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Q I N F A

中國秦發集團有限公司

CHINA QINF A GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

**FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reference is made to the profit warning announcement of China Qinf a Group Limited (the “**Company**”) dated 10 March 2025 .The Board of Directors (the “**Board**”) of the Company is pleased to announce the final results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024:

- Revenue was RMB2.6 billion in 2024, representing a decrease of 24.6% from RMB3.4 billion in 2023.
- Coal handling and trading volume in 2024 were approximately 5.16 million tonnes, representing a decrease of 0.6% as compared to 2023.
- Gross profit margin in 2024 was 19.8%. As compared with gross profit margin of 25.5% in 2023, the decrease in gross profit margin was mainly due to the decrease in average selling price of thermal coal.
- Operating profit in 2024 was RMB750 million, representing an increase of 43.2% from RMB524 million in 2023. The increase in operating profit was mainly due to an increase in net gain on the substantial/non-substantial modification of borrowings.
- Profit after taxation for the year was RMB556 million in 2024, as compared with profit after taxation for the year of RMB192 million in 2023.
- Profit attributable to equity shareholders of the Company in 2024 was RMB501.9 million, as compared with profit attributable to equity shareholders of the Company of RMB200.3 million in 2023.
- Basic earnings per share of the Company was RMB19.9 cents in 2024 as compared with basic earnings per share of RMB7.8 cents in 2023.
- Diluted earnings per share of the Company was RMB19.1 cents in 2024 as compared with diluted earnings per share of RMB7.7 cents in 2023.

The Directors propose a final dividend in cash of HKD0.02 per ordinary share in the aggregate amount of HKD50.7 million for the year of 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	5	2,600,933	3,449,182
Cost of sales		<u>(2,086,390)</u>	<u>(2,571,162)</u>
Gross profit		514,543	878,020
Other income, gains and losses	6	547,302	2,016
Distribution expenses		(3,617)	(2,207)
Administrative expenses		(239,224)	(297,643)
Impairment losses on coal mining rights	12	(34,907)	(12,443)
Impairment losses on property, plant and equipment		(14,925)	(32,712)
Impairment losses on other receivables, net		(1,273)	(3)
Reversal of impairment losses on investment in associate		9,810	–
Other expenses		<u>(27,291)</u>	<u>(11,169)</u>
Operating profit		<u>750,418</u>	<u>523,859</u>
Finance income		9,174	12,950
Finance costs		<u>(170,793)</u>	<u>(184,672)</u>
Net finance costs	7	<u>(161,619)</u>	<u>(171,722)</u>
Profit before taxation	8	588,799	352,137
Income tax expense	9	<u>(32,429)</u>	<u>(160,110)</u>
Profit after taxation		<u>556,370</u>	<u>192,027</u>

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Other comprehensive gain/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		28,354	(8,191)
Remeasurements of net defined benefit obligations		<u>(566)</u>	<u>—</u>
Other comprehensive gain/(loss) for the year, net of tax		<u>27,788</u>	<u>(8,191)</u>
Total comprehensive income for the year		<u>584,158</u>	<u>183,836</u>
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		501,944	200,346
Non-controlling interests		<u>54,426</u>	<u>(8,319)</u>
Profit for the year		<u>556,370</u>	<u>192,027</u>
Total comprehensive income/(expense) for the year attributable to:			
Equity shareholders of the Company		529,732	192,155
Non-controlling interests		<u>54,426</u>	<u>(8,319)</u>
Total comprehensive income for the year		<u>584,158</u>	<u>183,836</u>
Earnings per share attributable to the equity shareholders of the Company during the year			
	<i>10</i>		
Basic earnings per share		<u>RMB19.9 Cents</u>	<u>RMB7.8 Cents</u>
Diluted earnings per share		<u>RMB19.1 Cents</u>	<u>RMB7.7 Cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Non-current assets			
Coal mining rights	12	1,426,933	1,864,159
Property, plant and equipment	13	4,422,866	4,099,728
Right-of-use assets		21,091	18,909
Other deposits and receivables		129,045	28,331
Interest in an associate	14	9,810	—
Pledged and restricted deposits		544,000	—
		<u>6,553,745</u>	<u>6,011,127</u>
Current assets			
Inventories		435,422	201,046
Trade receivables	15	74,196	65,741
Prepayments and other receivables		388,758	358,632
Pledged and restricted deposits		151,663	918,295
Cash and cash equivalents		1,025,545	302,732
		<u>2,075,584</u>	<u>1,846,446</u>
Current liabilities			
Trade payables	16	(325,425)	(420,599)
Other payables and contract liabilities		(2,865,228)	(2,579,441)
Lease liabilities		(6,587)	(3,487)
Borrowings	17	(737,990)	(1,876,125)
Tax payable		(232,802)	(289,656)
Deferred income		(2,500)	(1,900)
		<u>(4,170,532)</u>	<u>(5,171,208)</u>
Net current liabilities		<u>(2,094,948)</u>	<u>(3,324,762)</u>
Total assets less current liabilities		<u>4,458,797</u>	<u>2,686,365</u>

		2024	2023
	Notes	RMB'000	RMB'000
Non-current liabilities			
Accrued reclamation obligations		(104,625)	(115,320)
Lease liabilities		(7,033)	(7,321)
Borrowings	17	(446,500)	(1,689,917)
Deferred taxation		(395,052)	(538,497)
Deferred income		<u>(19,342)</u>	<u>(16,392)</u>
		<u>(972,552)</u>	<u>(2,367,447)</u>
Net asset		<u>3,486,245</u>	<u>318,918</u>
Capital and reserves			
Share capital		215,202	211,224
Perpetual subordinated convertible securities		156,931	156,931
Equity/(deficit)		<u>1,599,666</u>	<u>(841,024)</u>
Total equity/(deficit) attributable to equity shareholders of the Company		1,971,799	(472,869)
Non-controlling interests		<u>1,514,446</u>	<u>791,787</u>
Total equity		<u>3,486,245</u>	<u>318,918</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

China Qinfu Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 March 2008 as an exempted company with limited liability under the Companies Law, Cap. 22 (2007 Revision) of the Cayman Islands. The directors of the Company consider the immediate and ultimate holding companies of the Group to be Fortune Pearl International Limited (“**Fortune Pearl**”), a company incorporated in the British Virgin Islands and the ultimate controlling shareholder to be Mr. Xu Jihua (“**Mr. Xu**”), the sole shareholder of Fortune Pearl. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 3 July 2009 (the “**Listing Date**”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Unit Nos. 2201 to 2208, level 22, South Tower, Poly International Plaza, No. 1 Pazhou Avenue East, Haizhu District, Guangzhou City, the People’s Republic of China (the “**PRC**”).

The principal activities of the Company and its subsidiaries (together, the “**Group**”) are coal mining, purchases and sales, filtering, storage and blending of coal in the PRC and Indonesia.

The Company’s functional currency is Hong Kong dollars (“**HKD**”). However, the presentation currency of the consolidated financial statements is Renminbi (“**RMB**”) in order to present the operating results and financial position of the Group based on the economic environment in which the operating subsidiaries of the Group operate.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2024, the Group had net current liabilities of approximately RMB2,094,948,000 (2023: net current liabilities of approximately RMB3,324,762,000). As at 31 December 2024, there are a number of litigations against the Group of which the details are set out in note 18 to the consolidated financial statements in this announcement, mainly requesting the Group to settle long outstanding payables with interests. And the Group’s bank deposits of approximately RMB1,146,000 (2023: RMB458,000) were restricted for use in relation to the litigation proceeding.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2024 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the consolidated financial statements are authorised for issue, which include but not limited to, the followings:

- (i) for borrowings which will be maturing before 31 December 2025, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds will be in place to meet the Group's working capital and financial requirements in the future will continue to be met. The directors of the Company are of the view that based on past experience and the current communication with banks/lenders, no significant difficulties are expected in renewing the lender's borrowings and banks' short-term revolving borrowings upon their maturities;
- (ii) in relation to amount due to an associate that has no fixed term of repayment and is included in the current liabilities, the Group is in the process of negotiating with the associate not to demand for repayment within twelve months from 31 December 2024. The directors of the Company are of the view that based on past experience and the current communication with the associate, it is not probable that the associate will demand for repayment within twelve months from 31 December 2024;
- (iii) the Group will actively obtain additional new sources of financing (including but not limited to borrowings in respect of new coal mine projects development loans) as and when needed;
- (iv) given the stability of demand in coal market and coal prices still within moderately favourable range, the Group will accelerate the coal production of those coal mines currently under production together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, and closely monitoring of the timing of settlements for the Group's trade and other payables, to increase the Group's internally generated funds and operating cash inflows in coming years continuously. The Group recorded a net operating cash inflow of approximately RMB466,928,000 (2023: RMB1,460,298,000) during the year; and
- (v) the Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims, especially the litigation claims, relating to dividends to non-controlling shareholders of Shangxi Huameiao Energy Group Co., Ltd (**"Huameiao Energy"**). In respect of some of the litigations, the directors of the Company are of the opinion that the Group has valid grounds to defend against the claims.

On the basis of the successful implementation of the measures described above in the foreseeable future and after assessing the Group's current and forecasted cash positions, the directors of the Company are optimistic that the Group will be able to meet in full the Group's financial obligations as they fall due for the twelve months from 31 December 2024. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

4. SEGMENT REPORTING

(a) Segment results, assets and liabilities

The Chief Executive Officer (the "CEO") reviews the "operating profit" as presented below and the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group has only one reportable segment, coal business, which mainly operates its business in the PRC and Indonesia and earns substantially all of the revenues from external customers attributed to the PRC. As at the end of the reporting period, substantially all of the non-current assets of the Group were located in the PRC and Indonesia. Geographical segments of the non-current asset are disclosed in note 4(c).

For the strategic business unit, the CEO reviews internal management reports on a monthly basis.

For the purposes of assessing segment performance and allocating resources between segments, the CEO monitors the results, assets and liabilities attributable to the reportable segment on the following basis:

- The measure used for reporting segment profit is adjusted profit before net finance costs and income tax credit items not specifically attributable to individual segments, such as unallocated head office and corporate expenses are further adjusted.
- Segment assets include all tangible assets, coal mining rights, right-of-use assets, interest in an associate and current assets with the exception of unallocated corporate assets. Segment liabilities include trade payables, other payables attributable to activities of the individual segments, accrued reclamation obligations and borrowings managed directly by the segment.
- Revenue and expenses are allocated to the reportable segment with reference to revenue generated by the segment and the expenses incurred by the segment.

	Coal business	
	2024	2023
	RMB'000	RMB'000
Revenue from external customers	2,600,933	3,449,182
Inter-segment revenue	—	—
Reportable segment revenue	<u>2,600,933</u>	<u>3,449,182</u>
Reportable segment profit before taxation	775,913	528,359
Depreciation and amortisation	(955,566)	(921,443)
Net gain/(loss) on disposal of property, plant and equipment	5,070	(49)
Impairment losses on other receivables, net	(1,273)	(3)
Impairment losses on coal mining rights	(14,925)	(12,443)
Impairment losses on property, plant and equipment	(34,907)	(32,712)
Additions to property, plant and equipment	616,072	1,121,038
Reportable segment assets	8,531,314	8,603,697
Reportable segment liabilities	<u>(7,332,228)</u>	<u>(7,367,925)</u>

(b) **Reconciliations of reportable segment revenue, profit before taxation, assets and liabilities**

Revenue

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total of reportable segments revenue	2,600,933	3,449,182
Elimination of inter-segment revenue	—	—
Consolidated revenue	<u>2,600,933</u>	<u>3,449,182</u>

Profit before taxation

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total of reportable segments profit before taxation	775,913	528,359
Unallocated head office and corporate expenses	(25,495)	(4,500)
Net finance costs	<u>(161,619)</u>	<u>(171,722)</u>
Consolidated profit before taxation	<u>588,799</u>	<u>352,137</u>

Assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total of reportable segments assets	8,531,314	8,603,697
Elimination of inter-segment receivables	(575,783)	(752,750)
Unallocated assets	<u>673,798</u>	<u>6,626</u>
Consolidated total assets	<u>8,629,329</u>	<u>7,857,573</u>

Liabilities

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total of reportable segments liabilities	7,332,228	7,367,925
Elimination of inter-segment payables	(3,349,991)	(950,259)
Tax payable	232,802	289,656
Deferred taxation	395,052	538,497
Unallocated liabilities	<u>532,993</u>	<u>292,836</u>
Consolidated total liabilities	<u>5,143,084</u>	<u>7,538,655</u>

(c) Geographic information

All of the Group's revenue from external customers is attributed to the Group entities' country of domicile (i.e. in the PRC).

The business of the Group operates in different geographic areas. The geographical location of the Group's non-current assets as follows:

	2024 RMB'000	2023 RMB'000
PRC (including Hong Kong)	4,241,743	4,241,726
Indonesia	2,312,002	1,769,401
	<u>6,553,745</u>	<u>6,011,127</u>

(d) Information about major customers

During the year, revenue derived from the following customers in coal business segment with whom transactions have exceeded 10% of the Group's revenue are as follows:

	2024 RMB'000	2023 RMB'000
Customer A	488,951	–
Customer B	318,726	458,102
Customer C	271,463	487,647
Customer D	248,158*	636,466
Customer E	125,834*	1,192,352

* Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year.

5. REVENUE

Disaggregation of revenue from contracts with customers by service lines is as follows:

	2024 RMB'000	2023 RMB'000
Sales of coal	<u>2,600,933</u>	<u>3,449,182</u>

Revenue from sales of goods is recognised when the goods are transferred at a point in time. The performance obligation is satisfied upon the delivery of the goods.

6. OTHER INCOME, GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Loss on substantial modification upon loan restructuring		
– Loan I (<i>Note 17</i>)	–	(211,121)
Gain on substantial modification upon loan restructuring		
– Loan IV (<i>Note 17</i>)	–	202,139
Gain on substantial modification upon loan restructuring		
– Loan III (<i>Note 17</i>)	<u>476,356</u>	<u>–</u>
Gain/(loss) on substantial modification upon loan restructuring (<i>Note 17</i>)	<u>476,356</u>	<u>(8,982)</u>
Gain/(loss) on non-substantial modification of borrowings, net (<i>Note 17</i>)	79,187	(5,476)
Foreign exchange (loss)/gain, net	(38,687)	4,316
Net gain/(loss) on disposal of property, plant and equipment	5,070	(49)
Government subsidies (<i>note (i)</i>)	3,807	3,211
Others	<u>21,569</u>	<u>8,996</u>
	<u>547,302</u>	<u>2,016</u>

Note:

- (i) The government subsidies of RMB3,807,000 (2023: RMB3,211,000) were granted and received as financial subsidies on the Group's business development for the year ended 31 December 2024 from two government subsidies schemes. One of the aforesaid subsidies with amount of nil (2023: approximately RMB983,000) is with conditions that the respective entities would maintain their principal places of businesses at the designated area for the same year, which were fulfilled. Another subsidy with amount of approximately RMB2,450,000 (2023: RMB708,000) is recognised during the year with conditions fulfilled. All conditions of the remaining government subsidies with amount of RMB1,357,000 (2023: RMB1,520,000) were fulfilled.

7. NET FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest income	(9,174)	(12,950)
Interest on borrowings	95,987	121,169
Interest charge on unwinding of discounts (<i>note (ii)</i>)	131,212	118,305
Total interest expense on financial liabilities not at fair value through profit or loss	227,199	239,474
Less: Interest capitalised into property, plant and equipment (<i>note (i)</i>)	(56,406)	(54,802)
Finance costs	170,793	184,672
Net finance costs	161,619	171,722

Notes:

- (i) During the year ended 31 December 2024, the finance costs have been capitalised at rates of 7.05% to 7.10% (2023: 7.13%) per annum.
- (ii) This item represents the unwinding of discount for the following liabilities using the effective interest rate:

	2024 RMB'000	2023 RMB'000
Borrowings (<i>note 17</i>)	122,810	138,359
Lease liabilities	886	631
Accrued reclamation obligations (<i>note</i>)	7,516	(20,685)
	131,212	118,305

Note: The provision for reclamation costs has been determined based on management's best estimates. The estimate of the associated costs may be subject to change in the near term when the reclamation on the land from current mining activities becomes apparent in future periods.

During the year ended 31 December 2023, the Group reassessed the estimated costs and adjusted the accrued reclamation obligations by reference to the latest geological environment protection and land reclamation plans of Xinglong Coal, Hongyuan Coal and SDE Coal Mine prepared by geological survey experts engaged by the Group for the change of development and production plans. As a result, the property, plant and equipment and the accrued reclamation obligation has decreased by RMB39,971,000 and RMB66,384,000 respectively and the corresponding interest charge on unwinding of discounts of RMB26,413,000 has been reversed during the year. In addition, the interest charge on unwinding of discounts of RMB5,728,000 (other than the aforesaid reassessment) has been recognised during the year ended 31 December 2023.

During the year ended 31 December 2024, the Group believes that the provision for reclamation obligations are adequate and appropriate, and the interest charge on unwinding of discounts of RMB7,516,000 has been recognised.

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories (<i>note (i)</i>)	1,429,736	1,752,866
Short-term leases payment	1,730	1,980
Depreciation of property, plant and equipment	532,454	426,421
Amortisation of coal mining rights (included in cost of sales)	416,840	491,012
Depreciation of right-of-use assets	6,272	5,275
Auditors remuneration		
– audit services	2,861	2,527
– non-audit services	2,200	1,873
Employee benefit expenses (excluding directors and chief executives remuneration)		
– Salaries, allowances and benefits in kind	511,861	588,281
– Contributions to retirement benefit schemes	16,966	41,274
	<u>528,827</u>	<u>629,555</u>

Note:

- (i) Cost of inventories included approximately RMB1,251,998,000 (2023: RMB1,305,536,000) relating to employee benefit expenses, depreciation of property, plant and equipment and amortisation of coal mining rights which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

9. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of comprehensive income represents:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax expense		
– PRC Corporate Income Tax	151,696	223,329
– Indonesia withholding Income Tax	24,178	–
– Underprovision of PRC Corporate Income Tax in prior years	–	20,216
	175,874	243,545
Deferred tax	(143,445)	(83,435)
Income tax expense	32,429	160,110

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands (2023: nil).
- (ii) Provision for the Hong Kong Profit Tax was based on the statutory rate of 16.5% (2023: 16.5%) of the assessable profit of subsidiaries which carried on business in Hong Kong.
- (iii) Provision for the PRC Corporate Income Tax was based on the statutory rate of 25% (2023: 25%) of the assessable profits of subsidiaries which carried on businesses in the PRC.
- (iv) Provision for the Indonesia Corporate Income Tax was based on the statutory rate 22% (2023: 22%) of the assessable profits of subsidiaries which carried on businesses in the Indonesia. No provision for Indonesia Corporate Income Tax has been made in the consolidated financial statements as the Group had no assessable profits in Indonesia for the years ended 31 December 2024 and 2023.

10. EARNINGS PER SHARE

Basic earnings per share

The calculations of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

The calculations of basic earnings per share attributable to ordinary equity shareholders of the Company for the years ended 31 December 2024 and 2023 respectively are based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>Earnings</u>		
Profit for the year attributable to equity shareholders of the Company	501,944	200,346
Less: Distribution relating to perpetual subordinated convertible securities classified as equity	<u>(5,334)</u>	<u>(5,273)</u>
Profit for the year attributable to ordinary equity shareholders of the Company in calculating basic earnings per share	<u>496,610</u>	<u>195,073</u>
<u>Shares</u>	<u>Number of shares</u>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,494,568,232</u>	<u>2,493,413,985</u>

Diluted earnings per share

The calculations of diluted earnings per share attributable to ordinary equity shareholders of the Company for the years ended 31 December 2024 and 2023 respectively are based on the following data:

	2024 RMB'000	2023 RMB'000
<u>Earnings</u>		
Profit for the year attributable to ordinary equity shareholders of the Company used in calculating basic earnings per share	496,610	195,073
Add: Distribution relating to perpetual subordinated convertible securities classified as equity	<u>5,334</u>	<u>5,273</u>
Adjusted profit for the year attributable to equity shareholders of the Company used in calculating diluted earnings per share	<u>501,944</u>	<u>200,346</u>
<u>Shares</u>	<u>Number of shares</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,494,568,232</u>	<u>2,493,413,985</u>
Adjustments for calculation of diluted earnings per share:		
Share options	17,677,816	–
Perpetual subordinated convertible securities	<u>118,000,000</u>	<u>118,000,000</u>
Adjusted weighted average number of shares classified as equity for the purpose of diluted earnings per share	<u>2,630,246,048</u>	<u>2,611,413,985</u>

For the year ended 31 December 2023, the computation of diluted earnings per share had not assumed the exercise of the Company's outstanding share options since the adjusted exercise prices of these options were higher than the average market prices of shares for the outstanding period during the year ended 31 December 2023.

11. DIVIDEND

	2024 RMB'000	2023 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 Special dividend – HKD 0.02 per share (2023: nil)	<u>46,938</u>	<u>–</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HKD0.02 (2023: nil) per ordinary share has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. COAL MINING RIGHTS

The balance represents the rights to conduct mining activities in Shanxi Province, PRC and South Kalimantan, Indonesia. The Group has no formal title of ownership over the lands where the PRC mine sites are located, hence none of the carrying amount of right-of-use assets relates to these lands located in the PRC. The Department of Land Resources of Shanxi Province, PRC and Kalimantan Province, Indonesia issued and renewed several mining rights certificates to the Group. Details of the Group's coal mining rights are as follows:

Coal mining rights	Expiry date
<i>Shanxi Province, PRC</i>	
Xingtao Coal Mine	14 September 2034
Fengxi Coal Mine	24 January 2034
Chongsheng Coal Mine	14 December 2039
Xinglong Coal Mine	14 June 2034
Hongyuan Coal Mine	13 July 2030
<i>Kalimantan, Indonesia</i>	
SDE Coal Mine	14 May 2034
VSE Coal Mine	14 May 2034
IMJ Coal Mine	14 May 2034
SME Coal Mine	14 May 2034

As at 31 December 2024, the Group's coal mining rights in the PRC with net carrying amount of approximately RMB1,378,449,000 (2023: RMB1,830,198,000) were pledged for the Group's borrowings (Note 17).

13. PROPERTY, PLANT AND EQUIPMENT

The directors of the Company estimated the recoverable amounts of each of the cash-generating units to which coal mining rights and related property, plant and equipment have been allocated. As a result, impairment losses amounted to RMB34,907,000 and RMB14,925,000 on the Group's coal mining rights and the related property, plant and equipment in the PRC (2023: RMB12,443,000 and RMB32,712,000 on the Group's coal mining rights and the related property, plant and equipment in the PRC) were recognised for the year ended 31 December 2024. As at 31 December 2024, the carrying amounts of coal mining related property, plant and equipment amounted to RMB4,302,157,000 (2023: RMB3,810,074,000).

14. INTEREST IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Unlisted investment:		
Unlisted shares, at cost	49,000	49,000
Share of post-acquisition loss and other comprehensive loss	(2,433)	(2,433)
Impairment loss	<u>(36,757)</u>	<u>(46,567)</u>
	<u>9,810</u>	<u>–</u>

The following list contains the particulars of the Group's associate at the end of the reporting period of 2024 and 2023:

Name of associate	Place of establishment	Proportion of ownership interest			Principal activities and place of operation
		Group's effective interest	Held by The Company	Held by a subsidiary	
Tongmei Qinfu (Zhuhai) Holdings Co, Ltd. ("Tongmei Qinfu")	PRC	49% (2023: 49%)	–	49% (2023: 49%)	Sales of coal in the PRC

15. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	110,488	102,043
Less: allowance for credit loss	<u>(36,292)</u>	<u>(36,302)</u>
	<u>74,196</u>	<u>65,741</u>

Ageing analysis

An ageing analysis of trade receivables (net of allowance for credit losses) of the Group is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 2 months	51,689	43,234
Over 2 months but within 6 months	–	–
Over 6 months but within 1 year	–	–
Over 1 year but within 2 years	–	–
Over 2 years (<i>note</i>)	<u>22,507</u>	<u>22,507</u>
	<u>74,196</u>	<u>65,741</u>

The ageing is counted from the date when trade receivables are recognised.

Note:

As at 31 December 2024, trade receivables aged over 2 years amounting to approximately RMB22,507,000 (2023: RMB22,507,000) were due from customers which the Group has trade and other payable balances with amounts not less than the respective trade receivables as at the end of the reporting period. Based on past experience and repayment history of the trade debtors, the directors of the Company believe that no impairment allowance is necessary in respect of these balances.

Credit terms granted to customers mainly range from 0 to 60 days (2023: 0 to 60 days) depending on customers relationship with the Group, their creditworthiness and past settlement record.

16. TRADE PAYABLES

An ageing analysis of trade payables of the Group based on invoice date is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	261,399	372,346
Over 1 year but within 2 years	18,925	32,557
Over 2 years	<u>45,101</u>	<u>15,696</u>
	<u>325,425</u>	<u>420,599</u>

17. BORROWINGS

		2024	2023
	Notes	RMB'000	RMB'000
Bank loans			
– Secured	(i)	519,330	731,799
– Unsecured	(ii)	<u>469,500</u>	<u>531,000</u>
		<u>988,830</u>	<u>1,262,799</u>
Other borrowings	(iii)		
– Secured Loan I		152,627	1,666,520
– Secured Loan II		–	98,533
– Secured Loan III		–	492,444
– Unsecured		<u>43,033</u>	<u>45,746</u>
		<u>195,660</u>	<u>2,303,243</u>
Total borrowings		<u><u>1,184,490</u></u>	<u><u>3,566,042</u></u>

Notes:

- (i) Secured bank loans bear interest at rates of 0.5% to 4.00% (2023: 1.85% to 4.00%) per annum as at 31 December 2024.
- (ii) Unsecured bank loans bear interest at rates ranging from 5.40% to 7.50% (2023: 5.40% to 7.80%) per annum as at 31 December 2024.
- (iii) Other borrowings bear interest at rates 7.24% to 7.31% (2023: ranging from 7.24% to 7.31%) per annum as at 31 December 2024.

As at 31 December 2024, borrowings of the Group were repayable as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year or on demand	737,990	1,876,125
Over 1 year but within 2 years	357,000	1,337,917
Over 2 years but within 5 years	<u>89,500</u>	<u>352,000</u>
	<u>446,500</u>	<u>1,689,917</u>
	<u><u>1,184,490</u></u>	<u><u>3,566,042</u></u>

Due to breach of loan covenants and/or occurrence of default events (including the breach of cross default clauses), certain bank and other borrowings with the aggregate carrying amount of nil (2023: approximately RMB492,444,000), in which the aggregate amount of nil (2023: RMB492,444,000) was past due, and had been due for immediate payment.

18. CONTINGENT LIABILITIES/PROVISION

(a) Outstanding litigations

(i) *Litigation claims relating to dividends to non-controlling shareholders of Huameiao Energy*

On 1 September 2020, there was a litigation initiated by the non-controlling shareholders of Huameiao Energy against the Group to claim for their entitled benefits in respect of acquiring 20% of coal production of Xingtao Coal Mine, Fengxi Coal Mine and Chongsheng Coal Mine held by subsidiaries of Huameiao Energy from the year of 2013 to 2020 at production cost prices as the distributions entitled to non-controlling shareholders of Huameiao Energy for the aforesaid period, which were equivalent to aggregate amount of approximately RMB705,860,000.

Pursuant to the judgment issued by the Shanxi Provincial Shuozhou Municipal Intermediate People's Court on 14 October 2023, the Group was ordered to deliver 6.03 million tonnes of coal to non-controlling shareholders without any charge. Subsequently, the Group filed an appeal against the court judgment. On 31 July 2024, the Shanxi Provincial High People's Court issued a ruling in respect of the appeal and the original judgment issued by the Shanxi Provincial Shuozhou Municipal Intermediate People's Court was revoked in view of its deviation from the legal claims by the non-controlling shareholders. Consequently, the Shanxi Provincial High People's Court decided to remand this case to the Shanxi Provincial Shuozhou Municipal Intermediate People's Court for retrial.

(i) *Litigation claims relating to dividends to non-controlling shareholders of Huameiao Energy*

Following the retrial, on 28 December 2024, the Shanxi Provincial Shuozhou Municipal Intermediate People's Court ordered the Group to compensate the non-controlling shareholders RMB513,000,000 for the years of 2013 to 2020. Subsequently, the Group filed an appeal against the court judgment. Up to the date when the consolidated financial statements are authorised for issue, the aforesaid appeal is still in progress.

Additionally, one of the aforementioned non-controlling shareholders initiated separate litigation against the Group on 30 October 2024, claiming entitled benefits for 10% of coal production from Xingtao Coal Mine, Fengxi Coal Mine, and Chongsheng Coal Mine held by subsidiaries of Huameiao Energy from the years of 2021 to 2023 at production cost prices as the distributions entitled to non-controlling shareholders of Huameiao Energy for the aforesaid period, which were equivalent to aggregate amount of approximately RMB412,262,000. On 24 February 2025, an application for amendment of litigation claims related to the aforementioned case, wherein the claimed amount was revised to approximately RMB234,848,000, was submitted by the non-controlling shareholder to the court.

Up to the date when the consolidated financial statements are authorised for issue, the aforesaid litigation claims are still in progress.

(ii) *Litigation claims relating to the performance of the purchase contract execution between Shanxi Yunxin International Trade Co., Ltd ("Shanxi Yunxin") and Huameiao Energy and Fengxi Coal*

During the year ended 31 December 2019, there was a litigation claim initiated by Shanxi Yunxin against the Group to demand immediate repayment of overdue payable in relation to purchases of consumables and equipment by the Group. The overall claim amount of approximately RMB73,306,000, which including the aforesaid payable to this supplier of approximately RMB54,124,000 and late penalty interest of approximately RMB19,182,000. Up to the date when the consolidated financial statements are authorised for issue, the litigation claim is still in progress.

The directors of the Company are of the opinion in respect of all the above litigation that the Group has a valid ground to defend against the claim or else made sufficient provision when necessary in the consolidated statement of financial position as at 31 December 2024.

Other than the disclosure of above, as at 31 December 2024, the Group was not involved in any other material litigation or arbitration. As far as the directors of the Company were aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2024, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the directors of the Company believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

(b) Financial guarantees issued

As at the end of each reporting period, the Group has issued the guarantees to certain banks and one other borrowing creditor in respect of borrowings made by Tongmei Qinfu, an associate of the Group. Under the guarantee, the Group that is a party to the guarantee are jointly and severally liable for any of the borrowings of Tongmei Qinfu from those banks and the other borrowing creditor.

The maximum liability of the Group at 31 December 2024 under the guarantees issued is a portion of the outstanding amount of the borrowings of Tongmei Qinfu amounting to approximately RMB249,000,000 (2023: RMB259,000,000).

(c) Borrowing default clause

The settlement agreements entered into between the Group and asset management companies contained default clauses which the Group will be required to repay the outstanding balance of the original borrowings and interest payable if the Group fails to repay the new borrowings by instalments in accordance with the respective repayment schedule.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading non-state owned thermal coal supplier in China, and it operates an integrated coal supply chain, including coal mining, purchase and sales, filtering, storage and blending of coal in the PRC and Indonesia. During the year ended 31 December 2024, the Group continued to focus on these business activities and expanded its integrated coal supply chain to the overseas.

BUSINESS REVIEW

Cooperation between State-Owned Enterprises and Private Enterprises for mutual benefit in Development of the SDE Coal Project

2024 is a year of steady development and innovative breakthroughs for the Group. After approximately two years of negotiations, the Group and Zhejiang Energy International Ltd. successfully finalised the cooperation agreement for the Indonesia SDE Coal Project, and the completion ceremony was held in Hong Kong in November 2024. The strategic cooperation between the Group and Zhejiang Energy International Ltd. marks a new milestone for the SDE Coal Project, sharing development opportunities for both parties to achieve mutual benefits. At the same time, it also has a leading and driving role in facilitating a collaborative development between state-owned enterprises and private enterprises. As a private coal enterprise, the Group actively implements the national policy of “Belt and Road” Initiative, jointly playing the role of the bellwether with Zhejiang Energy International Ltd. in promoting coal enterprises in China to the world and expanding into the overseas market.

Since the commencement of the construction of the SDE Coal Project in Indonesia, the Group has introduced developed and advanced underground mining technology, equipment and management standards from the domestic market into Indonesia. The Group started from scratch, overcoming numerous technical challenges throughout the process from geological exploration, coal mine design, construction of surrounding facilities to extraction, and successfully built the first high-standard underground coal mine in Indonesia, of which the first SDE mine commenced production smoothly in 2023 and the second SDE mine is progressing well currently. The SDE Coal Project is currently the largest underground mine in Indonesia. Along with the local construction and successful investment, the Group has laid a solid foundation for the transformation and development of coal mining in Indonesia. It is expected that the competitiveness of the Group in Southeast Asian market will further enhance after commencing production of the second SDE mine.

Acquisition Successfully for Three Mining Business Licenses

In June 2024, the Group successfully acquired the mining business licenses from PT Indonesia Mutli Energi, PT Vipronity Power Energy and PT Sugico Pendragon Energi, respectively. The transfer of the three mining business licenses to the three companies, namely PT Inisiasi Merdeka Jaya (“**IMJ**”), PT Venerasi Sejahtera Energi (“**VSE**”) and PT Suprema Marulabo Energi (“**SME**”), which the Company indirectly holds 70% equity interest, has been completed. Currently, the Group holds a total of nine coal mines with five of them located in China and four of them located in Indonesia.

Fengxi Coal and Chongsheng Coal were awarded the “Special Grade” Safe and Efficient Coal Mine Honour

On 10 December 2024, the China National Coal Association released a list of “2022–2023 Safe and Efficient Coal Mines* (2022–2023年度煤炭工業安全高效煤礦),” which established categories of “Special Grade”, “Grade 1” and “Grade 2”. Fengxi Coal and Chongsheng Coal of the Group were ranked the “Special Grade” safe and efficient mines. According to the “Measures for the Coal Advanced Production Capacity Management* (《煤炭先進產能管理辦法》)” (Jin Neng Yuan Gui [2024] No. 2) by the Energy Administration of Shanxi Province* (山西能源局), the awarding as “Special Grade” safe and efficient mines for the Fengxi Coal and Chongsheng Coal indicate that both coals have been listed into the advanced production capacity mines in Shanxi Province.

The list of “Safe and Efficient Coal Mines in Coal Industry” is organised and reviewed by the China National Coal Association. Its selection process first involves recommendations and preliminary reviews by provincial, municipal and district coal industry management departments and industry associations, following by submission to the China National Coal Association. Experts from the China National Coal Association would conduct procedures such as random on-site spot checks and acceptance inspections and reviewing public announcements to ultimately finalise the shortlist.

As a leading coal enterprise in the industry, the Group actively implements the new national energy security strategy, aiming to enhance quality and efficiency. The Group is convinced that coal companies will be able to remove the stigma of environmental destruction in the future by researching and developing new technologies such as green intelligent mining and clean low-carbon intensive utilisation.

Awarded the “2024 Outstanding Human Resources Research Achievement”

The Group has always regarded its staff as the most important asset of the enterprise and is committed to nurturing and discovering talent. Therefore, the Group has established a new staff training programme, namely “Mining Talents, Shining in Qinfa”. This training programme would provide opportunities for the new generation to give full play to their abilities, at the same time, a talent team would also be established through it to provide high-calibre talent reserves for the coal industry in China and Indonesia, injecting new vitality into the coal mining industry.

* For identification purposes only

In 2024, the Group was awarded the “2024 Outstanding Human Resources Research Achievement” by the Guangdong Provincial Human Resources Professional Teaching Reform and Human Resources Research Seminar. This award was jointly evaluated and selected by the Guangdong Academy of Human Resources under the guidance of the Human Resources Development of China, in collaboration with tertiary institutions, such as Guangdong University of Foreign Studies and Guangdong University of Technology, and advanced units, such as Tsinghua University Press and China Renmin University Press. This award fully reflects the affirmation of the Group’s talent development mechanism by senior industry organisations in the industry and also demonstrates the public’s recognition of the Group’s corporate culture of “Integrity and Diligence.”

As of 31 December 2024, the Group owned five coal mines in China and four coal mines in Indonesia. The table sets forth certain information about these coal mines.

	Location	Ownership	Site area <i>(sq. km)</i>	Production capacity <i>(million tonnes)</i>	Operation status
Huameiao Energy – Xingtao Coal	Shuozhou Shanxi	80%	4.25	1.5	Under operation
Huameiao Energy – Fengxi Coal	Shuozhou Shanxi	80%	2.43	0.9	Under operation
Huameiao Energy – Chongsheng Coal	Shuozhou Shanxi	80%	2.88	0.9	Under operation
Shenda Energy – Xinglong Coal	Xinzhou Shanxi	100%	4.01	0.9	Under development (Temporarily suspended)
Shenda Energy – Hongyuan Coal	Xinzhou Shanxi	100%	1.32	0.9	Under development (Temporarily suspended)
Sumber Daya Energi – SDE Coal	South Kalimantan, Indonesia	45%	185	6-10	Under operation
Venerasi Sejahtera Energi – VSE Coal	South Kalimantan, Indonesia	70%	91.38	N/A	Under exploration
Inisiasi Merdeka Jaya – IMJ Coal	South Kalimantan, Indonesia	70%	33.05	N/A	Under exploration
Suprema Marulabo Energi – SME Coal	South Kalimantan, Indonesia	70%	60	N/A	Under exploration

COAL CHARACTERISTICS

Characteristics and typical commercial and raw coal quality of the commercial coal produced by the Group's operating mines are as follows:

Coal Quality Characteristic	Huameiao Energy - Xingtao Coal	Huameiao Energy - Fengxi Coal	Huameiao Energy - Chongsheng Coal	Shenda Energy - Xinglong Coal	Shenda Energy - Hongyuan Coal	Sumber Daya Energi - SDE Coal (note)
Coal Seam	4, 8, 9, 10, 11	11	4, 9.1, 11	2, 5	2, 5, 6	B
Moisture (%)	7-10	8-12	8-12	8.5	8.5	6.8-7.7
Ash (db, %)	20-28	20-28	20-28	21.45	30-72	33.7-35.1
Sulfur (db, %)	1.4-1.9	1.2-1.6	1.6-4.0	1.52	1.45	0.6-1
Calorific Value (average, kcal/kg, net, ar)	4,650-5,200	4,500-5,100	4,600-5,150	4,838	4,187	4,450-4,500

Note:

The characteristic of SDE produced coal is based on the quality of raw coal. Since the commencement of operation of the coal washing plant in December 2024, the quality of washed and selected coal would be increased.

OPERATING DATA

Reserves and Resources

	Huameiao Energy – Xingtao Coal (i)	Huameiao Energy – Fengxi Coal (i)	Huameiao Energy – Chongsheng Coal (i)	Shenda Energy – Xinglong Coal	Shenda Energy – Hongyuan Coal	Sumber Daya Energi – SDE Coal (i)	Total
Reserves							
Reserves as of 1 January 2024 (Mt)	9.53	3.98	2.69	13.50	10.46	307.95	348.11
Less: Total coal reserve depleted from mining operation for the year (Mt)	(2.39)	(3.04)	(1.29)	–	–	(2.57)	(9.29)
Add: adjustment (note ii)	–	–	3.32	–	–	–	3.32
Reserves as of 31 December 2024 (Mt)	7.14	0.94	4.72	13.50	10.46	305.38	342.14
– Proven reserves	3.12	–	–	–	–	6.13	9.25
– Probable reserves	4.02	0.94	4.72	13.50	10.46	299.25	332.89
Resources (measured + indicated + inferred) (note iii)							
Resources as of 1 January 2024 (Mt)	47.77	6.63	12.11	45.83	23.45	968.31	1,104.10
Less: Total coal reserve depleted from mining operation for the year (Mt)	(2.39)	(3.04)	(1.29)	–	–	(2.57)	(9.29)
Add: adjustment (note ii)	–	–	6.78	–	–	–	6.78
Resources (measured + indicated + inferred) as of 31 December 2024 (mt) (note iii)	45.38	3.59	17.60	45.83	23.45	965.74	1,101.59
Resources (inferred) as of 31 December 2024 (Mt)	5.82	1.40	8.10	10.75	2.58	379.40	408.05

Note:

- (i) The Group engaged an independent mineral industry consultant to estimate the total coal reserves and resources of the Xingtao Coal as at 31 December 2020, the Fengxi Coal and SDE Coal as at 31 December 2023 and the Chongsheng Coal as at 31 December 2024 in accordance with the JORC Code.
- (ii) The adjustment of total coal reserves and resources represents the difference between the estimated figures by an independent mineral industry consultant for the year ended 31 December 2024. The adjustment is based on the latest updated mine plan to extract the coal resources released beneath the fixed assets.
- (iii) Resources (measured + indicated + inferred) comprises inferred resources.

The following table sets forth the full-year production figures at the abovementioned mines for the years indicated:

	Year ended 31 December	
	2024	2023
Raw coal production volume	'000 tonnes	'000 tonnes
Huameiao Energy – Xingtao Coal	2,387	2,878
Huameiao Energy – Fengxi Coal	3,044	2,894
Huameiao Energy – Chongsheng Coal	1,294	1,740
Sumber Daya Energi – SDE Coal	2,569	139
	<hr/>	<hr/>
Total	9,294	7,651

	Year ended 31 December	
	2024	2023
Commercial coal production volume (note)	'000 tonnes	'000 tonnes
Huameiao Energy – Xingtao Coal	1,552	1,870
Huameiao Energy – Fengxi Coal	1,979	1,881
Huameiao Energy – Chongsheng Coal	841	1,131
Sumber Daya Energi – SDE Coal	308	–
	<hr/>	<hr/>
Total	4,680	4,882

Notes:

- (i) According to the competent person's report as at cut-off date of 31 December 2021, the historical operation of the Xingtao Coal achieved an average of 65% of mixed marketable raw coal yield. According to the competent person's report as at cut-off date of 31 December 2023, the historical operation of the Fengxi Coal achieved an average of 65% of mixed marketable raw coal yield. According to the competent person's report as at cut-off date of 31 December 2024, the historical operation of the Chongsheng Coal achieved an average of 65% of mixed marketable raw coal yield. According to the competent person's report as at cut-off date of 31 December 2023, the historical operation of the SDE Coal achieved an average of 75% of mixed marketable coal yield.
- (ii) The total raw coal production volume comprises the commercial coal production volume.

FINANCIAL REVIEW

Revenue

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Coal business	<u>2,600,933</u>	<u>3,449,182</u>
	<u>2,600,933</u>	<u>3,449,182</u>

Coal business

	Year ended 31 December	
	2024	2023
	<i>'000 tonnes</i>	<i>'000 tonnes</i>
Coal Handling and Trading Volume of Coal Business	<u>5,161</u>	<u>5,187</u>

During the year ended 31 December 2024, the volume of the Group's coal handling and trading decreased as compared with 2023. The coal selling prices during the year ended 31 December 2024 were in range between RMB237 per tonne and RMB640 per tonne, as compared to the coal selling prices between RMB330 per tonne and RMB941 per tonne in 2023. Average coal selling price decreased during the year.

The SDE port officially obtained the operating permit on 12 July 2024 and commenced sales of coal. From July to November 2024, the SDE port sold a total of 567,000 tonnes of coal, mainly consisting of engineering coal produced during the mine infrastructure construction period and a small amount of raw coal produced after the commencement of production. Among the cumulative sales of 842,000 tonnes in 2024, only 73,000 tonnes were commercial coal after washing and selection. Due to the relatively low market selling price of engineering coal and raw coal, the selling price and gross profit of engineering coal and raw coal from July to November 2024 were relatively low, and the low selling price of engineering coal and raw coal had a certain impact on the Group's overall profitability. The coal washing plant in Indonesia has officially commenced operation in December 2024. After the commencement of operation of the coal washing plant, the SDE port will be able to sell washed and selected coal, which is expected to have a significantly higher selling price than engineering coal and raw coal, thereby help enhance the Group's sales revenue and gross profit margin. With the official commencement of operation of the coal washing plant, starting from December 2024, the coal sales structure at the SDE port will be gradually optimized, and the sales proportion of washed and selected coal will increase. The higher selling price of washed and selected coal will help improve the Group's profitability and enhance the overall economic effectiveness of the SDE Coal Mine.

The average coal selling price and the average monthly coal handling and trading volume for each of the three years ended 31 December 2024 are set forth in the table below:

	Year ended 31 December		
	2024	2023	2022
Average coal selling price (<i>RMB per tonne</i>)	504	665	838
Average monthly coal handling and trading volume (<i>'000 tonnes</i>)	430	432	377

Cost of Sales

Cost of sales of the Group in 2024 amounted to RMB2,086.4 million, representing a decrease of 18.9% compared with RMB2,571.2 million in 2023. The cost of sales decreased due to decrease in transportation cost, materials and consumables.

The Group produced coal mainly from Shanxi province in the PRC and Kalimantan in Indonesia. The following table sets forth information regarding the Group's origins of coal based on sales volume and revenue in 2024 and 2023:

Origins of coal	Year ended 31 December			
	2024		2023	
	Sales volume '000 tonnes	Revenue RMB'000	Sales volume '000 tonnes	Revenue RMB'000
China	4,319	2,298,696	5,187	3,449,182
Indonesia	842	302,237	—	—
	<u>5,161</u>	<u>2,600,933</u>	<u>5,187</u>	<u>3,449,182</u>

The Group has stable coal production and has established stable cooperative relationships with its key PRC domestic customers.

Gross Profit

The Group's gross profit margin was 19.8% during the year ended 31 December 2024 as compared with gross profit margin of 25.5% during the year ended 31 December 2023. Gross profit margin decreased mainly due to the decrease in average selling price of thermal coal.

Other Income, Gains and Losses

During the year ended 31 December 2024, the Group's other income, gains and losses amounted to a net gain of RMB547.3 million, representing an increase of approximately RMB545.3 million, as compared with a net gain of RMB2.0 million in 2023. The increase in other income, gains and losses in 2024 was mainly due to the turnaround from net loss on the substantial/non-substantial modification of borrowing of approximately RMB14.5 million for the year ended 31 December 2023 to net gain on the substantial/non-substantial modification of borrowing of approximately RMB555.5 million for the year ended 31 December 2024.

Distribution Expenses

Distribution expenses increased by 63.6% to RMB3.6 million for the year ended 31 December 2024, as compared with RMB2.2 million in 2023. The distribution expenses increased mainly due to increase in staffs costs.

Administrative Expenses

During the year ended 31 December 2024, the Group's administrative expenses amounted to RMB239.2 million, representing a decrease of 19.6%, as compared with RMB297.6 million in 2023. The administrative expenses decreased mainly due to decrease in administrative staff cost and other costs resulted from cost control measures.

Other Expenses

During the year ended 31 December 2024, the Group's other expenses amounted to RMB27.3 million, representing an increase of 143.8%, as compared with RMB11.2 million in 2023. The increase in other expenses was mainly due to increase in government charges.

Net Finance Costs

Net finance costs of the Group in 2024 amounted to RMB161.6 million, representing a decrease of 5.9%, as compared with RMB171.7 million in 2023. The decrease was mainly due to repayment in borrowings.

Profit attributable to the equity shareholders of the Company

Profit attributable to the equity shareholders of the Company for the year ended 31 December 2024 was RMB501.9 million, as compared with profit attributable to the equity shareholders of the Company of RMB200.3 million in 2023. The increase in profit attributable to equity shareholders of the Company was mainly attributable to the net effect of the following factors:

- (i) an increase in net gain on the substantial/non-substantial modification of borrowings;
- (ii) the decrease in the average coal selling price; and
- (iii) impairment losses on property, plant and equipment and coal mining rights due to decrease in average coal selling price.

NET CURRENT LIABILITIES AND CURRENT RATIO

As of 31 December 2024, the Group had net current liabilities of RMB2,094.9 million, compared with RMB3,324.8 million as of 31 December 2023. The Group's current ratio as of 31 December 2024 was 0.5, compared with 0.36 as of 31 December 2023. The current liabilities and current ratio was improved because of repayment of borrowing.

CAPITAL EXPENDITURE AND COMMITMENTS

For the year ended 31 December 2024, the Group incurred an aggregate capital expenditure of RMB909.9 million (2023: RMB1,136.3 million) mainly related to the purchase of plant and equipment. Capital commitments contracted for but not incurred by the Group as of 31 December 2024 amounted to RMB91.2 million (2023: RMB26.2 million), which were mainly related to the purchase of plant and equipment.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Company during the year. The capital of the Group companies are mainly the ordinary shares and perpetual subordinated convertible securities (“PSCS”).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts stringent financial management policies and strives to maintain a healthy financial condition. The Group funds its business operations and general working capital by internally generated financial resources and bank and other borrowings. As at 31 December 2024, the Group recorded net current liabilities of RMB2,094.9 million (2023: RMB3,324.8 million).

The Group has taken initiative to enhance the financial flexibility by diversifying the funding bases and obtain medium term loans to replace short term loans. The Group is currently negotiating with financial institutions to consider ways to improve the Group's working capital. As of 31 December 2024, the cash and cash equivalents of the Group amounted to RMB1,025.5 million (2023: RMB302.7 million) increased mainly because of the completion of the disposal of 40% interest in Lead Far Development Limited.

As at 31 December 2024, the bank and other borrowings of the Group amounting to RMB738.0 million (31 December 2023: RMB1,876.1 million) were classified as current liabilities. No bank and other borrowings was past due and due for immediate payment as at 31 December 2024 (2023: RMB492.4 million). Certain other borrowing with the aggregate carrying amount of RMB492.4 million as at year ended 31 December 2023 was restructured in year 2021 as referred to in the announcement of the Company dated 13 December 2021. The bank and other borrowings carried interest at rates ranging from 0.5% to 7.8% (2023: 1.85% to 7.8%) per annum.

As at 31 December 2024, the Group had total banking and other borrowing facilities of RMB1,638.2 million (2023: RMB3,566.0 million), of which RMB1,184.5 million (2023: RMB3,566.0 million) were utilised.

As at 31 December 2024, the Group's cash and cash equivalents, mainly except amount of RMB64.2 million in United States dollars ("USD"), amount of RMB18.6 million in HKD, amount of RMB77.0 million in Indonesian Rupiah, amount of RMB2.0 million in Euro, amount of RMB0.6 million in Singapore Dollar, were held in RMB. All the Group's bank and other borrowings were made in RMB.

The gearing ratio (calculated as total liabilities divided by total assets) of the Group as at 31 December 2024 was 59.6% (2023: 95.9%). The gearing ratio decreased due to repayment of loan during the year of 2024.

For the funding policy, the Group funds its working capital and other capital requirements from a combination of various sources, including but not limited to internal resource and external borrowing at reasonable interest rates.

For the treasury policy, the Group adopts centralized management on financing activities and prudent financial management approach on the use of capital.

As at 31 December 2024, the Group had total banking and other borrowing of RMB1,184.5 million (31 December 2023: RMB3,566.0 million), of which RMB79.0 million (31 December 2023: RMB84.1 million) were made in Euro, RMB46.3 million (31 December 2023: nil) were made in IDR, and RMB1,059.2 million (31 December 2023: RMB3,481.9 million) were made in RMB.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's cash and cash equivalents are held predominately in RMB, USD and Indonesian Rupiah. Operating outgoings incurred by the Group's subsidiaries in the PRC are mainly denominated in RMB while overseas purchases are usually denominated in USD and Indonesian Rupiah. The Group's subsidiaries usually receive revenue in RMB. Hence, the Directors do not consider that the Group faces significant exposure to foreign exchange fluctuation risk.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2024, the Group's assets in an aggregate amount of RMB2,134.9 million (2023: RMB2,899.5 million) in forms of property, plant and equipment, coal mining and bank deposits were pledged to banks and asset management companies for credit facilities granted to the Group.

The loan of approximately RMB152.6 million as at 31 December 2024 was fully repaid on 3 January 2025 and the subsequent process on release of pledge is being handled by the Group.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDER

Fortune Pearl International Limited, which is wholly-owned by Mr. Xu Jihua, the controlling shareholder, pledged 949,000,000 shares of the Company, representing approximately 37.42% of the issued share capital of the Company, for the purpose of securing the loan of approximately RMB152.6 million as at 31 December 2024 (as at 31 December 2023: RMB1,666.5 million) owed by certain subsidiaries of the Group to a creditor. The loan of approximately RMB152.6 million as at 31 December 2024 was fully repaid on 3 January 2025 and Mr. Xu Jihua is subsequently processing the release of pledge with creditor. In addition, pursuant to the debt restructuring proposal, if there is any material change in the shareholding of the Company held by the controlling shareholder of the Company, the creditor shall have the right to withdraw the debt reduction and the revised repayment schedule granted to the Group. For details, please refer to the announcement of the Company dated 9 August 2018.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 25 June 2024 (after trading hours), the Group entered into a sale and purchase agreement, pursuant to which the Group conditionally agreed to sell 40% shareholding interest in Lead Far Development Limited (“**Lead Far**”). Completion has taken place on 28 November 2024. Upon completion, Lead Far was owned as to 60% by Qinfa Investment Limited, a wholly-owned subsidiary of the Company, and 40% by Zhejiang Energy Asia Pacific Holding Limited.

During the year, save as disclosed in this announcement, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTINGENT LIABILITIES AND LITIGATIONS

Except for certain matters related to litigations disclosed in Note 18 to the consolidated financial statements in this announcement, the Group did not have any material contingent liabilities as at 31 December 2024.

FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2024

The Board has recommended a final dividend of HKD0.02 per share for the year ended 31 December 2024 (2023: Nil) payable to shareholders whose names appear on the register of members of the Company on 30 June 2025. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company and, if approved, is expected to be paid on or before 5 August 2025.

EMPLOYEES AND REMUNERATION

As of 31 December 2024, the Group employed 3,612 employees. The Group has adopted a performance-based reward system to motivate its staff and such system is reviewed on a regular basis. In addition to the basic salaries, year-end bonuses may be offered to staff members with outstanding performance.

Subsidiaries of the Company established in the PRC are also subject to central pension scheme operated by the local municipal government. In accordance with the relevant national and local labour and social welfare laws and regulations, subsidiaries of the Company established in the PRC are required to pay on behalf of their employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and other relevant insurance. Subsidiaries of the Company incorporated in Hong Kong have participated in mandatory provident fund scheme, if applicable, in accordance with Mandatory Provident Fund Schemes Ordinance.

Moreover, the Company adopted a post-IPO share option scheme to incentivise and retain staff members who have made contribution to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

BUSINESS OUTLOOK

Development of SDE Coal Mine

Since the first quarter of 2025, the production volume of SDE Coal Mine has surpassed the Group's domestic coal mines, becoming an important pillar of the Group's coal business. The total coal reserves of the SDE coal mine amounted to 305,380,000 tonnes, significantly higher than the total reserves of domestic coal mines at 36,760,000 tonnes, indicating its substantial development potential. In the future, the Group will concentrate resources to further promote the development of SDE Coal Mine and actively seek collaboration with more large-scale enterprises in the energy or coal industry, in order to enhance resource development efficiency and market competitiveness. In addition, the construction of second SDE mine is currently accelerated, and it is expected to commence official production in 2026. After the commissioning of second SDE mine, the production capacity is expected to be over double as compared with the current level, bringing more significant economic benefits to the Group.

Development of other Coal Mines of the Group

In 2024, the Group successfully acquired 70% equity interests in three Indonesian coal mines (IMJ, VSE, SME), further expanding its deployment in the Indonesian market. The Group will adopt the successful model of the SDE Coal Mine, introduce strategic cooperation with Chinese large-scale energy enterprises and state-owned enterprises, and expedite the cooperative advancement of coal mine development and construction. Through close cooperation with national strength, the Group will fully leverage its resource advantages to achieve steady growth in its coal business.

Further Acquisition of Indonesian Coal Mines

In the future, the Group will continue to focus on development opportunities in the Indonesian market and actively seek for high-quality coal mines and mining rights at reasonable acquisition prices to further expand resource reserves, so as to maintain the Group's rapid development over the next decade.

Future Development Direction of the Group

Looking forward, the Group will further focus on the Indonesian market and fully leverage the abundant coal resources and favourable investment environment in the region to promote the international development of its coal business. By continuously acquiring high-quality coal mines, introducing strategic partners, and accelerating coal mine construction, the Group will continuously enhance its production capacity and market share, create greater value for shareholders, and make positive contribution to the global energy supply.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code (the “**Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the financial year ended 31 December 2024.

AUDIT COMMITTEE OF THE BOARD

An audit committee was established by the Board on 12 June 2009 with written terms of reference in compliance with the Code. The primary duties of the audit committee are to review and supervise the Group’s financial reporting process and internal controls. The members of the audit committee of the Board are the three independent non-executive Directors, namely Mr. HO Ka Yiu Simon, Prof. SHA Zhenquan and Mr. JING Dacheng. Mr. HO Ka Yiu Simon is the chairperson of the audit committee of the Board.

The audit committee has reviewed the audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Moore CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by Moore CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which highlights that the Group had net current liabilities of approximately RMB2,094,948,000. As at 31 December 2024, there were several unsettled litigations against the Group mainly requesting the Group to repay certain payables with interest immediately.

These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the financial year ended 31 December 2024 (the “**Annual Report**”) containing all the information required by Appendix D2 to the Listing Rules and any other applicable laws and regulations will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.qinfagroup.com) in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 20 June 2025. To determine the eligibility of the shareholders of the Company to attend and vote at the annual general meeting to be held on Friday, 20 June 2025, the register of members will be closed from Friday, 13 June 2025 to Friday, 20 June 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 12 June 2025.

For the purposes of ascertaining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 26 June 2025 to Monday, 30 June 2025 (both dates inclusive). In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 25 June 2025.

By Order of the Board
China Qinfu Group Limited
XU Da
Chairman

Guangzhou, 24 March 2025

As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao, Mr. ZHAI Yifeng and Ms. DENG Bingjing as the executive Directors and Prof. SHA Zhenquan, Mr. JING Dacheng and Mr. HO Ka Yiu Simon as the independent non-executive Directors.