

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Current assets	<u>482,759</u>	<u>590,685</u>
Non-current assets	<u>1,031,503</u>	<u>1,083,433</u>
Current liabilities	<u>376,006</u>	<u>456,779</u>
Non-current liabilities	<u>86,121</u>	<u>124,691</u>
Net equity	<u>1,052,135</u>	<u>1,092,648</u>
Equity attributable to owners of the Company	<u>714,562</u>	<u>740,369</u>
Non-controlling interests of Jinyuan Hchem	<u>237,497</u>	<u>246,100</u>
Non-controlling interests of Jinyuan Hchem's subsidiaries	<u>100,076</u>	<u>106,179</u>

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	<u>2,598,599</u>	<u>3,102,000</u>
Expenses (<i>Note</i>)	<u>2,616,304</u>	<u>3,090,638</u>
(Loss) profit for the year	<u>(17,705)</u>	<u>11,362</u>
(Loss) profit attributable to		
– the owners of the Company	(25,839)	(12,161)
– the non-controlling interests	<u>8,134</u>	<u>23,523</u>
(Loss) profit for the year	<u>(17,705)</u>	<u>11,362</u>
Other comprehensive income attributable to		
– the owners of the Company	32	235
– the non-controlling interests	<u>10</u>	<u>166</u>
Other comprehensive income for the year	<u>42</u>	<u>401</u>
Total comprehensive (expense) income attributable to		
– the owners of the Company	(25,807)	(11,926)
– the non-controlling interests	<u>8,144</u>	<u>23,689</u>
Total comprehensive (expense) income for the year	<u>(17,663)</u>	<u>11,763</u>
Dividends declared and paid to non-controlling interests	<u>22,850</u>	<u>31,978</u>
Net cash from operating activities	124,004	96,855
Net cash used in investing activities	(32,490)	(268,856)
Net cash (used in) from financing activities	<u>(85,810)</u>	<u>2,490</u>
Net cash inflow (outflow)	<u>5,704</u>	<u>(169,511)</u>

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

Shenzhen Jinma and its subsidiary

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Current assets	547,040	588,501
Non-current assets	2,283,980	2,420,039
Current liabilities	1,313,346	1,416,100
Non-current liabilities	35,445	125,807
Net equity	1,482,229	1,466,633
Equity attributable to owners of the Company	755,937	747,983
Equity attributable to non-controlling interests	726,292	718,650

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	<u>3,542,231</u>	<u>5,066,428</u>
Expenses (<i>Note</i>)	<u>3,526,646</u>	<u>5,190,036</u>
Profit (loss) for the year	<u>15,585</u>	<u>(123,608)</u>
Profit (loss) attributable to		
– the owners of the Company	<u>7,949</u>	<u>(63,040)</u>
– the non-controlling interests	<u>7,636</u>	<u>(60,568)</u>
Profit (loss) for the year	<u>15,585</u>	<u>(123,608)</u>
Other comprehensive income attributable to		
– the owners of the Company	<u>5</u>	<u>2,826</u>
– the non-controlling interests	<u>6</u>	<u>2,715</u>
Other comprehensive income for the year	<u>11</u>	<u>5,541</u>
Total comprehensive income (expense) attributable to		
– the owners of the Company	<u>7,954</u>	<u>(60,214)</u>
– the non-controlling interests	<u>7,642</u>	<u>(57,853)</u>
Total comprehensive income (expense) for the year	<u>15,596</u>	<u>(118,067)</u>
Net cash from operating activities	<u>242,031</u>	<u>389,338</u>
Net cash (used in) from investing activities	<u>(43,462)</u>	<u>68,635</u>
Net cash used in financing activities	<u>(201,161)</u>	<u>(642,616)</u>
Net cash outflow	<u>(2,592)</u>	<u>(184,643)</u>

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

Xinyang Jingang

	31/12/2025 RMB'000	31/12/2024 RMB'000
Current assets	<u>165,499</u>	<u>390,346</u>
Non-current assets	<u>3,120,782</u>	<u>3,755,948</u>
Current liabilities	<u>3,371,241</u>	<u>3,218,846</u>
Non-current liabilities	<u>157,893</u>	<u>434,013</u>
Net (deficits) equity	<u>(242,853)</u>	<u>493,435</u>
Equity attributable to owners of the Company	<u>(169,999)</u>	<u>345,403</u>
Equity attributable to non-controlling interests	<u>(72,854)</u>	<u>148,032</u>

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	375,903	1,515,241
Expense (<i>Note</i>)	1,112,191	1,831,203
Loss for the year	(736,288)	(315,962)
Loss attributable to		
– the owners of the Company	(515,402)	(221,174)
– the non-controlling interests	(220,886)	(94,788)
Loss for the year	(736,288)	(315,962)
Other comprehensive income attributable to		
– the owners of the Company	–	255
– the non-controlling interests	–	110
Other comprehensive income for the year	–	365
Total comprehensive expense attributable to		
– the owners of the Company	(515,402)	(220,919)
– the non-controlling interests	(220,886)	(94,678)
Total comprehensive expense for the year	(736,288)	(315,597)
Net cash (used in) from operating activities	(339,226)	112,617
Net cash used in investing activities	(93,288)	(134,812)
Net cash from financing activities	330,502	123,466
Net cash (outflow) inflow	(102,012)	101,271

Note: The expenses mainly include cost of sales, selling and distribution expenses, administrative expenses, finance costs and impairment losses on property, plant and equipment and intangible assets.

19. INTEREST IN A JOINT VENTURE

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Cost of unlisted investment in a joint venture	49,000	49,000
Share of post-acquisition results, net of dividends received	14,901	18,791
	63,901	67,791

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
			2025	2024	
Henan Jinjiang Refinery Co., Ltd. ("Jinjiang Refinery") 河南金江炼化有限公司	PRC	RMB100,000,000	49%	49%	Manufacture and sale of hydrogen

* English name for identification only

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

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

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Current assets	98,187	87,840
Non-current assets	49,801	66,606
Current liabilities	7,972	6,249
Non-current liabilities	9,606	9,848
The above amounts of assets and liabilities include the followings:		
Cash and cash equivalents	16,076	62,601

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	<u>155,775</u>	<u>165,649</u>
Profit and total comprehensive income for the year	<u>2,061</u>	<u>6,570</u>
Dividends received from Jinjiang Refinery during the year	<u>4,900</u>	<u>9,800</u>
The above profit for the year includes the following:		
Depreciation	<u>16,914</u>	<u>16,778</u>
Interest income	<u>1,965</u>	<u>893</u>
Interest expense	<u>3</u>	<u>190</u>
Income tax expense (Note)	<u>(117)</u>	<u>141</u>

Note: Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources is exempted from tax.

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

	31/12/2025 RMB'000	31/12/2024 RMB'000
Net assets	<u>130,410</u>	<u>138,349</u>
Proportion of the Group's ownership interest in the joint venture	<u>49%</u>	<u>49%</u>
Carrying amount of the Group's interest in the joint venture	<u>63,901</u>	<u>67,791</u>

20. INTERESTS IN ASSOCIATES

	31/12/2025 RMB'000	31/12/2024 RMB'000
Cost of unlisted investment in associates	<u>102,900</u>	<u>102,900</u>
Share of post-acquisition results, net of dividends received	<u>(5,143)</u>	<u>(5,879)</u>
	<u>97,757</u>	<u>97,021</u>

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	Paid up/ registered capital	Proportion of ownership interest/ voting rights attributable to the Group		Principal activities
			2025	2024	
Xiamen Jinma ITG Co., Ltd.* ("Xiamen Jinma") 廈門金馬國貿有限公司	PRC	RMB200,000,000/ RMB200,000,000	49%	49%	Domestic trading
Jiyuan City Investment Jincheng Heat Energy Co., Ltd * ("Jincheng Heat") 濟源市城投金程熱能有限公司(Notes)	PRC	RMB10,000,000/ RMB10,000,000 (2024: RMB3,930,000/ RMB10,000,000)	49%	49%	Supply of heat energy

* English name for identification only

Note: The associate was jointly initiated and established by Jinma Zhongdong and another shareholder in August 2024. The subscribed capital of Jinma Zhongdong towards Jincheng Heat amounted to RMB4,900,000, accounting for 49% of the registered capital of Jincheng Heat. Jinma Zhongdong has paid the subscribed capital amounted to RMB1,930,000 in 2024 and the residual capital amounted to RMB2,970,000 in 2025.

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 IFRS Accounting Standards.

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

Xiamen Jinma

	31/12/2025 RMB'000	31/12/2024 RMB'000
Current assets	<u>183,896</u>	<u>195,706</u>
Non-current assets	<u>5,226</u>	<u>5,483</u>
Current liabilities	<u>412</u>	<u>13,187</u>
Non-current liabilities	<u>—</u>	<u>—</u>
	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	<u>1,222</u>	<u>167,332</u>
Profit and total comprehensive income for the year	<u>708</u>	<u>1,278</u>

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

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Net assets	<u>188,710</u>	<u>188,002</u>
Proportion of the Group's ownership interest in the associate	<u>49%</u>	<u>49%</u>
Carrying amounts of the Group's interest in the associate	<u>92,468</u>	<u>92,121</u>

21. 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 <i>RMB'000</i>	ECL provision <i>RMB'000</i>	Accelerated tax depreciation and temporary difference on deductible expenses <i>RMB'000</i>	Fair value change of bills receivables at FVTOCI <i>RMB'000</i>	Unrealised profits <i>RMB'000</i>	Fair value adjustments upon acquisition of business <i>RMB'000</i>	Deferred revenue <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	3,644	39	(185,797)	2,514	77,909	(4,318)	4,610	170,204	68,805
Credit (charge) to profit or loss	2,566	-	(35,016)	596	4,677	250	1,650	105,253	79,976
Charge to the other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,756)</u>
At 31 December 2024	<u>6,210</u>	<u>39</u>	<u>(220,813)</u>	<u>354</u>	<u>82,586</u>	<u>(4,068)</u>	<u>6,260</u>	<u>275,457</u>	<u>146,025</u>
(Charge) credit to profit or loss	(5,026)	(39)	62,568	71	5,142	335	6,639	(111,143)	(41,453)
Charge to the other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(186)</u>
At 31 December 2025	<u>1,184</u>	<u>-</u>	<u>(158,245)</u>	<u>239</u>	<u>87,728</u>	<u>(3,733)</u>	<u>12,899</u>	<u>164,314</u>	<u>104,386</u>

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:

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Deferred tax assets	111,730	173,994
Deferred tax liabilities	<u>(7,344)</u>	<u>(27,969)</u>
	<u>104,386</u>	<u>146,025</u>

As at 31 December 2025, the Group had unused tax losses of RMB1,899,285,000(2024: RMB1,414,130,000) available to offset against future profits. Deferred tax asset of RMB164,314,000(2024: RMB275,457,000) has been recognised in respect of tax losses of RMB657,257,000(2024: RMB1,101,829,000). All tax losses will expire within 5 years (2024: 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 2025 and 2024, the Group had no other material unrecognised deductible temporary differences.

22. INVENTORIES

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Raw materials	188,425	371,455
Finished goods	92,385	154,485
	280,810	525,940

23. TRADE AND OTHER RECEIVABLES

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Trade receivables – contract with customers	184,565	173,543
Other receivables	3,933	2,784
Less: Allowance for ECL	–	(155)
	3,933	2,629
Prepayments to suppliers	130,913	97,558
Prepaid other taxes and charges	38,765	78,477
Refundable deposits to suppliers	1,287	713
Loan receivable (<i>Note</i>)	–	10,000
	359,463	362,920

Note: During the year ended 31 December 2024, the Group entered into a loan agreement with a third party to lend RMB10,000,000 for 1 year at an interest rate of 13% per annum, holding the 100% equity interest of the borrower as collateral over the balance. During the year ended 31 December 2025, the Group fully recovered the balance with interests accrued as the lending period terminated.

As at 1 January 2024, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB165,380,000.

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:

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Within 90 days	180,126	173,000
91 – 180 days	1,998	–
181 – 365 days	2,441	543
	184,565	173,543

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,441,000 (31 December 2024: RMB543,000) which has been past due over 90 days or more and is not considered as in default.

The Group does not hold any collateral over these balances.

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

24. AMOUNT DUE FROM A SHAREHOLDER

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Trade nature		
Maanshan Steel	–	31,456

The amounts in trade nature are receivables from contracts with customers. Maanshan Steel has transferred its transaction with the Group to its new established subsidiary since April 2025.

The balance at 1 January 2024 amounted to RMB18,423,000.

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 2025 and 2024.

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

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

25. AMOUNTS DUE FROM RELATED PARTIES

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Trade nature		
Jiangxi PXSteel's subsidiaries (<i>Note i</i>)	115	40
Jiyuan Fangsheng Chemicals Co., Ltd.* (“Fangsheng Chemicals”) 濟源市方升化學有限公司 and its subsidiary (<i>Note ii</i>)	3,832	90
Maanshan Steel's subsidiary (<i>Note i and Note 24</i>)	25,681	–
	29,628	130

* English name for identification only

Notes:

- (i) The balance is receivables from contracts with customers.
- (ii) The entity is controlled by a shareholder of the Company. The balance as at 31 December 2024 is prepayment for purchase of materials including sodium hydroxide and hydrochloric acid, and the balance as at 31 December 2025 is from contracts with customers.

The amounts due from related parties at 1 January 2024 amounted to RMB18,843,000, which were due from Jiangxi PXSteel's subsidiaries and 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.

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Within 90 days	27,381	40
91 – 180 days	1,076	–
181 – 365 days	1,171	–
	<u>29,628</u>	<u>40</u>

The normal credit term to the customers is ranged between 30 to 60 days. As at 31 December 2025, an aggregate carrying amount of RMB1,171,000 (31 December 2024: nil) included in the amounts in trade nature has been past due over 90 days or more and is not considered as in default.

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 45.

26. BILLS RECEIVABLES AT FVTOCI

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Bills receivables	<u>180,616</u>	<u>316,852</u>

Under IFRS 9, certain bills which were held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as “bills receivables at FVTOCI”. At 31 December 2025 and 2024, all the bills are with a maturity period of less than one year.

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

Details of impairment assessment are set out in Note 45.

27. RESTRICTED BANK BALANCES/TIME DEPOSITS/BANK BALANCES AND CASH

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

Time deposits are bank deposits with terms ranging from 6 months to 1 year.

Restricted bank balances, time deposits and bank balances carry interest at prevailing market interest rates ranging from 0.01% to 1.50% (2024: from 0.01% to 1.80%) per annum as at 31 December 2025.

28. BORROWINGS

	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
Bank borrowings	2,569,957	3,258,740
Other borrowings (<i>Note</i>)	95,000	90,000
	<u>2,664,957</u>	<u>3,348,740</u>
Secured	556,227	1,374,077
Unsecured	2,108,730	1,974,663
	<u>2,664,957</u>	<u>3,348,740</u>
Fixed-rate borrowings	1,127,402	1,604,137
Floating-rate borrowings	1,537,555	1,744,603
	<u>2,664,957</u>	<u>3,348,740</u>

Note: Other borrowings comprise of borrowings of RMB45,000,000 and RMB50,000,000 from two third parties (2024: RMB40,000,000 and RMB50,000,000 from two third parties) for a period of 6 months and 12 months, carrying an interest rate of 5.00% and 13.80% (2024: 5.30% and 11.45%) per annum, respectively. The borrowings were expired during the year ended 31 December 2025 and repayable on demand.

	Bank borrowings		Other borrowings		Total borrowings	
	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
Carrying amount repayable: (based on scheduled payment terms)						
Within one year	2,169,791	2,578,118	95,000	90,000	2,264,791	2,668,118
More than one year, but not more than two years	266,426	432,909	-	-	266,426	432,909
More than two years, but not more than five years	133,740	247,713	-	-	133,740	247,713
	<u>2,569,957</u>	3,258,740	<u>95,000</u>	90,000	<u>2,664,957</u>	3,348,740
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(2,169,791)</u>	<u>(2,578,118)</u>	<u>(95,000)</u>	<u>(90,000)</u>	<u>(2,264,791)</u>	<u>(2,668,118)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>400,166</u>	<u>680,622</u>	<u>-</u>	<u>-</u>	<u>400,166</u>	<u>680,622</u>

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

	31/12/2025	31/12/2024
Effective interest rate per annum:		
– Fixed-rate borrowings	3.10%-5.40%	3.35%-5.70%
– Floating-rate borrowings	2.90%-5.60%	2.80%-5.05%

29. TRADE AND OTHER PAYABLES

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	441,184	386,195
Bills payables	232,000	718,222
	673,184	1,104,417
Salaries and wages payables	29,722	23,154
Other tax payables	28,712	58,744
Consideration payable for purchase of property, plant and equipment	1,286,973	1,423,391
Accruals	1,976	9,717
Interest payable	33,448	14,868
Consideration payable for acquisition of business	3,222	3,222
Refundable deposit from constructors	10,882	7,992
Refundable deposit from a service provider (<i>Note 36</i>)	53,376	14,625
Other payables	12,510	14,176
	1,460,821	1,569,889
	2,134,005	2,674,306

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

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

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	373,513	535,970
91 – 180 days	60,056	378,895
181 – 365 days	100,861	166,008
Over 1 year	138,754	23,544
	673,184	1,104,417

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.

30. AMOUNTS DUE TO RELATED PARTIES

	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
Trade nature		
Xiamen Jinma	67,962	83,826
Jinjiang Refinery	917	296
Fangsheng Chemicals	–	38
	<u>68,879</u>	<u>84,160</u>
Non-trade nature		
Yugang Coking (<i>Note i</i>)	41,528	N/A
Jincheng Heat (<i>Note ii</i>)	–	2,970
	<u>41,528</u>	<u>2,970</u>

Notes:

- (i) Yugang Coking became a related party of the Group on 16 June 2025 as its ultimate controlling party was appointed as an executive director of the Company. The payable of RMB40,000,000 in non-trade nature was reclassified from other borrowings to amounts due to related parties on the same day. The amount is unsecured, carries an interest rate of from 5.00% to 7.20% per annum and repayable on demand.
- (ii) The balance due to Jincheng Heat was the residual subscribed capital payable, which was disclosed in Note 20.

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:

	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
Within 90 days	917	84,160
181 – 365 days	60,279	–
Over 365 days	7,683	–
	<u>68,879</u>	<u>84,160</u>

31. AMOUNTS DUE TO A SHAREHOLDER

	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
Non-trade nature		
Jinma Xingye	57,311	–
	<u>57,311</u>	<u>–</u>

The principal amount due to Jinma Xingye is RMB53,000,000, which is unsecured, carries an interest rate of 12% per annum and repayable on demand.

32. CONTRACT LIABILITIES

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Sales of goods	100,216	53,689

As at 1 January 2024, contract liabilities amounted to RMB117,226,000.

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 RMB53,689,000 (2024: RMB117,226,000) recognised in the current year with performance obligation satisfied includes whole contract liability balance at the beginning of the year.

33. LEASE LIABILITIES

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Within one year	1,014	2,107
Within a period of more than one year but not more than two years	751	469
Within a period of more than two years but not more than five years	880	637
Within a period of more than five years	1,399	1,374
	4,044	4,587
Less: Amount due for settlement within 12 months shown under current liabilities	(1,014)	(2,107)
Amount due for settlement after 12 months shown under non-current liabilities	3,030	2,480

The weighted average incremental borrowing rates applied to lease liabilities range from 3.73% to 5.96% (2024: from 3.99% 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 2025 under such arrangement are RMB22,474,000 (2024: RMB23,471,000).

As at 31 December 2025, no contributions (2024: Nil) due in respect of the year ended 31 December 2025 had not been paid over to the plans.

35. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 RMB'000	2024 RMB'000
Issued and fully paid				
Ordinary shares of RMB1 each				
At beginning and end of year	<u>535,421</u>	<u>535,421</u>	<u>535,421</u>	<u>535,421</u>

36. REFUNDABLE DEPOSIT PAYABLE

During the year ended 31 December 2024, the Group entered into a contract with a service provider for operation and maintenance services on certain property, plant and equipment of the Group for a contract term of 10 years. In accordance with relevant contract terms, the Group received an interest-free deposit of RMB160,000,000 from the service provider in 2024 and should refund the deposit on a monthly basis during the contract term. At 31 December 2025, there is outstanding deposit of RMB111,375,000 (2024: RMB126,000,000), comprising of amounts of RMB53,376,000 (2024: RMB14,625,000) to be refunded within 1 year and amounts of RMB57,999,000 (2024: RMB111,375,000) to be refunded beyond 1 year.

37. SALE AND LEASEBACK PAYABLE

	31/12/2025 RMB'000	31/12/2024 RMB'000
Within one year	152,125	156,438
Within a period of more than one year but not more than two years	105,625	119,020
Within a period of more than two years but not more than five years	<u>20,481</u>	<u>102,042</u>
	278,231	377,500
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(152,125)</u>	<u>(156,438)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>126,106</u>	<u>221,062</u>

During the year ended 31 December 2025, 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 from 4.74% to 9.15% (2024: from 4.96% to 6.18%) per annum.

38. DEFERRED REVENUE

	31/12/2025 RMB'000	31/12/2024 RMB'000
Assets-related government subsidies	<u>51,594</u>	<u>25,041</u>

During the year ended 31 December 2025, the Group received RMB30,619,000(2024: RMB8,919,000) 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 2025, subsidy income of approximately RMB4,066,000 (2024: RMB2,318,000) was released to profit or loss.

39. 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%.

40. CAPITAL COMMITMENTS

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	<u>14,875</u>	<u>18,215</u>

41. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and other financing institutions as securities against general facilities, including bank borrowings, sale and leaseback payable and bills payables granted to the Group:

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Property, plant and equipment	3,026,392	2,167,047
Right-of-use assets	230,869	252,506
Restricted bank balances	88,206	666,362
Bills receivables at FVTOCI	<u>61,233</u>	<u>81,674</u>
	<u>3,406,700</u>	<u>3,167,589</u>

42. TRANSFER OF FINANCIAL ASSETS

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

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Endorsed bills for settlement of payables	1,276,849	1,667,344
Discounted bills for raising cash	<u>527,338</u>	<u>1,087,806</u>
Outstanding endorsed and discounted bills receivables	<u>1,804,187</u>	<u>2,755,150</u>

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

43. RELATED PARTIES' TRANSACTIONS

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

(a) Transactions with related parties

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

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Sales of products and services to:		
Jiangxi PXSteel's subsidiaries	131,958	627,840
Maanshan Steel and its subsidiary	1,633,431	1,210,425
Jinjiang Refinery	93,119	91,157
Xiamen Jinma	–	181
Fangsheng Chemicals and its subsidiary	3,290	11,375
Yugang Coking	49	N/A
Jincheng Heat	1,413	–
	<u>131,958</u>	<u>1,210,425</u>
Purchase of raw materials and services from:		
Xiamen Jinma	57,918	287,668
Fangsheng Chemicals	–	9,699
Jinjiang Refinery	21,719	21,125
	<u>57,918</u>	<u>287,668</u>
	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Sale of right-of-use assets to Jinjiang Refinery:	<u>–</u>	<u>820</u>
Sale of property, plant and equipment to Yugang Coking (Note i):	<u>7,134</u>	<u>–</u>
Lease contracts with Jinjiang Refinery:		
Lease liabilities (Note ii)	232	454
Interest expensed on lease liabilities	18	26
	<u>232</u>	<u>454</u>

Notes:

- (i) The carrying amount of property, plant and equipment sold to Yugang Coking was RMB6,170,000 at the date of disposal.
- (ii) During the year ended 31 December 2022, the Group entered into a lease agreement with Jinjiang Refinery for the use of offices for 2 years. During the year ended 31 December 2024, the Group entered into a new lease agreement for use of the offices for 2.7 years upon expiry of the precedent one. The Group recognised lease liabilities and right-of-use assets of RMB589,000 and RMB589,000, respectively, upon commencement of the new lease agreement in 2024.

(b) Compensation of key management personnel

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

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Salaries and allowance	7,711	6,828
Performance related bonuses	58	–
Retirement benefit	422	506
	<u>8,191</u>	<u>7,334</u>

Key management represents the directors of the Company disclosed in Note 13 and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and the individuals.

44. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (which includes perpetual loan, borrowings, lease liabilities, sale and leaseback payable, net of cash and cash equivalents, amounts due to a shareholder, amounts due to related parties) and equity attributable to owners of the Company (comprising share capital and reserves).

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

45. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
Financial assets		
Bills receivables at FVTOCI	180,616	316,852
Financial assets at amortised cost		
– Bank balances and cash	249,554	509,560
– Restricted bank balances	136,779	666,362
– Time deposits	215,150	215,843
– Trade and other receivables*	189,785	186,885
– Amount due from a shareholder	–	31,456
– Amounts due from related parties**	29,628	40
	<u>8,191</u>	<u>7,334</u>

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

** Excluded prepayments for purchase of materials.

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Financial liabilities		
Amortised cost		
– Borrowings	2,664,957	3,348,740
– Trade and other payables*	2,075,571	2,736,500
– Refundable deposit payable	57,999	111,375
– Amounts due to related parties	110,407	87,130
– Amount due to a shareholder	57,311	–
– Perpetual loan	15,630	15,630
– Sale and leaseback payable	278,231	377,500
	<u>278,231</u>	<u>377,500</u>

* 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 a shareholder/related parties, bills receivables at FVTOCI, restricted bank balances, time deposits, bank balances and cash, trade and other payables, amounts due to a shareholder/related parties, sale and leaseback payable, refundable deposit 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.

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, time deposits, 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 loss after tax would increase/decrease by approximately RMB5,766,000(2024: RMB6,542,000) for the year ended 31 December 2025. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2025 and 2024.

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:

	31/12/2025 RMB'000	31/12/2024 <i>RMB'000</i>
Assets		
Bank balances and cash – HK\$	8,247	10,086

Sensitivity analysis

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

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 <i>RMB'000</i>
Decrease in post-tax loss	309	378

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

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

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group does not hold any collateral, except for equity interest of a borrower held as collateral over a loan receivable amounted to RMB10,000,000, 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 minimise 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 2025, 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 17% (2024: 74%).

As at 31 December 2025, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 76% (2024: 84%) 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, time deposits, and bank balances comprise various debtors which are all located in the PRC as at 31 December 2025 and 2024.

All Trade-related Receivables are assessed collectively following lifetime ECL (not credit-impaired) based on shared credit risk characteristics by reference to the Group's internal credit ratings. No impairment (2024: Nil) is recognised or reversed during the year. 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. No impairment (2024: Nil) is recognised during the year.

Bank balances and cash, time deposits and restricted bank balances

The Group's credit risk on cash equivalents, time deposits 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, time deposits and restricted bank balances was insignificant in the profit or loss during the years ended 31 December 2025 and 2024.

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 2025 and 2024, 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

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	
				31/12/2025 RMB'000	31/12/2024 RMB'000
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	180,616	316,852
Financial assets at amortised cost					
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	210,581	204,496
		Watch list	Lifetime ECL (not credit-impaired)	3,612	543
				<u>214,193</u>	<u>205,039</u>
Bank balances, time deposits and restricted bank balances					
Bank balances, time deposits and restricted bank balances	AAA – AA+	N/A	12m ECL	601,483	1,391,765
Other Loans and Receivables					
Other Loans and Receivables	Note	Low risk	12m ECL	5,220	13,342
		Watch list	Lifetime ECL (not credit-impaired)	-	155
				<u>5,220</u>	<u>13,497</u>

Note: For Other Loans and 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 Group assessed the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. There is no credit-impaired debtor as at 31 December 2025 (2024: Nil).

The amount of ECL loss is immaterial for the years ended 31 December 2025 and 2024. The lifetime ECL that has been recognised on Trade-related Receivables under the simplified approach amounted to nil during the years ended 31 December 2025 and 2024.

Liquidity risk

Despite uncertainties mentioned in Note 3.1, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's policy is to regularly monitor its liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and medium term financial liabilities.

The Group relies on bank borrowings and sales and leaseback payables as significant sources of liquidity. As at 31 December 2025, the Group had unutilised bank facilities of approximately RMB238,320,000 (2024: RMB984,237,000).

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

Liquidity tables

As at 31 December 2025							
Interest rate	Carrying amounts RMB'000	On demand	6 months	1 year to	>5 years RMB'000	Total RMB'000	
		or within 6 months RMB'000	to 1 year RMB'000	to 5 years RMB'000			
Bank borrowings	2.90%-5.60%	2,569,957	1,321,203	891,983	417,538	–	2,630,724
Other borrowings	5.00%-13.80%	95,000	95,000	–	–	–	95,000
Lease liabilities	3.73%-5.96%	4,044	912	126	1,823	2,121	4,982
Trade and other payables	N/A	2,075,571	2,040,028	35,543	–	–	2,075,571
Amounts due to related parties	N/A	110,407	110,407	–	–	–	110,407
Amount due to a shareholder	N/A	57,311	57,311	–	–	–	57,311
Refundable deposit payable	N/A	57,999	–	–	40,002	17,997	57,999
Perpetual loan	10.24%	15,630	–	1,600	6,400	15,630	23,630
Sale and leaseback payable	4.74%-9.15%	278,231	78,708	78,245	137,463	–	294,416
		<u>5,264,150</u>	<u>3,703,569</u>	<u>1,007,497</u>	<u>603,226</u>	<u>35,748</u>	<u>5,350,040</u>

As at 31 December 2024							
Interest rate	Carrying amounts RMB'000	On demand	6 months	1 year to	>5 years RMB'000	Total RMB'000	
		or within 6 months RMB'000	to 1 year RMB'000	to 5 years RMB'000			
Bank borrowings	2.80%-5.70%	3,258,740	1,579,418	1,074,189	706,356	–	3,359,963
Other borrowings	5.30%-11.45%	90,000	93,085	–	–	–	93,085
Lease liabilities	3.99%-5.96%	4,587	782	1,397	1,275	2,260	5,714
Trade and other payables	N/A	2,736,500	2,585,658	6,750	144,092	–	2,736,500
Amounts due to related parties	N/A	87,130	87,130	–	–	–	87,130
Refundable deposit payable	N/A	111,375	–	–	67,500	43,875	111,375
Perpetual loan	10.24%	15,630	–	1,600	6,400	15,630	23,630
Sale and leaseback payable	4.96%-6.18%	377,500	79,199	82,131	245,426	–	406,756
		<u>6,681,462</u>	<u>4,425,272</u>	<u>1,166,067</u>	<u>1,171,049</u>	<u>61,765</u>	<u>6,824,153</u>

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)
	31/12/2025	31/12/2024		
Bills receivables at FVTOCI	Assets- RMB180,616,000	Assets- RMB316,852,000	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.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Other borrowings	Dividends payable	Perpetual loan	Sale and leaseback payable	Lease liabilities	Share issue costs payables	Interest payables	Borrowing from a shareholder	Borrowing from a related party	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	3,893,791	50,000	-	15,630	191,000	4,240	7,443	9,350	-	-	4,171,454
Financing cash flows (Note)	(635,051)	40,000	(32,082)	(1,600)	166,050	(2,582)	(8,961)	(159,220)	-	-	(633,446)
Dividend declared	-	-	31,978	-	-	-	-	-	-	-	31,978
Exchange adjustments	-	-	104	-	-	-	-	-	-	-	104
Share issue cost incurred	-	-	-	-	-	-	1,518	-	-	-	1,518
New leases entered	-	-	-	-	-	2,631	-	-	-	-	2,631
Finance costs recognised	-	-	-	1,600	20,450	298	-	164,738	-	-	187,086
At 31 December 2024	3,258,740	90,000	-	15,630	377,500	4,587	-	14,868	-	-	3,761,325
Financing cash flows (Note)	(688,783)	45,000	(22,850)	(1,600)	(114,590)	(2,343)	-	(135,846)	53,000	-	(868,012)
Dividend declared	-	-	22,850	-	-	-	-	-	-	-	22,850
Exchange adjustments	-	-	-	-	-	-	-	-	-	-	-
Early termination of lease	-	-	-	-	-	(362)	-	-	-	-	(362)
New leases entered	-	-	-	-	-	1,934	-	-	-	-	1,934
Finance costs recognised	-	-	-	1,600	15,321	228	-	154,426	4,311	1,528	177,414
Transfer to amounts due to related parties	-	(40,000)	-	-	-	-	-	-	-	40,000	-
At 31 December 2025	<u>2,569,957</u>	<u>95,000</u>	<u>-</u>	<u>15,630</u>	<u>278,231</u>	<u>4,044</u>	<u>-</u>	<u>33,448</u>	<u>57,311</u>	<u>41,528</u>	<u>3,095,149</u>

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 repaid, and other borrowings received and repaid in the consolidated statement of cash flows.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2025	31/12/2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,102,721	1,191,599
Right-of-use assets	44,669	43,987
Investments in subsidiaries	1,286,522	1,986,522
Interests in associates	97,958	98,000
Deposit for acquisition of property, plant and equipment	–	1,520
Deferred tax assets	145,355	–
	2,677,225	3,321,628
CURRENT ASSETS		
Inventories	55,798	101,679
Trade and other receivables	58,647	46,488
Tax recoverable	401	–
Amount due from a shareholder	–	17,837
Amounts due from subsidiaries	1,538,823	845,217
Amounts due from related parties	4,324	125
Bills receivables at FVTOCI	11,567	147,907
Restricted bank balances	88,206	535,627
Bank balances and cash	47,194	207,340
	1,804,960	1,902,220
CURRENT LIABILITIES		
Borrowings	750,640	507,240
Trade and other payables	448,934	898,054
Amount due to a subsidiary	26,478	13,242
Sale and leaseback payable	129,193	156,438
Contract liabilities	7,082	807
Lease liabilities	6,495	6,562
	1,368,822	1,582,343
NET CURRENT ASSETS	436,138	319,877
TOTAL ASSETS LESS CURRENT LIABILITIES	3,113,363	3,641,505
CAPITAL AND RESERVES		
Share capital	535,421	535,421
Reserves	2,221,875	2,717,079
TOTAL EQUITY	2,757,296	3,252,500

	31/12/2025 <i>RMB'000</i>	31/12/2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Borrowings	217,440	140,740
Sale and leaseback payable	102,675	221,062
Lease liabilities	2,254	2,161
Deferred revenue	33,698	5,271
Deferred tax liabilities	–	19,771
	<u>356,067</u>	<u>389,005</u>
	<u>3,113,363</u>	<u>3,641,505</u>

Movement in the Company's reserves:

	Special reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory surplus reserve fund <i>RMB'000</i>	Retained profits <i>RMB'000</i>	FVTOCI reserve <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	731	386,496	267,710	2,069,283	(2,447)	2,721,773
Loss for the year	–	–	–	(6,298)	–	(6,298)
Other comprehensive income for the year	–	–	–	–	1,604	1,604
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,604</u>	<u>1,604</u>
Total comprehensive (expense) income for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,298)</u>	<u>1,604</u>	<u>(4,694)</u>
Transfer	(518)	–	–	518	–	–
	<u>(518)</u>	<u>–</u>	<u>–</u>	<u>518</u>	<u>–</u>	<u>–</u>
At 31 December 2024 and 1 January 2025	213	386,496	267,710	2,063,503	(843)	2,717,079
Loss for the year	–	–	–	(495,983)	–	(495,983)
Other comprehensive income for the year	–	–	–	–	779	779
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>779</u>	<u>779</u>
Total comprehensive (expense) income for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(495,983)</u>	<u>779</u>	<u>(495,204)</u>
Transfer	1,455	–	–	(1,455)	–	–
	<u>1,455</u>	<u>–</u>	<u>–</u>	<u>(1,455)</u>	<u>–</u>	<u>–</u>
At 31 December 2025	<u>1,668</u>	<u>386,496</u>	<u>267,710</u>	<u>1,566,065</u>	<u>(64)</u>	<u>2,221,875</u>

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

OVERVIEW

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

Capitalizing on the Group's years of operations in the coking chemical industry and the Group's long-term relationships with coal suppliers, the Group also engages in the trading of coal, coke, liquefied natural gas ("LNG") 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 2025, 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 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 depends 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.

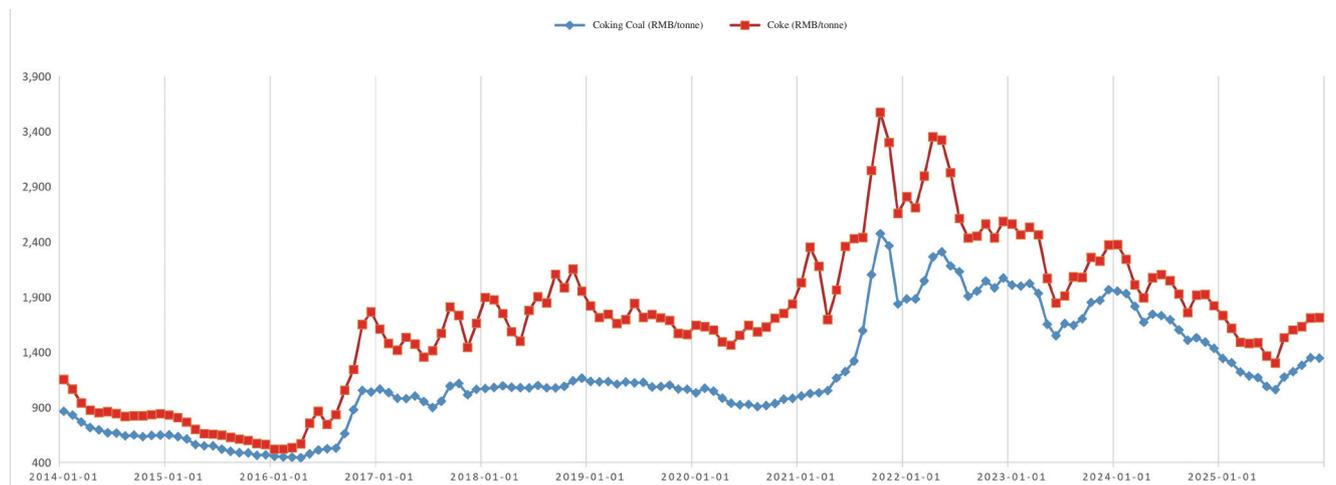
The following table sets forth the average selling price (net of VAT) of each of the Group's principal products during 2025 and 2024 according to the Group's internal records.

	Year ended 31 December	
	2025	2024
	Average selling price⁽¹⁾ RMB/tonne (except coal gas in RMB/m³)	Average selling price⁽¹⁾ RMB/tonne (except coal gas in RMB/m³)
Coke	1,550.38	2,012.50
Coke	1,633.36	2,134.30
Coke breeze	841.47	967.27
Refined Chemicals		
Benzene based chemicals	5,299.86	6,791.54
Pure benzene	5,540.68	7,270.64
Toluene	4,381.61	6,395.48
Coal tar based chemicals	3,435.10	4,086.59
Coal asphalt	3,505.36	4,162.09
Anthracene oil	3,138.50	3,748.28
Industrial naphthalene	4,277.05	5,044.71
Energy Products		
Coal gas	0.83	0.83
LNG	3,890.58	4,197.43

- (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 2025 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 2025 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 2025, the Group's production for coke was approximately 3.3 million tonnes, and the processing volume for coal tar and crude benzene was approximately 236.6 thousand tonnes and 378.5 thousand tonnes respectively. While the production of LNG was approximately 64.3 thousand 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 2025 and 2024 were approximately RMB2,665.0 million and RMB3,348.7 million, respectively. The Group's finance costs for the years ended 31 December 2025 and 2024 were approximately RMB154.3 million and RMB144.0 million, respectively, accounting for approximately 1.9% and 1.2% 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 2025

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Revenue	8,123,404	11,598,533
Cost of sales	(8,191,818)	(11,448,421)
– Cost of goods and services	(7,683,904)	(11,448,421)
– Impairment losses on non-current assets	(507,914)	–
	<hr/>	<hr/>
Gross (loss) profit	(68,414)	150,112
Other income	32,099	65,516
Other gains and losses	(8,958)	(26,050)
Selling and distribution expenses	(307,022)	(411,137)
Administrative expenses	(173,969)	(177,136)
Finance costs	(154,301)	(143,963)
Share of result of a joint venture	1,010	3,219
Share of results of associates	736	626
	<hr/>	<hr/>
Loss before tax	(678,819)	(538,813)
Income tax (expense) credit	(53,688)	61,090
	<hr/>	<hr/>
Loss for the year	<u>(732,507)</u>	<u>(477,723)</u>

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Fair value gain on bills receivables at fair value through other comprehensive income (“FVTOCI”), net of income tax	<u>558</u>	<u>8,267</u>
Total comprehensive expense for the year	<u>(731,949)</u>	<u>(469,456)</u>
Loss for the year attributable to:		
– Owners of the Company	<u>(527,391)</u>	<u>(345,890)</u>
– Non-controlling interests	<u>(205,116)</u>	<u>(131,833)</u>
	<u>(732,507)</u>	<u>(477,723)</u>
Total comprehensive expense for the year attributable to:		
– Owners of the Company	<u>(526,849)</u>	<u>(340,614)</u>
– Non-controlling interests	<u>(205,100)</u>	<u>(128,842)</u>
	<u>(731,949)</u>	<u>(469,456)</u>
Loss per share (RMB)	<u>(0.99)</u>	<u>(0.65)</u>

Consolidated Financial Information

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

In 2025, the average selling prices of the Group's major products (coke, refined chemicals and natural gas) all declined in line with economic conditions, falling by approximately 23.0%, 22.0%, and 7.3%, respectively as compared with 2024. However, as the average purchase price of coal, the Group's primary raw material, decreased by approximately 27.0%, this resulted in an increase of 4.1% in the Group's gross margin. Moreover, cost of sale has a substantial increase of approximately RMB507.9 million due to an Asset impairment of a subsidiary, leading to the Group's 2025 gross margin decreased to negative 0.8%. For details, please refer to the section headed "Business Segment Result" in this chapter.

- ***Other Income***

Other income decreased from approximately RMB65.5 million in 2024 to approximately RMB32.1 million in 2025, mainly due to the interest income from banks and other sources decreased by RMB13.5 million, and government subsidies decreased by RMB9.4 million.

- ***Other Gains and Losses***

Other gains and losses decreased from a net loss of approximately RMB26.1 million in 2024 to a net loss of approximately RMB9.0 million in 2025. The decrease was mainly attributable to a reduction of RMB15.0 million in the loss of fair value changes on notes for the year.

- ***Selling and Distribution Expenses***

Selling and distribution expenses decreased from approximately RMB411.1 million in 2024 to approximately RMB307.0 million in 2025. The decrease was primarily due to the Group's sales revenue decreased by approximately 30.0% as compared with 2024. Specifically, coke production fell by 8% as the result of the Group suspended operations during certain production periods to comply with environmental regulations. The reduction in coke production also led to a decrease in by-product gas, which ultimately resulted in lower production and sales of natural gas.

- ***Administrative Expenses***

Administrative expenses remained stable with a slight decrease of approximately 1.8% or RMB3.1 million from approximately RMB177.1 million in 2024.

- ***Finance Costs***

Finance costs increased by approximately RMB10.3 million or approximately 7.2% from approximately RMB144.0 million in 2024 to approximately RMB154.3 million in 2025. This increase was mainly due to the proceeds of the interest expense on executions of litigation judgments from Xinyang Jingang, the increase was partially offset by a decrease in interest on bank loans.

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

Share of result of a joint venture decreased by approximately RMB2.2 million from a profit of approximately RMB3.2 million in 2024 to approximately RMB1.0 million in 2025. The decrease was mainly attributable to the decrease in unit sales price of hydrogen of the joint venture (Jinjiang Refining).

- ***Share of Results of Associates***

The associated company, Xiamen Jinma, recorded a profit in 2025, the Group thus shared a profit of approximately RMB0.7 million (2024: approximately RMB0.6 million).

- ***Loss before Tax***

As a result of the foregoing, the Group's loss before tax increased by approximately 26.0% or RMB140.0 million from approximately RMB538.8 million in 2024 to a loss of approximately RMB678.8 million loss in 2025, excluding the Asset impairment loss of approximately RMB507.9 million, the Group's loss before tax would have been RMB170.9 million.

- ***Income Tax (Expense) Credit***

The income tax credit of approximately RMB61.1 million in 2024 turned to income tax expense of approximately RMB53.7 million in 2025 mainly due to a write-down of deferred tax assets in recognition of an uncertainty in future profits in utilizing the deferred tax assets.

- ***Other Comprehensive Income***

The comprehensive income from the changes in fair value of the bills receivables through other comprehensive income ("FVTOCI") at the end of 2025 was approximately RMB0.6 million, and it achieved a gain of approximately RMB8.3 million in 2024.

- ***Total Comprehensive Loss for the Year***

As a result of the foregoing, the Group's total comprehensive loss significantly increased by approximately RMB262.4 million from approximately RMB469.5 million in 2024 to approximately RMB731.9 million in 2025, while the comprehensive loss for the year attributable to the owners of the Company was approximately RMB526.8 million, and after excluding the share of Xinyang Jingang's Asset impairment loss of approximately RMB355.5 million, its comprehensive loss would only be approximately RMB171.3 million, showing an improvement of RMB169.3 million when compared with the year of 2024.

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	
	2025	2024	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%	%	%	%
Coke	4,292,561	7,190,991	(261,806)	102,489	(6.1)	1.4	52.8	62.0
Refined Chemicals	2,783,776	3,050,447	(54,346)	(123,987)	(2.0)	(4.1)	34.3	26.3
Energy Products	604,076	857,541	219,425	111,434	36.3	13.0	7.4	7.4
Trading	205,165	400,169	6,900	15,774	3.4	3.9	2.5	3.5

The Group's coke sales volume (tonnes) in 2025 decreased by approximately 8.0% as compared to 2024, mainly due to (i) the Group suspended production during certain periods in response to environmental protection requirements; (ii) starting in March 2025, the subsidiary Xinyang Jingang changed its business model from in-house coke production to processing (for details, please refer to the section of "Development of Xinyang Jingang" in the chapter of "Major Developments"). Meanwhile, as the average selling price of coke decreased by approximately 23.0% as compared with 2024, the segment revenue for 2025 decreased by approximately 40.3%; and as the average purchase price of coal, which is the major raw material for the production of coke, decreased by approximately 27% in 2025 as compared with 2024, thus the gross margin of the coke segment has achieved an increase of 4.3%. However, as the Cost of sale has recorded a substantial increase of approximately RMB507.9 million due to an Asset impairment as described below, the gross margin finally decreased to negative 6.1%, and the coke segment's results decreased by approximately RMB364.3 million to negative RMB261.8 million.

Asset impairment : As of December 31, 2025, in light of the ongoing losses of the subsidiary Xinyang Steel Jingang Energy Co., Ltd. ("Xinyang Jingang"), the Group's management determined that there were indications of impairment and therefore conducted an impairment test on Xinyang Jingang's property, plant, and equipment, right-of-use assets, and intangible assets with finite useful lives (hereinafter referred to as the "assets under test"). Following the test, it was concluded that an impairment of approximately RMB507.9 million is required for the assets under test. For further details, please refer to the Independent Auditor's Report and Note 15 to the Consolidated Financial Statements, as well as the section of "Development of Xinyang Jingang" in the chapter of "Major Developments".

Sales volume (tonnes) of benzene-based chemicals, a key product in the derivatives segment, increased by approximately 5.6% in 2025; however, the average selling price declined by approximately 22.0% as compared with 2024. Consequently, segment revenue in 2025 decreased by approximately 8.7%. Segment performance improved significantly, primarily due to a substantial reduction in the consumption tax levied on one of the products in 2025 as compared with approximately RMB41.0 million in 2024, and the average price of one of the primary raw materials (crude benzene) decreased by approximately 2.0% more than the average product price, contributing to the improvement in segment performance. The segment gross margin also improved from -4.1% in 2024 to -2.0%. In 2025, under pressure from competition from similar derivative chemical products derived from petroleum by-products, this segment was still unable to turn losses into profits.

For the energy products segment, its main products are liquefied natural gas (LNG) and coal gas. Compared to 2024, both production and sales volumes for these two products declined. This was primarily due to a reduction in coke production of Jinma Energy in response to environmental regulations, which led to a decrease in the supply of coke oven gas (a byproduct of coke production) used as raw material in its operations. Consequently, revenue from the energy products segment in 2025 decreased by approximately 29.6% to approximately RMB604.1 million. During 2025, the average selling price of LNG is expected to decrease by approximately 7.3% as compared with 2024, while coal gas prices remained stable. However, due to a decline of approximately 27.0% in the price of coal – the raw material for coke production (including by-product coke oven gas), the segment revenue increased significantly by RMB108.0 million or approximately 96.9%, and the segment gross margin rose from 13.0% in 2024 to 36.3%.

The trading segment's revenue in 2025 decreased by approximately RMB195.0 million or approximately 48.7% as compared with 2024. This decrease was mainly due to the decrease in the volume of coke trading business when coke prices fell; however, the gross margin is expected to remain within the 3.9% range seen in 2024, with a slight downward adjustment of 0.5% to approximately 3.4%.

FINANCIAL POSITION

Financial Resources

In 2025, 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 2025.

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	
	2025	2024
	RMB'000	RMB'000
Net cash from operating activities	359,368	942,525
Net cash from (used in) investing activities	248,866	(722,969)
Net cash used in financing activities	(868,012)	(633,446)
Net decrease in cash and cash equivalents	(259,778)	(413,890)
Cash and cash equivalents at the beginning of the year	509,560	917,869
Effect of foreign exchange rate changes	(228)	5,581
Cash and cash equivalents at the end of the year, represented by bank balances and cash	<u>249,554</u>	<u>509,560</u>

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

The Group's net cash from operating activities of approximately RMB359.4 million for 2025 was primarily attributable to (i) decrease in inventories of approximately RMB240.4 million; (ii) decrease in bills receivables at FVTOCI of approximately RMB141.9 million; (iii) increase in contract liabilities of approximately RMB46.5 million; and (iv) decrease in amounts due from shareholders of approximately RMB31.5 million. Yet the net cash inflow from operating activities are partially offset by (i) decrease in trade and other payables of approximately RMB464.1 million; (ii) increase in amounts due from related parties of approximately RMB29.5 million; (iii) decrease in amounts due to related parties of approximately RMB15.3 million; and (iv) decrease in refundable deposit payable of approximately RMB14.6 million.

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

The Group's net cash from investing activities of approximately RMB248.9 million for 2025 was primarily due to (i) withdrawal of restricted bank balances of approximately RMB1,088.5 million; (ii) withdrawal of time deposits of RMB213.9 million in the bank; (iii) assets-related government subsidy received of approximately RMB30.6 million; and (iv) interest received of approximately RMB16.2 million, partially offset by (i) placement of restricted bank balances of approximately RMB559.0 million; (ii) purchase of property, plant and equipment of approximately RMB345.0 million; and (iii) placement of time deposits of approximately RMB213.9 million.

- **Cash Flow used in Financing Activities**

The Group's net cash used in financing activities of approximately RMB868.0 million in 2025 was primarily due to (i) interest paid of approximately RMB137.7 million; (ii) net decrease in bank and other borrowings of approximately RMB688.8 million; (iii) repayment of sale and leaseback payable of approximately RMB164.6 million; (iv) repayment of other borrowing of approximately RMB70.0 million; and (v) payment of dividends of approximately RMB22.9 million, partially offset by (i) cash received from other borrowing of approximately RMB115.0 million; (ii) cash received from a shareholder of approximately RMB53.0 million; and (iii) cash received from sale and leaseback transaction of approximately RMB50.0 million.

Liabilities

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

	As at 31 December		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	Increase/ (decrease) <i>RMB'000</i>
Bank borrowings	2,569,957	3,258,740	(688,783)
Other borrowing	95,000	90,000	5,000
	556,227	1,374,077	(817,850)
Secured	2,108,730	1,974,663	134,067
Unsecured	2,664,957	3,348,740	(683,783)
	1,127,402	1,604,137	(467,735)
Fixed-rate borrowings	1,537,555	1,744,603	(207,048)
Floating-rate borrowings	2,664,957	3,348,740	(683,783)
Carrying amount repayable (based on scheduled payment terms)			
Within one year	2,264,791	2,668,118	(403,327)
More than one year, but not more than two years	266,426	432,909	(166,483)
More than two years, but not more than five years	133,740	247,713	(113,973)
	2,664,957	3,348,740	(683,783)
Less: Amount due for settlement within 12 months shown under current liabilities	(2,264,791)	(2,668,118)	403,327
Amount due for settlement after 12 months shown under non-current liabilities	400,166	680,622	(280,456)

The Group's bank borrowings in 2025 and 2024 were all borrowings denominated in Renminbi. As at 31 December 2025, RMB556.2 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 41 to the Consolidated Financial Statements in this report. As at 31 December 2024, RMB3,167.6 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, and all remaining borrowings were credit borrowings. As at 31 December 2025 and 2024, 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	
	2025	2024
Effective interest rate per annum:		
– Fixed-rate borrowings	3.10%-5.40%	3.35%-5.70%
– Floating-rate borrowings	2.90%-5.60%	2.80%-5.05%

As at 31 December 2025, the Group had obtained banking facilities in an aggregate amount of approximately RMB13,923.70 million (2024: RMB13,923.70 million), of which total amount of approximately RMB238.3 million (2024: RMB984.2 million) is still available for use. As at 31 December 2025, the Group had total outstanding bank borrowings of approximately RMB2,570.0 million (2024: RMB3,258.7 million). The Group intends to refinance the Group's bank borrowings or repay the Group's bank borrowings as and when they fall due with the Group's internally generated funds (refinancing has been achieved for bank borrowings of RMB1,461.2 million falling due in 2025 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 2025 and up to the date of this report. As at 31 December 2025, 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 2025, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2025, 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 (excluding Xinyang Jingang. For details, please refer to the section of "Development of Xinyang Jingang" in the chapter of "Major Developments") 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	
	2025	2024
Gearing ratio	0.7 x	0.8 x
Return on equity	-18.5%	-10.5%
Return on assets	-7.2%	-4.0%

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 in 2025 maintained at 0.7x of 2024.

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 2025 was due to an increase in the loss attributable to owners of the Company.

Return on Assets

Return on assets is calculated by dividing the Group's 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 2025 was mainly due to an increase in the loss attributable to owners of the Company.

CONTRACTUAL OBLIGATIONS AND CAPITAL EXPENDITURE

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	14,875	18,215

The Group's capital commitments for the year ended 31 December 2025 was 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 2025, 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 2025. 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 derecognized 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	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Endorsed bills for settlement of payables	1,276,849	1,667,344
Discounted bills for raising cash	527,338	1,087,806
	<hr/>	<hr/>
Outstanding endorsed and discounted bills receivables	1,804,187	2,755,150
	<hr/> <hr/>	<hr/> <hr/>

Save as disclosed above and as of 31 December 2025, 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 (excluding Xinyang Jingang. For details, please refer to the section of "Development of Xinyang Jingang" in the chapter of "Major Developments"). The Directors confirmed that there have not been any material changes in the contingent liabilities of the Group since 31 December 2025 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 2025, 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 ("HK\$") proceeds of listing (HK\$0.8 million and HK\$10.1 million as at 31 December 2025 and 2024 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 2025, the Group had fixed-rate borrowings in the amount of approximately RMB1,127.4 million (2024: RMB1,604.1 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 2025 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 consolidated 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 76% and 84% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2025 and 2024, 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 2025							
		Carrying	On demand	6 months	1 year to		Total
	Interest rate	amounts	or within	to 1 year	to 5 years	> 5 years	
		RMB'000	6 months	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	2.90%-5.60%	2,569,957	1,321,203	891,983	417,538	-	2,630,724
Other borrowings	5.00%-13.80%	95,000	95,000	-	-	-	95,000
Lease liabilities	3.73%-5.96%	4,044	912	126	1,823	2,121	4,982
Trade and other payables	N/A	2,075,571	2,040,028	35,543	-	-	2,075,571
Amounts due to related parties	N/A	110,407	110,407	-	-	-	110,407
Amount due to a shareholder	N/A	57,311	57,311	-	-	-	57,311
Refundable deposit payable	N/A	57,999	-	-	40,002	17,997	57,999
Perpetual loan	10.24%	15,630	-	1,600	6,400	15,630	23,630
Sale and leaseback payable	4.74%~9.15%	278,231	78,708	78,245	137,463	-	294,416
		<u>5,264,150</u>	<u>3,703,569</u>	<u>1,007,497</u>	<u>603,226</u>	<u>35,748</u>	<u>5,350,040</u>
As at 31 December 2024							
		Carrying	On demand	6 months	1 year		Total
	Interest rate	amount	or within	to 1 year	to 5 years	> 5 years	
		RMB'000	6 months	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	2.80%-5.70%	3,258,740	1,579,418	1,074,189	706,356	-	3,359,963
Other borrowings	5.30%-11.45%	90,000	93,085	-	-	-	93,085
Lease liabilities	3.99%-5.96%	4,587	782	1,397	1,275	2,260	5,714
Trade and other payables	N/A	2,736,500	2,585,658	6,750	144,092	-	2,736,500
Amounts due to related parties	N/A	87,130	87,130	-	-	-	87,130
Refundable deposit payable	N/A	111,375	-	-	67,500	43,875	111,375
Perpetual loan	10.24%	15,630	-	1,600	6,400	15,630	23,630
Sale and leaseback payable	4.96%-6.18%	377,500	79,199	82,131	245,426	-	406,756
		<u>6,681,462</u>	<u>4,425,272</u>	<u>1,166,067</u>	<u>1,171,049</u>	<u>61,765</u>	<u>6,824,153</u>

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had distributable reserves (i.e. retained profits) of RMB1,566.1 million (2024: RMB2,063.5 million). For the year ended 31 December 2025, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the year 2024.

DIVIDEND AND DIVIDEND POLICY

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.

Based on the operating performance, the board of directors of the Company has resolved not to declare a final dividend for the year ended 31 December 2025.

MAJOR DEVELOPMENTS

In 2025, China's economic growth slowed amid the global economic slowdown and domestic structural adjustments. The downstream steel industry was affected by environmental production restrictions and weakening demand, recorded a slight decline in output, thus, the coke market remained under pressure, with a narrow price spread of coal coke. In response to these challenges, the Group actively implemented loss-reduction measures across its operations, production and cost management, which mainly including:

- **Standardizing treasury and financing management:** Adhering to the principle of balancing income and expenditure and determining expenditure based on income, the Group centrally managed and coordinated cash inflows and outflows to mitigate funding risks, took positive cash flow as a prerequisite for production and operations, and imposed institutional discipline on working capital allocation, so as to maintain a sound financial position and effectively ensure operational continuity. In addition, the Group maintained active communication with banks and other financial institutions to secure stable credit support for funding security.
- **Fully implementing the operating philosophy of profit and loss accountability and advancing cost reduction throughout the entire process and across all factors:** The Group promoted the transformation of its subsidiaries from production-oriented entities to operation-oriented entities, implemented refined cost control measures to reduce raw material procurement and coal blending costs, strictly controlled inventory levels at its subsidiaries, and firmly adhered to a low-inventory strategy. By avoiding market speculation and effectively lowering raw coal inventory, the Group has reduced capital occupation and enhanced asset liquidity.

- Deepening the comprehensive budgeting and operational analysis system under the management philosophy of PDCA + conscientious execution: Through in-depth analysis of financial data, the Group was able to make accurate forecasts and timely adjustments in respect of production and sales volume, costs, cash flow and capital occupation, so as to ensure the achievement of its operating targets.

These measures began to deliver results in the second half of 2025, and the Group has, in essence, embarked on the path toward turning losses into profits.

In terms of production facilities, the major investments including:

Coal Tar Processing Capacity Expansion and Technical Upgrade Project

The coal tar processing capacity expansion and upgrading project, which expanded processing capacity from 180,000 tonnes to 360,000 tonnes, commenced construction in October 2023 and began operation in May 2025. 102 thousand tonnes of coal tar were processed under the project, and cumulative investment in the project amounted to RMB64.3 million.

Ultra-low Emission Retrofit

The ultra-low emission retrofit covers three key areas throughout the production process, namely organized emissions, unorganized emissions and clean transportation. Upon completion of the relevant assessment, an enterprise may apply for A-grade classification under the performance grading system for heavy pollution weather. Enterprises rated A-grade may, during heavy pollution warning periods such as autumn and winter, be exempted from production restriction measures imposed by the environmental authorities and instead implement self-directed emission reduction measures.

In 2025, Jinma Energy and Jinma Zhongdong actively advanced the ultra-low emission retrofit and the establishment of A-grade environmental protection enterprises, with a view to mitigating the impact of environmental production restrictions, increasing output and enhancing profitability. At present, on-site retrofitting has been completed, and assessment and monitoring have been carried out. In 2026, the Group will continue to advance this work and strive to complete all tasks by December 2026, thereby ensuring completion of the ultra-low emission retrofit and continuing to promote green and efficient development. Jinma Energy has made cumulative investment of approximately RMB110.0 million and is expected to invest a further approximately RMB10.0 million in 2026, while Jinma Zhongdong has made cumulative investment of approximately RMB120.0 million and is expected to invest a further RMB15.0 million in 2026.

In the hydrogen energy industry chain business:

At the beginning of 2025, the Company was operating five hydrogen station.

Jiyuan South Second Ring Hydrogen Station recorded annual hydrogen sales of 603 tonnes (corresponding period: 390 tonnes), serving approximately 30,000 vehicles, mainly raw coal transport heavy trucks and light trucks for cold-chain cargo transportation.

Zhengzhou Chemical Road Hydrogen Station recorded annual hydrogen sales of 375 tonnes (corresponding period: 201 tonnes), mainly serving approximately 18,000 hydrogen fuel cell dump trucks, tractors, concrete mixers, cold-chain logistics vehicles and sanitation vehicles.

Gongyi Heluo Hydrogen Station recorded annual hydrogen sales of 203 tonnes (corresponding period: 201 tonnes), serving approximately 10,000 vehicles, mainly coal transport tractors, freight tractors in the express delivery industry, and heavy trucks transporting sand and gravel aggregates for the construction industry.

Jiyuan Huling Hydrogen Station recorded annual hydrogen sales of 255 tonnes, serving approximately 13,000 vehicles, mainly raw coal transport heavy trucks and light trucks for cold-chain cargo transportation.

Dengfeng Guojiawa Hydrogen Station recorded annual hydrogen sales of 100 tonnes, serving approximately 5,000 vehicles, mainly coal transport tractors for power companies.

The above construction investments were financed through the Group's internal financial resources, bank loans and funds raised from the public offering.

Xinyang Jingang Development

Xinyang Jingang was established on 29 October 2020 with a registered capital of RMB1,000 million, and is held as to 70% by the Company and 30% by Xinyang Steel. The joint venture is investing in a coking energy-saving technical transformation project (the “**Project**”) with a total investment of approximately RMB4,300 million. Upon completion and commencement of operations, the Project is expected to produce approximately 1.6 million tonnes of coke, generate approximately 1,400 to 1,600 million kWh of electricity, and produce approximately 50,000 tonnes of sulphuric acid annually. The Project is being constructed in two phases, with Phase 1 commencing operation in November 2022 and Phase 2 is ready for commissioning baking in September 2023.

Since its establishment, Xinyang Jingang has experienced sustained losses due to a combination of factors: high construction costs (construction during the COVID-19 pandemic), huge capital investment requirements, market adjustment in the coke sector, and the delay in implementing a synergistic project planned by Xinyang Steel to utilise electricity generated from Phases 1 and 2. As a result, Phase 1 has been unable to operate at full capacity, Phase 2 has been completed but remains idle, and production costs remain high leading to sustained losses suffered by Xinyang Jingang, details of which for the years 2023 to 2025 are as follows:

Net Loss	RMB million
2023:	161.7
2024:	316.0
2025:	228.4 (excluding asset impairment)

Given the said losses, Xinyang Jingang's working capital position is tight, and its ability to operate as a going concern relies entirely on financial support from the Company. As of 31 December 2025, the total debt of the Group companies against Xinyang Jingang amounted to approximately RMB1,670 million, in addition to its joint borrower liability for Xinyang Jingang's bank loans of approximately RMB320 million. As of 31 December 2025, Xinyang Jingang was involved in debt-related litigation with equipment suppliers, contractors, and raw material suppliers, with the total amount in litigation amounting to approximately RMB904 million. Among these, the amounts payable and remained unpaid by Xinyang Jingang under adjudicated lawsuits amounted to approximately RMB649 million in total. Xinyang Jingang's lawyers are currently in the course of reviewing the judgments and considering making appeals. In addition, settled lawsuits involved amounts payable and remained unpaid by Xinyang Jingang is in the amount of approximately RMB205 million.

In preparing the financial report for the fiscal year 2025, Xinyang Jingang's management conducted a second assessment of the property, plant and equipment and intangible assets. The valuation was performed on a going concern basis using the discounted cash flow (DCF) method. In this assessment, the management no longer assumed the synergistic project planned by Xinyang Steel to utilise electricity generated from Phases 1 and 2 will be implemented in 2027. Accordingly, electricity generated from Phase 2 will be sold through the State grid, resulting in a decline in electricity sales revenue. At the same time, conservative adjustment was made to the gross profit assumption for the coke business. These two changes in assumptions mainly led to the assessed value of assets of Xinyang Jingang falling below their carrying amount, resulting in an asset impairment loss approximately of RMB508 million.

In light of the current environmental regulations and government requirements, Xinyang Jingang needs to increase its investment in safety and environmentally friendly production. Faced with these operational and financial pressures, Xinyang Jingang has decided to implement a protective suspension of production for a period of three months in the April of 2026 and has established a professional team to conduct an in-depth study of Xinyang Jingang's operational and financial issues. It is expected that a business restructuring plan will be proposed within the three-month period aiming to protect the interests of the shareholders and other stakeholders. The Company will report on this business plan in due course.

EMPLOYEES AND REMUNERATION

As at 31 December 2025, the Group had a total of 2,644 employees (2024: 2,761), including 8 senior management (2024: 10), 107 middle management (2024: 106) and 2,529 ordinary employees (2024: 2,645). For the year ended 31 December 2025, the staff cost of the Group amounted to approximately RMB264.1 million as compared to approximately RMB277.9 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

	2025	2024
Nil to Hong Kong Dollar (“HK\$”) 1,000,000	8	10
HK\$1,000,001 to HK\$1,500,000	0	0
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 employees 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 organized 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 2024 and 31 December 2025, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2024 and 31 December 2025, respectively.

CORPORATE GOVERNANCE

The Company persists in becoming an enterprise full of sense of social responsibility, to adhere to the principle of harmonious development combining economic benefit and social benefit, to promote technological progress in the industry consistently and assume the social responsibility proactively.

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

Corporate Governance Code and the Articles of Association

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

Meanwhile, based on the Corporate Governance Code (the “**Code**”) effective during the Reporting Period as set out in Appendix C1 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.

During the reporting period, due to (i) the newly amended Company Law of the People's Republic of China; (ii) the China Securities Regulatory Commission has promulgated relevant guidelines, including the Guidelines on the Articles of Association of Listed Companies and other rules, and the repeal of the Notice of Mandatory Provisions for Articles of Association of Companies to be Listed Overseas; (iii) certain amendments made by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to the Listing Rules; (iv) and other corresponding internal changes taking into account the actual circumstances of the Company, the Company revised the Articles. For details of the amendments to the Articles and the relevant resolutions of the extraordinary general meeting, please refer to the announcements dated 15 August 2025 and 3 September 2025, the circular dated 18 August 2025 and the announcement on poll results of the extraordinary general meeting dated 5 September 2025 of the Company published on the websites of the Stock Exchange and the Company.

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

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

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 2025 have been reviewed by the Audit Committee and audited by the external auditor, Deloitte. The Directors confirm their responsibilities of preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

The statements of the auditor about its responsibility for reporting the financial statements will be contained in the annual report of the Company for the year ended 31 December 2025.

Purchase, Sale or Redemption of Securities of the Company

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2025, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters. The Audit Committee was established in compliance with Appendix C1 to the Listing Rules. The Audit Committee is delegated to be responsible for assisting the Board in ensuring that the Company has an effective financial reporting, risk management and internal control system in compliance with the Listing Rules, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee comprises Mr. Man Kwok Leung, Mr. Su Jiangan and Mr. Zhang Xicheng.

RELATED MATTERS

Payment of Dividends

On 25 March 2026, based on the results of operations, the Board has resolved not to declare any final dividend for the year ended 31 December 2025.

Annual General Meeting

The annual general meeting (“AGM”) will be held on Wednesday, 20 May 2026. The notice of the AGM will be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.hnjmny.com in due course.

To attend and vote at the AGM

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 20 May 2026, the Company will not process registration of transfers of the H shares of the Company from Friday, 15 May 2026 to Wednesday, 20 May 2026 (both days inclusive). The record date is Wednesday, 20 May 2026.

To qualify for attendance and voting at the AGM, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company’s H-share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 14 May 2026.

Publication of the Annual Report

The 2025 annual report of the Company will be made available on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.hnjmny.com in due course.

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

Hong Kong, 25 March 2026

As at the date of this announcement, the executive Directors of the Company are Mr. XU Huaping and Mr. WANG Lijie; the non-executive Directors of the Company are Mr. YIU Chiu Fai, Mr. XU Fenglei, Ms. WAN Tingting and Ms. YE Ting; and the independent non-executive Directors of the Company are, Mr. SU Jiangang, Mr. ZHANG Xicheng and Mr. MAN Kwok Leung.