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河南金源氢化化工股份有限公司

Henan Jinyuan Hydrogenated Chemicals Co., Ltd.*

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

Stock Code: 2502

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

Revenue	:	RMB1,442.2 million
Loss for the period attributable to owners of the Company	:	RMB20.2 million
Basic loss per share	:	RMB0.02

RESULTS

The board of directors (the “**Board**”) of Henan Jinyuan Hydrogenated Chemicals Co., Ltd.* (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 together with comparative figures for the six months ended 30 June 2024.

Presented below are the Group’s Condensed Consolidated Financial Statements, Management Discussion & Analysis and Corporate Governance & Other Information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended	
	NOTES	30/06/2025	30/06/2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	1,442,220	1,602,071
Cost of sales		<u>(1,419,722)</u>	<u>(1,530,294)</u>
Gross profit		22,498	71,777
Other income	4	5,183	16,188
Other gains and losses	5	(2,384)	3,201
Selling and distribution expenses		(6,920)	(7,556)
Administrative expenses		(20,829)	(21,780)
Finance costs	6	(7,938)	(8,088)
Share of result of a joint venture		<u>(351)</u>	<u>1,190</u>
(Loss) profit before tax	7	(10,741)	54,932
Income tax credit (expense)	8	<u>1,439</u>	<u>(10,050)</u>
(Loss) profit for the period		<u><u>(9,302)</u></u>	<u><u>44,882</u></u>
Other comprehensive (expense) income:			
<i>Item that may be reclassified subsequently</i>			
<i>to profit or loss:</i>			
Fair value (loss) gain on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		<u>(30)</u>	<u>226</u>
Total comprehensive (expense) income for the period		<u><u>(9,332)</u></u>	<u><u>45,108</u></u>
(Loss) profit for the period attributable to:			
– Owners of the Company		(20,231)	30,233
– Non-controlling interests		<u>10,929</u>	<u>14,649</u>
		<u><u>(9,302)</u></u>	<u><u>44,882</u></u>
Total comprehensive (expense) income for the period attributable to:			
– Owners of the Company		(20,261)	30,333
– Non-controlling interests		<u>10,929</u>	<u>14,775</u>
		<u><u>(9,332)</u></u>	<u><u>45,108</u></u>
(Loss) earnings per share (RMB)			
– Basic	10	<u><u>(0.02)</u></u>	<u><u>0.03</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	<i>NOTES</i>	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	811,342	843,436
Right-of-use assets		106,970	108,780
Intangible assets		20,878	21,605
Goodwill		10,669	10,669
Interest in a joint venture		76,246	81,497
Deferred tax assets	<i>12</i>	27,540	19,726
		1,053,645	1,085,713
CURRENT ASSETS			
Inventories		81,165	144,987
Trade and other receivables	<i>13</i>	29,303	30,722
Amount due from a shareholder	<i>14</i>	338	—
Amounts due from related parties	<i>15</i>	23,754	23,411
Tax recoverable		—	4,493
Bills receivables at FVTOCI		41,479	34,457
Time deposits		216,649	215,843
Bank balances and cash		158,905	136,772
		551,593	590,685
CURRENT LIABILITIES			
Borrowings	<i>16</i>	276,404	231,395
Trade and other payables	<i>17</i>	118,138	193,106
Amount due to a shareholder	<i>18</i>	2,862	1,975
Amount due to a related party		—	296
Contract liabilities		24,775	20,885
Lease liabilities		1,140	1,135
Tax payable		9,225	7,987
		432,544	456,779
NET CURRENT ASSETS		119,049	133,906
TOTAL ASSETS LESS CURRENT LIABILITIES		1,172,694	1,219,619

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	<i>NOTES</i>	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
CAPITAL AND RESERVES			
Share capital		955,640	955,640
Reserves		9,472	29,733
		<hr/>	<hr/>
Equity attributable to owners of the Company		965,112	985,373
Non-controlling interests		94,256	106,177
		<hr/>	<hr/>
TOTAL EQUITY		1,059,368	1,091,550
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Borrowings	<i>16</i>	89,439	102,645
Lease liabilities		2,748	3,097
Deferred revenue		19,689	20,782
Deferred tax liabilities	<i>12</i>	1,450	1,545
		<hr/>	<hr/>
		113,326	128,069
		<hr/>	<hr/>
		1,172,694	1,219,619
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company								Total RMB'000
	Share capital RMB'000	Capital reserve RMB'000 (Note i)	FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000 (Note ii)	Retained profits (losses) RMB'000	Special reserve RMB'000 (Note iii)	Sub-total RMB'000	Non- controlling interests RMB'000	
At 1 January 2025 (audited)	955,640	(10,103)	(143)	422	3,000	36,557	985,373	106,177	1,091,550
(Loss) profit for the period	-	-	-	-	(20,231)	-	(20,231)	10,929	(9,302)
Other comprehensive expense for the period	-	-	(30)	-	-	-	(30)	-	(30)
Total comprehensive (expense) income for the period	-	-	(30)	-	(20,231)	-	(20,261)	10,929	(9,332)
Dividends recognised as distribution (Note 9)	-	-	-	-	-	-	-	(22,850)	(22,850)
Transfer	-	-	-	-	(2,004)	2,004	-	-	-
At 30 June 2025 (unaudited)	<u>955,640</u>	<u>(10,103)</u>	<u>(173)</u>	<u>422</u>	<u>(19,235)</u>	<u>38,561</u>	<u>965,112</u>	<u>94,256</u>	<u>1,059,368</u>
At 1 January 2024 (audited)	955,640	(8,585)	(410)	422	38,337	36,371	1,021,775	105,665	1,127,440
Profit for the period	-	-	-	-	30,233	-	30,233	14,649	44,882
Other comprehensive income for the period	-	-	100	-	-	-	100	126	226
Total comprehensive income for the period	-	-	100	-	30,233	-	30,333	14,775	45,108
Dividends recognised as distribution (Note 9)	-	-	-	-	(19,113)	-	(19,113)	(27,200)	(46,313)
Transfer	-	-	-	-	1,915	(1,915)	-	-	-
At 30 June 2024 (unaudited)	<u>955,640</u>	<u>(8,585)</u>	<u>(310)</u>	<u>422</u>	<u>51,372</u>	<u>34,456</u>	<u>1,032,995</u>	<u>93,240</u>	<u>1,126,235</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Notes:

- (i) The balance mainly comprises (i) reserves arose from corporate reorganisation of the Company (the “**Reorganisation**”) prior to the listing of the Company’s H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) and the share premium, net with transaction costs, arising from the issue of H shares for the Listing in year 2023 and (ii) the difference between the carrying amount of consideration paid and 10% of the net assets value of Henan Jinrui Energy Co., Ltd.* 河南金瑞能源有限公司 (“**Jinrui Energy**”) when acquiring the non-controlling interest of Jinrui Energy from Henan Hongkong (Jiyuan) Coking Group Co., Ltd.* 豫港(濟源)焦化集團有限公司 (“**Yugang Coking**”) in year 2023.
- (ii) Pursuant to the relevant laws in the People’s Republic of China (the “**PRC**”), each of the entities established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements (as determined by the management of the group entities) to the reserve fund. The reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years’ losses or, expand the existing operations or can be converted into additional capital of the entity.
- (iii) The Group is required to make appropriations based on its revenue in accordance with CaiZi [2022] No. 136 “Administrative measures for the accrual and use of expenses for work safety by enterprises” that is issued by the Ministry of Finance and the Ministry of Emergency Management. 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*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended	
	30/06/2025	30/06/2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
(Loss) profit before tax	(10,741)	54,932
Adjustments for:		
Interest income on bank deposits	(2,058)	(7,193)
Interest income on bills receivables at FVTOCI	(552)	(493)
Fair value loss on bills receivables at FVTOCI	1,303	2,184
Loss (gain) on disposal/retirement of property, plant and equipment	1,599	(2)
Depreciation of property, plant and equipment	37,747	37,719
Depreciation of right-of-use assets	1,835	1,595
Amortisation of intangible assets	727	727
Write-down of inventories	(4,898)	–
Share of result of a joint venture	351	(1,190)
Finance costs	7,938	8,088
Release of assets-related government subsidies	(1,093)	(792)
Net foreign exchange loss (gain)	146	(4,839)
Operating cash flows before movements in working capital	32,304	90,736
Decrease in inventories	68,720	31,895
(Increase) decrease in bills receivables at FVTOCI	(7,813)	24
Decrease in trade and other receivables	1,419	13,362
Increase in amount due from a shareholder	(338)	–
Increase in amount due from a related party	(343)	–
Decrease in trade and other payables	(54,751)	(23,782)
Increase (decrease) in amount due to a shareholder	887	(1,977)
Decrease in amount due to a related party	(296)	(1,063)
Increase (decrease) in contract liabilities	3,890	(4,766)
Cash generated from operations	43,679	104,429
Income tax paid	(729)	(228)
NET CASH FROM OPERATING ACTIVITIES	42,950	104,201

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended	
	30/06/2025	30/06/2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Interest on bank deposits received	1,252	7,193
Purchase of property, plant and equipment	(27,815)	(54,099)
Deposit paid for acquisition of property, plant and equipment	–	(1,247)
Proceeds from disposal of property, plant and equipment	531	92
Deposit received from disposal of right-of-use assets	–	520
Loan to a related party	–	(30,000)
Dividend received from a joint venture	4,900	9,800
Placement of time deposits	(100,000)	–
Withdrawal from time deposits	100,000	–
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(21,132)	(67,741)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Interest paid	(8,021)	(7,894)
Bank borrowings raised	204,800	193,516
Repayment of bank borrowings	(172,997)	(112,619)
Repayment of lease liabilities	(471)	(536)
Dividends paid to non-controlling shareholders of subsidiaries	(22,850)	(19,600)
Transaction costs attributable to issue of shares	–	(6,546)
	<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES	461	46,321
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,279	82,781
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	136,772	300,710
Effect of foreign exchange rate changes	(146)	4,730
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY Bank balances and cash	<u>158,905</u>	<u>388,221</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial assets, which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the 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 Group’s condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Segments*	For the six months ended 30 June 2025 (unaudited)				
	Refined chemicals RMB'000	Energy products RMB'000	Trading RMB'000	Other Services RMB'000	Total RMB'000
Types of goods or service					
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	1,110,256	–	–	–	1,110,256
Coal gas	–	207,497	–	–	207,497
LNG	–	133,487	27,965	–	161,452
Refined oil	–	–	33,943	–	33,943
Hydrogen	–	2,369	21,956	–	24,325
Others	–	–	–	35	35
	<u>1,110,256</u>	<u>343,353</u>	<u>83,864</u>	<u>35</u>	<u>1,537,508</u>
<i>Providing services</i>					
Energy supply	–	–	182	3,782	3,964
Total	<u>1,110,256</u>	<u>343,353</u>	<u>84,046</u>	<u>3,817</u>	<u>1,541,472</u>

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

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

	For the six months ended 30 June 2025 (unaudited)		
	Segment revenue RMB'000	Eliminations RMB'000	Consolidated RMB'000
Refined chemicals	1,110,256	–	1,110,256
Energy products	343,353	(60,472)	282,881
Trading	84,046	(37,273)	46,773
Other Services	<u>3,817</u>	<u>(1,507)</u>	<u>2,310</u>
Revenue from contracts with customers	<u>1,541,472</u>	<u>(99,252)</u>	<u>1,442,220</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue from contracts with customers

Segments*	For the six months ended 30 June 2024 (unaudited)				
	Refined	Energy	Trading	Other	Total
	chemicals <i>RMB'000</i>	products <i>RMB'000</i>	<i>RMB'000</i>	Services <i>RMB'000</i>	<i>RMB'000</i>
<i>Sales of goods</i>					
Hydrogenated benzene-based chemicals	1,229,506	–	–	–	1,229,506
Coal gas	–	218,663	–	–	218,663
LNG	–	142,935	28,463	–	171,398
Refined oil	–	–	58,320	–	58,320
Hydrogen	–	1,339	6,219	–	7,558
Others	–	–	–	2	2
	<u>1,229,506</u>	<u>362,937</u>	<u>93,002</u>	<u>2</u>	<u>1,685,447</u>
<i>Providing services</i>					
Energy supply	–	–	68	5,243	5,311
Total	<u>1,229,506</u>	<u>362,937</u>	<u>93,070</u>	<u>5,245</u>	<u>1,690,758</u>

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

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

	For the six months ended 30 June 2024 (unaudited)		
	Segment revenue <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Refined chemicals	1,229,506	–	1,229,506
Energy products	362,937	(59,000)	303,937
Trading	93,070	(29,649)	63,421
Other Services	<u>5,245</u>	<u>(38)</u>	<u>5,207</u>
Revenue from contracts with customers	<u>1,690,758</u>	<u>(88,687)</u>	<u>1,602,071</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Performance obligations for contracts with customers and revenue recognition policies

The Group is mainly engaged the production and sales of hydrogenated benzene-based chemicals, coal gas, LNG and hydrogen, trading of LNG, refined oil and hydrogen and provision of “Other services” (as defined below), for which revenue is recognised at point in time.

For sales of hydrogenated benzene-based chemicals and energy products, revenue is recognised when control of the products has transferred, being when the products have been delivered to the location specified in the sales contract. Following the delivery, the customer has ability to direct the use of the products and bears the risks of obsolescence and loss in relation to the products.

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

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

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

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

Segment information

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

The Group’s operating segments under IFRS 8 “Operating Segments” are (i) sales of hydrogenated benzene based chemicals (“**Refined chemicals**”), (ii) sales of energy products, mainly coal gas, LNG and hydrogen (“**Energy products**”), (iii) trading of refined oil, LNG and hydrogen through gas stations (“**Trading**”), and (iv) sales of steam and provision of other services (“**Other services**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. REVENUE AND SEGMENT INFORMATION(CONTINUED)

Segment revenues and results

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

For the six months ended 30 June 2025 (unaudited)

	Refined chemicals <i>RMB'000</i>	Energy products <i>RMB'000</i>	Trading <i>RMB'000</i>	Other Services <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE					
External sales	1,110,256	282,881	46,773	2,310	1,442,220
Inter-segment sales	—	60,472	37,273	1,507	99,252
	<u>1,110,256</u>	<u>343,353</u>	<u>84,046</u>	<u>3,817</u>	<u>1,541,472</u>
Segment results	<u>(17,993)</u>	<u>36,083</u>	<u>3,141</u>	<u>1,915</u>	23,146
Other income					5,183
Other gains and losses					(2,384)
Selling and distribution expenses					(6,920)
Administrative expenses					(20,829)
Finance costs					(7,938)
Share of result of a joint venture					(351)
Unallocated expenses					<u>(648)</u>
Loss before tax					<u>(10,741)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. REVENUE AND SEGMENT INFORMATION(CONTINUED)

For the six months ended 30 June 2024 (unaudited)

	Refined chemicals <i>RMB'000</i>	Energy products <i>RMB'000</i>	Trading <i>RMB'000</i>	Other Services <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE					
External sales	1,229,506	303,937	63,421	5,207	1,602,071
Inter-segment sales	—	59,000	29,649	38	88,687
	<u>1,229,506</u>	<u>362,937</u>	<u>93,070</u>	<u>5,245</u>	<u>1,690,758</u>
Segment results	<u>15,790</u>	<u>46,323</u>	<u>5,507</u>	<u>4,378</u>	71,998
Other income					16,188
Other gains and losses					3,201
Selling and distribution expenses					(7,556)
Administrative expenses					(21,780)
Finance costs					(8,088)
Share of result of a joint venture					1,190
Unallocated expenses					<u>(221)</u>
Profit before tax					<u>54,932</u>

Entity-wide disclosures

Geographical information

During the six months ended 30 June 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 30 June 2025 and 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. OTHER INCOME

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on bank deposits	2,058	7,193
Interest income on bills receivables at FVTOCI	552	493
Release of assets-related government subsidies	1,093	792
Government grants (<i>Note</i>)	507	7,103
Rental income	537	603
Insurance compensation income	436	—
Others	—	4
	<u>5,183</u>	<u>16,188</u>

Note: The amounts represent the subsidies received from the local governments for the Group's local business development (six months ended 30 June 2024: for the Listing and the Group's local business development), and there were no unfulfilled conditions in the periods in which they were recognised.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fair value loss on bills receivables at FVTOCI	(1,303)	(2,184)
(Loss) gain on disposal/retirement of property, plant and equipment	(1,599)	2
Net foreign exchange (loss) gain	(146)	4,839
Others	664	544
	<u>(2,384)</u>	<u>3,201</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. FINANCE COSTS

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense on:		
– bank borrowings	7,836	7,984
– lease liabilities	102	104
	<u>7,938</u>	<u>8,088</u>

7. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax for the period has been arrived at after charging the following items:

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Staff costs		
Directors', chief executive's and supervisors' remuneration	931	1,007
Other staff costs	19,172	21,379
Other staff's benefits	1,476	1,598
Total staff costs	21,579	23,984
Capitalised in inventories	(14,070)	(14,649)
	<u>7,509</u>	<u>9,335</u>
Depreciation of property, plant and equipment	37,747	37,719
Depreciation of right-of-use assets	1,835	1,595
Amortisation of intangible assets	727	727
Total depreciation and amortisation	40,309	40,041
Capitalised in inventories	(34,984)	(34,516)
	<u>5,325</u>	<u>5,525</u>
Cost of inventories recognised as expenses (<i>Note</i>)	<u>1,419,074</u>	<u>1,530,073</u>

Note: The amount includes write-down of inventories amounted to RMB4,898,000 (six months ended 30 June 2024: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. INCOME TAX (CREDIT) EXPENSE

	Six months ended	
	30/06/2025	30/06/2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
– current tax	6,160	10,181
– under-provision in prior years	300	962
Deferred tax (<i>Note 12</i>)	(7,899)	(1,093)
	<u>(1,439)</u>	<u>10,050</u>

9. DIVIDENDS

During the current interim period, the Company did not declare any dividends in respect of the year ended 31 December 2024

Subsequent to the end of the current interim period, no dividend has been proposed by the directors of the Company (2024: nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owner of the Company is based on the following data:

	Six months ended	
	30/06/2025	30/06/2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	(20,231)	30,233
	<u>'000</u>	<u>'000</u>
	(unaudited)	(unaudited)
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	955,640	955,640
	<u>955,640</u>	<u>955,640</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred RMB5,362,000 for construction costs (six months ended 30 June 2024: RMB11,574,000) mainly comprising of RMB5,362,000 for hydrogen gas stations (six months ended 30 June 2024: RMB9,342,000), and RMB2,421,000 for other property, plant and equipment (six months ended 30 June 2024: RMB9,999,000) in order to upgrade its manufacturing capabilities.

During the current interim period, the Group retired or disposed of certain supporting equipment with an aggregate carrying amount of RMB2,130,000 (six months ended 30 June 2024: RMB90,000), resulting in a loss on retirement or disposal of RMB1,599,000 (six months ended 30 June 2024: a gain on retirement or disposal of RMB2,000).

12. DEFERRED TAX ASSETS/LIABILITIES

	Write-down of inventories RMB'000	Accelerated tax depreciation RMB'000	Fair value change of bills receivables at FVTOCI RMB'000	Unrealised profits RMB'000	Fair value adjustments upon acquisition of business RMB'000	Deferred revenue RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2024	-	(1,708)	177	-	883	3,628	425	3,405
Credit (charge) to profit or loss	-	111	(15)	-	(80)	(198)	1,275	1,093
Charge to the other comprehensive income	-	-	(75)	-	-	-	-	(75)
At 30 June 2024 (unaudited)	-	(1,597)	87	-	803	3,430	1,700	4,423
At 31 December 2024	272	(5,294)	40	(10)	725	5,196	17,252	18,181
Credit (charge) to profit or loss	953	(3,160)	(18)	19	(79)	(273)	10,457	7,899
Credit to the other comprehensive income	-	-	10	-	-	-	-	10
At 30 June 2025 (unaudited)	<u>1,225</u>	<u>(8,454)</u>	<u>32</u>	<u>9</u>	<u>646</u>	<u>4,923</u>	<u>27,709</u>	<u>26,090</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

For the purpose of presentation in the condensed 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:

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Deferred tax assets	27,540	19,726
Deferred tax liabilities	(1,450)	(1,545)
	<u>26,090</u>	<u>18,181</u>

As at 30 June 2025, the Group had unused tax losses of RMB136,036,000 (31 December 2024: RMB69,011,000) available to offset against future profits. Deferred tax assets of RMB27,709,000 (31 December 2024: RMB17,252,000) have been recognised in respect of tax losses of RMB110,836,000 (31 December 2024: RMB69,008,000). No deferred tax asset has been recognised in respect of the remaining tax loss of RMB25,200,000 (31 December 2024: RMB3,000) due to the unpredictability of future profit streams.

All tax losses will expire within 5 years (31 December 2024: 5 years) from the year of origination.

At 30 June 2025 and 31 December 2024, the Group had no other material unrecognised deductible temporary differences.

13. TRADE AND OTHER RECEIVABLES

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Trade receivables – contract with customers	7,288	7,792
Other receivables	464	389
Prepayments to suppliers	15,612	12,293
Prepaid other taxes and charges	5,939	10,248
	<u>29,303</u>	<u>30,722</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Within 90 days	<u>7,288</u>	<u>7,792</u>

The normal credit term to the customers is within 60 days. As at 30 June 2025 and 31 December 2024, none of the Group's trade receivables balance are past due.

The Group does not hold any collateral over these balances.

14. AMOUNT DUE FROM A SHAREHOLDER

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Trade nature		
Henan Jinma Energy Company Limited ("Jinma Energy")	<u>338</u>	<u>—</u>

Jinma Energy is the parent of the Company. The amount represents trade receivables from contracts with customers and is aged within 90 days based on invoice date at 30 June 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

15. AMOUNTS DUE FROM RELATED PARTIES

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Trade nature		
Xinyang Steel Jingang Energy Co., Ltd. 信陽鋼鐵金港能源有限公司("Xinyang Jingang") (Note i)	23,411	23,411
Henan Bohigh Chemicals Co., Ltd. 河南博海化工有限公司("Bohigh Chemicals") (Note ii)	343	—
Total	23,754	23,411

Notes:

- (i) The entity is a non-wholly owned subsidiary of Jinma Energy. The amount represents trade receivables from contracts with customers and is due for settlement upon completion of the second-phase construction project of Xinyang Jingang.
- (ii) The entity is a wholly owned subsidiary of Jinma Energy. The amount represents trade receivables from contracts with customers.

The following is an aging analysis of the amounts due from related parties presented based on invoice date at the end of the reporting period.

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Within 90 days	343	—
Over 365 days	23,411	23,411
	23,754	23,411

The Group does not hold any collateral over these balances and these balances are unsecured and interest-free. None of the balances are past due at 30 June 2025 and 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. BORROWINGS

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Bank borrowings	365,843	334,040
Secured	120,343	148,040
Unsecured	245,500	186,000
	365,843	334,040
Fixed-rate borrowings	59,800	65,000
Floating-rate borrowings	306,043	269,040
	365,843	334,040
Less: Amount due for settlement within 12 months shown under current liabilities	(276,404)	(231,395)
Amount due for settlement after 12 months shown under non-current liabilities	89,439	102,645

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

	30/06/2025 (unaudited)	31/12/2024 (audited)
Effective interest rate per annum:		
– Fixed-rate borrowings	3.40%-4.10%	3.50%-4.10%
– Floating-rate borrowings	3.00%-5.40%	3.41%-5.60%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. TRADE AND OTHER PAYABLES

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Trade payables	7,394	13,881
Bills payables	–	5,000
	<u>7,394</u>	<u>18,881</u>
Salaries and wages payables	2,585	3,469
Other tax payables	8,255	47,079
Consideration payable for purchase of property, plant and equipment	94,478	114,510
Accruals	292	–
Interest payable	631	817
Refundable deposit from suppliers	2,101	1,501
Other payables	2,402	6,849
	<u>110,744</u>	<u>174,225</u>
	<u><u>118,138</u></u>	<u><u>193,106</u></u>

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:

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Within 90 days	5,327	12,015
91 – 180 days	616	6,095
181 – 365 days	1,373	590
Over 1 year	78	181
	<u>7,394</u>	<u>18,881</u>
	<u><u>7,394</u></u>	<u><u>18,881</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. AMOUNT DUE TO A SHAREHOLDER

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Trade nature		
Jinma Energy	<u>2,862</u>	<u>1,975</u>

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

The amount is payables for purchase of services and is aged within 90 days based on invoice date at 30 June 2025 and 31 December 2024.

19. TRANSFER OF FINANCIAL ASSETS

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

	30/06/2025 <i>RMB'000</i> (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Endorsed bills for settlement of payables	74,048	72,285
Discounted bills for raising cash	<u>182,403</u>	<u>174,508</u>
Outstanding endorsed and discounted bills receivables with recourse	<u><u>256,451</u></u>	<u><u>246,793</u></u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of 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.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30/06/2025 (unaudited)	31/12/2024 (audited)		
Bills receivables at FVTOCI	Assets- RMB41,479,000	Assets- RMB34,457,000	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 condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

21. 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 condensed consolidated financial statements, the Group also entered into the following transactions with its related parties during the periods:

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of products and provision of services to:		
Jinma Energy	4,255	8,362
Bohigh Chemicals	7,560	18,240
Jinma Zhongdong (<i>Note i</i>)	202	295
Xinyang Jingang	1	—
Jinjiang Refinery (<i>Note ii</i>)	44,198	52,407
	=====	=====
Purchase of raw materials and acceptance of services from:		
Jinma Energy	86,886	149,338
Jinma Zhongdong	178,429	183,666
Jinjiang Refinery	5,098	10,773
	=====	=====

Note:

- (i) Henan Jinma Zhongdong Energy Co., Ltd.* 河南金馬中東能源有限公司(“**Jinma Zhongdong**”) is a non-wholly subsidiary of Jinma Energy.
- (ii) Henan Jinjiang Refinery Co., Ltd.* 河南金江煉化有限公司(“**Jinjiang Refinery**”) is a joint venture of a subsidiary of the Company.

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

21. RELATED PARTIES' TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

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

	Six months ended	
	30/06/2025	30/06/2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Salaries and allowance	875	578
Performance related bonuses	15	530
Retirement benefits	74	66
	<hr/>	<hr/>
	964	1,174
	<hr/>	<hr/>

Key management represents the directors of the Company 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.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

OVERVIEW

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

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

During the first half of 2025, the Group's revenue was mainly derived from the following major business segments:

- **Hydrogenated benzene-based chemicals:** involving the processing via hydrogenation of crude benzene, a coking by-product, into a range of benzene-based chemicals and the sale of these by-products;
- **Energy products:** involving the processing of crude coking coal gas into coal gas, the refining of coal gas into LNG, and the sale of coal gas and LNG; and
- **Trading:** mainly the trading of LNG, hydrogen and refined oil products through the oil and gas filling stations operated by the Group.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Changes
	2025	2024	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited)	
Revenue	1,442.2	1,602.1	(159.9)
Gross profit	22.5	71.8	(49.3)
(Loss) profit for the period	(9.3)	44.9	(54.2)
Basic (loss) earnings per share (RMB)	(0.02)	0.03	(0.05)
Interim dividend per share (RMB)	—	—	
Gross profit margin	1.6%	4.5%	(2.9%)
Net (loss) profit margin	(0.6%)	2.8%	(3.4%)

	As at	As at	Changes
	30 June	31 December	
	2025	2024	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Audited)	
Total assets	1,605.2	1,676.4	(71.2)
Total equity	1,059.4	1,091.6	(32.2)

FACTORS AFFECTING RESULTS OF OPERATION AND FINANCIAL POSITION OF THE GROUP

The Group's results of operation 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 operation.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

General Economic Conditions and Demand in Downstream Industries

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

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

Prices of the Group's Raw Materials and Products

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

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

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

- changes in the prices of crude benzene and crude coking coal gas, the principal raw materials of the Group, are affected by the supply and demand of coal, the principal raw material for the upstream coking industry, as well as the PRC domestic and global economic cycles;
- the Group's product characteristics and quality;
- prices of chemicals in the international market; and
- the Group's transportation costs, the availability of transportation capacity and means of transportation.

The following table sets forth the average selling and purchase prices (net of VAT) of each of the Group's principal products and raw materials for the first six months of 2025 and for the year 2024 according to the Group's internal records.

	First six months of 2025 Average selling price⁽¹⁾ RMB/tonne (except coal gas in RMB/m³)	2024 Average selling price⁽¹⁾ RMB/tonne (except coal gas in RMB/m³)
Principal Products		
Hydrogenated Benzene-based Chemicals	5,668.57	6,734.73
Pure benzene	6,103.05	7,270.64
Toluene	–	6,395.48
Energy Products		
Coal gas	0.84	0.83
LNG	3,993.39	4,197.57

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

	First six months of 2025 Average purchase price	2024 Average purchase price
Major Raw Materials		
Crude benzene (RMB/tonne)	5,118.52	6,294.04
Crude coking coal gas (RMB/m ³)	0.62	0.60

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

Crude benzene:

We purchase crude benzene from a number of suppliers located in Henan and Shanxi (including the Jinma Group (i.e. Jinma Energy and its subsidiaries (but excluding our Group)) which accounted for approximately 94% of our total purchases of crude benzene during the first half of this year. We generally enter into annual supply contracts for crude benzene with our suppliers, which mainly set out the quality requirements, payment and delivery methods, but the actual quantity and prices of the products are based on orders placed by us from time to time. In most cases, we pay all or a portion of the purchase price in advance. The purchase price of crude benzene is generally based on the prevailing market price at the time of purchase. Because the price of crude benzene fluctuates rapidly, we generally recognize our purchases on the basis of weekly purchase orders.

Crude coking coal gas:

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

Production Capacity and Sales Volume

The Group's results of operations were mainly driven by the changes in the average selling price and average purchase price of products, while the product sales volume was mainly determined by production capacity. The Group's business remained stable during the first half of 2025 with the capacity utilization rate of each of its principal products generally maintained and the sales of the Group's products were basically at full capacity. During the first half of 2025, the production capacity of the Group's hydrogenated benzene-based chemicals was approximately 400,000 tonnes per annum, the production capacity of the LNG production facilities was approximately 72,000 tonnes per annum and the production capacity of the hydrogen was approximately 317.0 million cubic meters per annum (including the production capacity of the joint venture company, Jinjiang Refinery).

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

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 half year ended 30 June 2025 and the year ended 31 December 2024 were approximately RMB365.8 million and RMB334.0 million, respectively. The Group's finance costs for the half year ended 30 June 2025 and 2024 were approximately RMB7.9 million and RMB8.1 million, respectively, accounting for approximately 0.55% and 0.50% 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.

KEY DEVELOPMENT

During the first half of 2025, we continued to invest in production efficiency and safety and environmental protection, to consolidate our market position and create value for our shareholders.

In terms of hydrogenated benzene-based chemicals, we invested approximately RMB1.2 million to build a stripping tower for sulphuric sewage, which lowers the cost for sulphuric sewage treatment, and makes water utilization more convenient and production more stable.

In terms of the business development of hydrogen gas stations:

The Group operated five hydrogen refueling stations during the period, including:

Jiyuan South Second Ring Hydrogen Refuelling Station sold 322 tonnes of hydrogen during the period (period-on-period sales: 167 tonnes), serving approximately 300 vehicles. Its major clients include: the inter-provincial raw material coal transport line from Jiyuan to Shanxi for the Jinma Group, the raw material coal transport line from Jiyuan to Pingdingshan for hydrogen energy heavy trucks, and the special line from Linfen to Henan for Jinnan Iron & Steel in Shanxi for hydrogen energy heavy trucks.

Zhengzhou Chemical Road Hydrogen Refuelling Station sold 179 tonnes of hydrogen during the period (period-on-period sales: 63 tonnes), mainly serving approximately 360 hydrogen fuel cell dump trucks, tractors, cement mixer trucks, refrigerated logistics trucks and sanitation trucks.

Gongyi Heluo Hydrogen Refuelling Station sold 103 tonnes of hydrogen during the period (period-on-period sales: 20 tonnes), serving approximately 200 vehicles. Its major clients include: the hydrogen fuel cell coal haulers of Datang Gongyi Power Generation Co., Ltd., the cargo transport tractors of couriers, and aggregate heavy tractors of construction companies. Attributable to the new policy waiving highway toll fee for hydrogen-powered vehicles, the transportation business of hydrogen-powered tractors recorded rapid growth during the period.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

There were two new gas refuelling stations during the period:

Jiyuan Huling Hydrogen Refuelling Station sold 133 tonnes of hydrogen during the period, serving the same number of vehicles and sharing the same major clients as Jiyuan South Second Ring Hydrogen Refuelling Station.

Dengfeng Guojiawa Hydrogen Refuelling Station sold 73 tonnes of hydrogen during the period, serving approximately 80 vehicles, and mainly serving the coal haulage tractors of Datang Gongyi Power Generation Co., Ltd. and Pingdingshan Power Generation Branch of State Energy Group Henan Electric Power Co., Ltd. of China National Electric Power Corporation.

RESULTS OF OPERATIONS

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Six months ended 30 June		
	2025	2024	Changes
	(Unaudited)	(Unaudited)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Continuing Operations			
Revenue	1,442,220	1,602,071	(159,851)
Cost of sales	(1,419,722)	(1,530,294)	110,572
Gross profit	22,498	71,777	(49,279)
Other income	5,183	16,188	(11,005)
Other gains and losses	(2,384)	3,201	(5,585)
Selling and distribution expenses	(6,920)	(7,556)	636
Administrative expenses	(20,829)	(21,780)	951
Finance costs	(7,938)	(8,088)	150
Share of result of a joint venture	(351)	1,190	(1,541)
(Loss) Profit before tax	(10,741)	54,932	(65,673)
Income tax credit (expense)	1,439	(10,050)	11,489
(Loss) Profit for the period	(9,302)	44,882	(54,184)

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

	Six months ended 30 June		
	2025	2024	Changes
	(Unaudited)	(Unaudited)	
	RMB'000	RMB'000	RMB'000
Other comprehensive (expense) income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Fair value (loss) gain on:			
Bills receivables at fair value through other comprehensive income (“FVTOCI”), net of income tax	(30)	226	(256)
Total comprehensive (expense) income for the period	(9,332)	45,108	(54,440)
(Loss) Profit for the period attributable to:			
– Owners of the Company	(20,231)	30,233	(50,464)
– Non-controlling interests	10,929	14,649	(3,720)
	(9,302)	44,882	(54,184)
Total comprehensive (expense) income for the period attributable to:			
– Owners of the Company	(20,261)	30,333	(50,594)
– Non-controlling interests	10,929	14,775	(3,846)
	(9,332)	45,108	(54,440)
(Loss) Earnings per share (RMB)			
– Basic	(0.02)	0.03	(0.05)

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

Consolidated Financial Information

- **Revenue and gross profit margin**

The Group's revenue decreased by RMB159.9 million or 10.0% from RMB1,602.1 million in the first half of 2024 to RMB1,442.2 million in the same period of 2025. The decrease was mainly due to the decrease in average price (tax-inclusive) of hydrogenated benzene-based chemicals by 18.3%. Despite the 10.6% increase in sales volume, the Group's gross profit margin decreased from 4.5% in the first half of 2024 to 1.6% in the same period of 2025, which was mainly attributable to the decrease in the average consumption purchase price of raw materials for hydrogenated benzene-based chemicals at a lower rate than their average selling price. For details, please refer to the paragraphs headed "Business Segment Results" in this chapter.

- **Other income**

Other income decreased from RMB16.2 million in the first half of 2024 to approximately RMB5.2 million in the same period of 2025, mainly as a result of the decrease in government grants of RMB6.6 million and the decrease in interest income of large-denomination certificates of deposit of RMB4.1 million.

- **Other gains and losses**

Other gains and losses turned from a gain of RMB3.2 million in the first half of 2024 to a loss of RMB2.4 million in the same period of 2025, mainly due to an asset disposal loss of RMB1.6 million, a fair value change loss on notes of RMB1.3 million and the decrease in exchange gains of RMB5.0 million.

- **Selling and distribution expenses**

Selling and distribution expenses amounted to approximately RMB6.9 million in the first half of 2025, representing a decrease of approximately 8.4% from RMB7.6 million in the same period of 2024, which reflected the decline in sales.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

- **Administrative expenses**

Administrative expenses amounted to approximately RMB20.8 million in the first half of 2025, representing a slight decrease of approximately 4.4% from RMB21.8 million in the same period of 2024.

- **Finance costs**

Finance costs decreased from RMB8.1 million in the first half of 2024 to RMB7.9 million in the same period of 2025, which was mainly due to the decrease in average balances of bank borrowings over the same period last year.

- **Share of result of joint ventures**

Share of result of joint ventures decreased from RMB1.2 million in the first half of 2024 to RMB-0.4 million in the same period of 2025, which was mainly due to the decline in the result of Jinjiang Refinery, a joint venture in which the Company held 49% of its equity interests, as a result of the decrease in its sales volume and unit selling prices.

As a result of the above, the Group's profit before tax decreased by RMB65.6 million or 119.6% from RMB54.9 million in the first half of 2024 to a loss of RMB10.7 million in the same period of 2025.

- **Income tax credit (expense)**

Income tax expense decreased by RMB11.5 million or 114.3% from RMB10.1 million in the first half of 2024 to a credit of RMB1.4 million in the same period of 2025. The decrease reflected the decrease in profit before tax to a loss.

- **Total comprehensive (expense) income for the year**

As a result of the above, the Group's total comprehensive (expense) income decreased by RMB54.4 million or 120.6% from RMB45.1 million in the first half of 2024 to (expense) of RMB9.3 million in the same period of 2025.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

Business Segments Results

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

	As at 30 June							
	Segment revenue		Segment results		Segment gross profit margin		As a percentage of total segment results	
	2025	2024	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%	%	%	%
Hydrogenated Benzene-based Chemicals	1,110,256	1,229,506	(17,993)	15,790	(1.6)	1.3	(77.7)	21.9
Energy Products	282,881	303,937	36,083	46,323	12.8	15.2	155.9	64.3
Trading	46,773	63,421	3,141	5,507	6.7	8.7	13.6	7.6

In the first half of 2025, the sales volume of hydrogenated benzene-based chemicals increased by 10.6% from the same period of 2024 to 196,000 tonnes, while the average selling price (tax-inclusive) recorded a decrease of approximately 18.3% in the same period, resulting in a decrease of approximately 9.7% in revenue. However, as the decline in average consumption purchase price of raw materials (mainly crude benzene) for the product was lower than that of average selling price, the gross profit margin of the product also decreased to -1.6% from approximately 1.3%.

The energy products segment mainly consists of sales of LNG and coal gas. As compared to the first half of 2024, the sales volume of LNG and coal gas decreased by approximately 4.9% and 14.1% in the same period of 2025 respectively, resulting in a decrease in revenue of approximately 6.9%. The decline in gross profit margin was mainly due to the increase in production cost for LNG of approximately 2.9%, as well as the increase in average unit selling price of coal gas lower than that of raw material by approximately 1.4%.

In the trading segment, revenue in the first half of 2025 decreased by RMB16.6 million or 26.2% as compared with that in the same period of 2024, mainly due to the significant decrease in sales volume of diesel fuel and gasoline at the gas stations of 40.3% and 35.4% respectively, resulting in decline in gross profit margin from 8.7% to 6.7%.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

FINANCIAL POSITION

Liquidity and Financial Resources

In the first half of 2025, the Group's major financial resources were funded by the proceeds from the sales of the Group's products, shareholders' equity (including proceeds from listing on the Main Board of the Hong Kong Stock Exchange in December 2023) and borrowings from bank and financial institutions. The Directors have confirmed that the Group did not experience any liquidity problems in the first half of 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, and the Group also aims to maintain a certain level of excess cash to meet unexpected needs.

Cash Flow

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash from operating activities	42,950	104,201
Net cash used in investing activities	(21,132)	(67,741)
Net cash from financing activities	461	46,321
	<hr/>	<hr/>
Net increase in cash and cash equivalents	22,279	82,781
Cash and cash equivalents at the beginning of the period	136,772	300,710
Effect of foreign exchange rate changes	(146)	4,730
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	158,905	388,221
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

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

The Group's net cash from operating activities of approximately RMB43.0 million for the first half of 2025 was primarily attributable to (i) operating cash flows before movements in working capital of approximately RMB32.3 million; (ii) a decrease in inventories of RMB68.7 million; and (iii) an increase in contract liabilities of approximately RMB3.9 million. Yet the net cash inflow from operating activities was partially offset by (i) a decrease in trade and other payables of approximately RMB54.8 million; and (ii) an increase in bills receivables at FVTOCI of RMB7.8 million.

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

The Group's net cash used in investing activities of approximately RMB21.1 million for the first half of 2025 was primarily due to (i) the acquisition of property, plant and equipment of approximately RMB27.8 million; yet partially offset by (i) receipt of interests on bank deposit of approximately RMB1.3 million; and (ii) dividends received from a joint venture of approximately RMB4.9 million.

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

The Group's net cash from financing activities of approximately RMB0.5 million for the first half of 2025 was primarily due to an increase in bank borrowings of approximately RMB204.8 million, yet partially offset by (i) repayment of bank loans of approximately RMB173.0 million; (ii) payment of dividends of approximately RMB22.9 million; and (iii) interest expenses of approximately RMB8.0 million.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

Liabilities

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

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)	Increase/ (decrease) <i>RMB'000</i>
Bank borrowings:			
Secured	120,343	148,040	(27,697)
Unsecured	245,500	186,000	59,500
	<u>365,843</u>	<u>334,040</u>	<u>31,803</u>
Fixed-rate borrowings	59,800	65,000	(5,200)
Floating-rate borrowings	306,043	269,040	37,003
	<u>365,843</u>	<u>334,040</u>	<u>31,803</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(276,404)</u>	<u>(231,395)</u>	<u>(45,009)</u>
Amount due for settlement after one year shown under non-current liabilities	<u>89,439</u>	<u>102,645</u>	<u>(13,206)</u>

The Group's bank borrowings in the first half of 2024 and 2025 were all borrowings denominated in Renminbi. As at 31 December 2024, RMB148.0 million of the Group's general banking facilities (including bank borrowings and bills payables) were secured by the Group's property, plant and equipment and right-of-use assets. All remaining borrowings were credit borrowings. As at 30 June 2025, RMB120.3 million of the Group's general banking facilities (including bank borrowings and bills payables) were secured by the Group's property, plant and equipment and right-of-use assets. All remaining borrowings were credit borrowings.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

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

	For the six months ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Effective interest rate:		
– Fixed-rate borrowings	3.40%-4.10%	3.50% – 4.10%
– Floating-rate borrowings	3.00%-5.40%	3.41% – 5.60%

As at 30 June 2025, the Group had obtained banking facilities in an aggregate amount of approximately RMB630.1 million (31 December 2024: RMB448.7 million), of which a total amount of approximately RMB254.3 million (31 December 2024: RMB93.0 million) was still available for use. As at 30 June 2025, the Group had total outstanding bank borrowings of approximately RMB365.8 million (31 December 2024: RMB334.0 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 RMB65.0 million falling due in first half of 2025 according to needs).

As at 30 June 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. Save as disclosed in the "Financial Position" section, the Directors confirm that there has been no material change in the Group's indebtedness and contingent liabilities since 30 June 2025 and up to the date of this report. As at 30 June 2025, save as disclosed in the "Financial Position" section and apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, the Group did not have any outstanding mortgages, charges or pledges, debentures or other debt securities, term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, liabilities under acceptances or acceptance credits), finance leases or any guarantees or other material contingent liabilities.

The Directors confirm that, for the six months ended 30 June 2025, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during the first half of 2025, the Group did not experience any difficulty in obtaining bank loans and other borrowings, or any default in payment of bank and other borrowings or breach of covenants. The Directors believe that the Group maintains good relationships with the Group's lenders generally and they expect that, based on the current prevailing market conditions, the Group will be able to obtain replacement financing commitments when the Group's short-term bank borrowings become due.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

CHARGE ON ASSETS

As at 30 June 2025, the Group had pledged certain of its assets with a total carrying amount of approximately RMB31.1 million (31 December 2024: approximately RMB165.5 million) for the purpose of providing securities to banks against general banking facilities, including banks borrowings and bills payables granted to the Group.

FINANCIAL RATIOS

	For the six months ended 30 June 2025	For the year ended 31 December 2024
Gearing ratio	34.5%	30.6%
Return on equity (annualized ratio)	-4.1%	-1.6%
Return on assets (annualized ratio)	-2.5%	0.7%

Gearing Ratio

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

The increase in the gearing ratio in the first half of 2025 was mainly due to the increase in total interest-bearing bank borrowings of the Group for the period.

Return on Equity

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

The Group's return on equity decreased from -1.6% to -4.1%, mainly due to the increase in loss for the period attributable to the owners of the Company during the period.

Return on Assets

Return on assets was calculated based on the total comprehensive income for the period divided by the average total assets of the Group for the same period.

The Group's return on assets decreased from 0.7% to -2.5%, mainly due to the transfer of total comprehensive income from income to expense during the period.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

OFF-BALANCE SHEET ARRANGEMENT

The Group did not have any material off-balance sheet arrangements as at 30 June 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 condensed 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.

TRANSFER OF FINANCIAL ASSETS

During the first half of 2025, 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 the endorsed and discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognized in the condensed 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 is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Endorsed bills for settlement of payables	74,048	72,285
Discounted bills for raising cash	182,403	174,508
Outstanding endorsed and discounted bills receivables with recourse	<u>256,451</u>	<u>246,793</u>

The outstanding endorsed and discounted bills receivables are due within six months.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the reporting period and up to the date of this interim report, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

The Group had no other subsequent important events or other commitments that may materially affect the Group's financial condition and operation since the end of the reporting period and up to the date of this report.

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 its business. The Group aims to minimize its risk through disciplined operating and financial activities. During the six months ended 30 June 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 proceeds of listing pending remittance back to China, the Group has no exposure to significant exchange risks as all its operations are within China where there are no foreign currencies transactions, assets or liabilities.

Commodity Price Risk

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

Interest Rate Risk

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

As at 30 June 2025, the Group had fixed-rate borrowings in the amount of approximately RMB59.8 million (31 December 2024: RMB65.0 million). The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

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 30 June 2025 is the carrying amount of those assets stated in the consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities is disclosed in the consolidated financial statement.

The Group mainly conducts transactions with high-quality customers that the Group has established long-term relationships 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 of the Group are of the view that the Group's credit risk is significantly reduced.

The Group has a concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 95.4% and 98.3% of exposure concentrated in the five largest outstanding balances as at 30 June 2025 and 31 December 2024, respectively. The Group believes the Group's credit risks on bank balances and deposits or bills receivables are limited and there is no significant concentration of credit risk as 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.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the financial or trading position of the Group since 30 June 2025 and up to the date of this report.

DIVIDEND

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

Based on the interim results and the financial position for the six months ended 30 June 2025, the Board has resolved not to declare an interim dividend.

PENSION SCHEMES

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

The Hong Kong based employees of the Group participate in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the employers' existing level of contributions can be reduced by contributions forfeited by the employers on behalf of those employees who quit the scheme prior to fully vesting of the contributions. During the year ended 31 December 2024 and the six months ended 30 June 2025, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2024 and 30 June 2025, respectively. The Group contributes the lower of HK\$1,500 per month or 5% of the relevant monthly payroll costs to the Mandatory Provident Fund Scheme.

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

USE OF PROCEEDS FROM THE LISTING

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

Analysis of the intended use of the net proceeds from the listing as disclosed in the prospectus compared with the actual use of such net proceeds from the Listing Date up to 30 June 2025 is set out below:

Business purpose as disclosed in the prospectus	Intended use of net proceeds <i>RMB'000</i>		Actual use of net proceeds from 1 January to 30 June 2025 <i>RMB'000</i>	Unutilised net proceeds as at 30 June 2025 <i>RMB'000</i>	Estimated timetable for utilisation
		%			
Gas stations with hydrogen refuelling facility	194,574	85	0	194,574	2025-2027
Investment in and/or acquisition of upstream and downstream players	11,445	5	0	11,445	2025-2027
Working capital and other general corporate purposes	22,891	10	10,216	12,674	2025-2027
	<u>228,910</u>	<u>100</u>	<u>10,216</u>	<u>218,693</u>	

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The Company upholds a sound and efficient corporate governance philosophy while also focusing on shareholders' interests and is determined to achieve a high 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 PRC Company Law, and other relevant laws and regulations of the PRC. The 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, the Company has also adopted the Corporate Governance Code (the “**Code**”) in Appendix C1 of the Listing Rules, and formulated a series of rules as well as the Terms of Reference of the Nomination Committee, the Remuneration and Appraisal Committee and the Audit Committee, to achieve the objective of good corporate governance. This report will further clarify how the Company applies the principles of good corporate governance as set out in the Code, so as to enable shareholders' evaluation of such application.

During the six months ended 30 June 2025, save as disclosed below, the Company has complied with the Listing Rules and all code provisions to the Code:

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

The Company has also adopted the amended articles of association of the Company on 22 January 2025 in light of the completion of the full circulation of the shares of the Company and the actual circumstances and operation development needs of the Company, a copy of which is published on the websites of the Company and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules and the company secretary has also issued to all Directors and supervisors of the Company (the “**Supervisors**”) a compliance notice of suspending trading during the black-out period in accordance with the Model Code. Having made specific enquiries with the Directors and Supervisors, the Company hereby confirms that all the Directors and Supervisors have complied with the standards as set out in the Model Code for the trading of securities by Directors during the six months ended 30 June 2025.

Board of Directors

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

Executive Directors

Mr. Wang Zengguang (*General manager*)

Mr. Qiao Erwei (*Deputy general manager and Board secretary*)

Non-executive Directors

Mr. Yiu Chiu Fai (*Chairman of the Board*)

Mr. Wang Kaibao (*Vice chairman of the Board*)

Mr. Wang Lijie

Independent Non-executive Directors

Ms. Wong Yan Ki Angel

Mr. Di Zhigang

Ms. Leung Sin Yeng Winnie

CORPORATE GOVERNANCE AND OTHER INFORMATION

Supervisory Committee

The Supervisors of the first session of the Supervisory Committee were appointed at the general meeting held on 20 July 2023 for a term of three years. The first session of the Supervisory Committee consists of three Supervisors. The members of the first session of the Supervisory Committee are listed as follows:

Supervisors

Mr. Wong Tsz Leung

Mr. Wu Zhiqiang

Mr. Li Hebao

Disclosure of Information on Directors, Supervisors and Chief Executive Officer

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors, Supervisors and chief executive of the Company for the six months ended 30 June 2025 and up to the date of this interim results announcement are as follows:

Directors

Details of change

Ms. Wong Yan Ki Angel	has resigned as an independent non-executive director of Many Idea Cloud Holdings Limited (Stock Code: 6696) with effect from 27 June 2025.
	has been designated as an independent non-executive director of Alphamab Oncology (Stock Code: 9966) with effect from 30 June 2025.

Interests of Directors, Supervisors and Chief Executive in Securities

As at 30 June 2025, the interests and short positions (if any) of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interest in the Company

As at 30 June 2025, none of the Directors, Supervisors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Long position in associated corporation

Henan Jinma Energy Company Limited (“Jinma Energy”)

Name	Nature of interest	Class of shares	Number of shares held (Note 1)	Approximate percentage of shareholding in the total share capital of Jinma Energy (Note 2)
Mr. Yiu Chiu Fai	Interests in controlled corporation (Note 3)	H shares	162,000,000 (L)	30.26%
Mr. Wang Lijie	Beneficial owner	H shares	2,681,000 (L)	0.50%
	Interest in controlled corporation (Note 4)	H shares	42,900,000 (L)	8.01%

Notes:

1. The letter “L” denotes the person’s long position in such shares.
2. The calculation is based on the total number of 535,421,000 shares in issue of Jinma Energy, all of which are H shares.
3. Mr. Yiu Chiu Fai (a non-executive Director) is the legal and beneficial owner of the entire issued share capital of Golden Star Chemicals (Holdings) Limited (“**Golden Star**”). As at the date of this report, Golden Star, which in turn, holds 100% of the issued share capital of Jinma Coking (BVI) Limited (“**Jinma Coking**”), and as at 30 June 2025, Jinma Energy (Hong Kong) Limited (“**Jinma HK**”)* (formerly known as Jinma Coking (Hong Kong) Limited) was wholly-owned by Jinma Coking. Jinma HK holds approximately 30.26% of the issued share capital of Jinma Energy. Accordingly, Mr. Yiu is deemed to be interested in Jinma Energy’s interest held by Jinma HK by virtue of the SFO. On 3 April 2025, 北京維港新能源有限公司(Beijing Weigang New Energy Co., Ltd.*), “**Beijing Weigang**”) entered into an agreement with Jinma Coking, pursuant to which, subject to certain conditions precedent, Beijing Weigang shall purchase all issued share capital of Jinma HK (the “**Target Shares**”). Upon completion, Jinma HK will reduce its H share shareholdings in Jinma Energy to 156,665,000 H shares (representing approximately 29.26% of the issued share capital of Jinma Energy). On 5 August 2025, Jinma Coking served termination notice to Beijing Weigang and the sale of the Target Shares by Jinma Coking to Beijing Weigang will not be proceeded with. Accordingly, as at the date of this report, Mr. Yiu continues to be indirectly interested in 100% in Jinma Coking, which holds 100% of Jinma HK, which in turn is the holder of 162,000,000 shares of Jinma Energy, representing approximately 30.26% of the capital of Jinma Energy.
4. Mr. Wang Lijie (a non-executive Director) is the legal and beneficial owner of 33.44% of the equity interest in Jiyuan Jinma Xingye Investment Co., Ltd.* (濟源市金馬興業投資有限公司, “**Jinma Xingye**”). Jinma Xingye holds 8.01% of the issued share capital of Jinma Energy. Accordingly, Mr. Wang is deemed to be interested in Jinma Xingye’s interest in Jinma Energy by virtue of the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests of Directors and Supervisors in Transactions, Arrangements or Contracts

During this reporting period or as of 30 June 2025, none of the Directors or Supervisors, or the entities connected with the Directors or Supervisors, has participated or is or was materially interested, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries was a party.

Arrangement to Purchase Shares or Debentures

At no time during this reporting period was the Company, its holding company or any of its subsidiaries nor fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Interests of Substantial Shareholders in Securities

As at 30 June 2025, so far as is known to the Directors, the following parties (other than a Director, Supervisor or chief executive) were directly or indirectly interested or deemed to be interested in 5% or more of the relevant class of issued share capital of the Company:

Name	Nature of Interest	Class of Shares	Number of Shares Held (Note 1)	Approximate percentage of shareholding in the total Share Capital of the Company (Note 2)
Jinma Energy	Beneficial owner	H Shares	713,380,000 (L)	74.65%
	Interests in controlled corporation ^(Note 3)	H Shares	3,350,000 (L)	0.35%

Notes:

1. The letter “L” denotes the entity/person’s long position in such Shares.
2. The percentage is calculated based on the total share capital of the Company of 955,640,000 H Shares.
3. Shanghai Jinma Energy Sources Co., Ltd.* (上海金馬能源有限公司) (“**Shanghai Jinma**”) is wholly-owned by Jinma Energy. Accordingly, Jinma Energy is deemed to be interested in Shanghai Jinma’s interest in the Company by virtue of the SFO.

Save as disclosed above, there was no other interest recorded in the register that was required to be kept under Section 336 of the SFO as at 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Sufficiency of Public Float

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

Purchase, Sale or Redemption of Securities of the Company

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Employees and Remuneration Policy

Employees are the Group's important asset. As at 30 June 2025, the Group had a total of 397 employees, including 2 senior management (excluding the Directors), 17 middle management and 376 ordinary employees. For the six months ended 30 June 2025, the staff cost of the Group amounted to approximately RMB21.58 million as compared to approximately RMB23.98 million for the same period last year.

The Company has established a Remuneration and Appraisal Committee which is responsible for making recommendation to the Board on the remuneration packages for Directors and senior management of the Company (including non-pecuniary benefits, pension rights and compensation). The Remuneration and Appraisal Committee reviews the remuneration policy for all Directors and the management of the Group based on the Group's overall operating results, individual performance and comparison of market practices.

Remuneration of mid-level management personnel 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 Company. Remuneration of ordinary employees consists of basic salary, bonuses and various subsidies.

The Group has made full contributions to social insurance (including pension scheme, medical insurance, work injury insurance, unemployment insurance and maternity insurance) and housing provident funds for all employees in accordance with the relevant PRC labour laws and regulations.

According to the development plan and operating requirements of the Company, the management formulates annual training plans and the human resources department organizes annual external and internal trainings covering all employees. The training programs include, among others, 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 achieve personal development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was set up by the Board with specific terms of reference for the purpose of reviewing the Company's financial information, overseeing the Company's financial reporting system, risk management and internal control systems. The Audit Committee comprises three Directors, including Ms. Wong Yan Ki Angel (independent non-executive Director), Mr. Wang Kaibo (non-executive Director) and Mr. Di Zhigang (independent non-executive Director), and is chaired by Ms. Wong Yan Ki Angel.

The Audit Committee has reviewed with the management and the external auditor, Deloitte Touche Tohmatsu, the accounting methods adopted by the Company and the unaudited condensed consolidated interim financial statements of the Company for this reporting period. The Audit Committee also has reviewed this interim results announcement. The Company's unaudited consolidated interim results for this reporting period have been reviewed by the Company's external auditor in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

PUBLICATION OF THE INTERIM REPORT

The Company's interim report for the six months ended 30 June 2025 will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.jyqhghg.com) in due course.

The Company makes every effort to ensure consistency between the Chinese and English versions of the Company communication. In the event of any inconsistency, however, the English version shall prevail.

APPRECIATION

I would like to take this opportunity to thank all the Group's employees, shareholders and business partners for their continuous support to the Group.

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

Hong Kong, 26 August 2025

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

* For identification purposes only