DONGYUE FEDERATION

DONGYUE GROUP LIMITED

東岳集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 189)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2025

FINANCIAL HIGHLIGHTS
(in RMB million, unless otherwise stated)

	Six months ended 30 June	
	2025	2024
Revenue	**7,463**	7,261
Gross profit	**2,172**	1,440
Gross profit margin	**29.10%**	19.83%
Profit before taxation	**1,422**	673
Profit for the period	**1,057**	395
Profit for the period attributable to owners of the Company	**779**	308
Earnings per share — basic and diluted (RMB)	**0.47**	0.17

	As at	
	30 June 2025	31 December 2024
Total equity	**18,617**	17,472
Net assets per share (RMB)	**11.23**	10.00

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	3	**7,463,394**	7,261,012
Cost of sales		**(5,290,973)**	(5,821,118)
Gross profit		**2,172,421**	1,439,894
Other income and other net gains or losses	4	**146,952**	97,519
Distribution and selling expenses		**(212,644)**	(230,157)
Administrative and other expenses		**(326,574)**	(344,365)
Research and development costs		**(369,226)**	(321,439)
Gain on disposal of partial interest in an associate	5	**–**	139,049
Gain/(loss) on disposal of subsidiaries	12	**7,435**	(100,216)
Finance costs		**(1,562)**	(2,159)
Share of results of associates		**5,681**	(5,248)
Profit before taxation		**1,422,483**	672,878
Income tax expense	6	**(365,595)**	(277,670)
Profit for the period	7	**1,056,888**	395,208
Other comprehensive expense for the period			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")		**94,297**	(12,440)
Total comprehensive income for the period		**1,151,185**	382,768
Profit for the period attributable to:			
— Owners of the Company		**779,202**	307,649
— Non-controlling interests		**277,686**	87,559
		1,056,888	395,208
Total comprehensive income for the period attributable to:			
— Owners of the Company		**869,148**	295,209
— Non-controlling interests		**282,037**	87,559
		1,151,185	382,768
Earnings per share			
— Basic and diluted (RMB)	9	**0.47**	0.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**11,980,153**	12,279,823
Right-of-use assets		**973,014**	889,852
Deposits paid for purchase of property, plant and equipment		**236,188**	217,378
Interest in associates		**150,186**	97,809
Intangible assets		**15,741**	18,769
Equity instruments at FVTOCI		**410,676**	129,629
Deferred tax assets		**81,656**	85,667
Goodwill		**440,107**	440,767
		14,287,721	14,159,694
Current assets			
Inventories		**1,428,350**	1,429,752
Properties for sale		**8,061**	10,820
Trade and other receivables	*10*	**2,821,697**	2,777,363
Pledged bank deposits		**43,320**	88,745
Bank balances and cash		**3,540,515**	2,470,496
		7,841,943	6,777,176

	Notes	**30 June 2025** **RMB'000** **(Unaudited)**	31 December 2024 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*11*	**2,533,151**	2,822,668
Tax liabilities		**191,916**	71,934
Lease liabilities		**7,266**	5,138
Deferred income		**27,775**	39,938
Dividends payable		**160,456**	–
		2,920,564	2,939,678
Net current assets		**4,921,379**	3,837,498
Total assets less current liabilities		**19,209,100**	17,997,192
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**163,506**	163,506
Reserves		**12,812,392**	11,943,554
Equity attributable to the owners of the Company		**12,975,898**	12,107,060
Non-controlling interests		**5,641,475**	5,364,777
Total equity		**18,617,373**	17,471,837
Non-current liabilities			
Bank borrowings		**35,822**	–
Deferred tax liabilities		**219,378**	198,809
Lease liabilities		**27,468**	21,304
Deferred income		**309,059**	305,242
		591,727	525,355
		19,209,100	17,997,192

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value through other comprehensive income.

The accounting policies and the 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 annual financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Accounting Standards

IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

For the current period, the Group has applied all the new and revised IFRS Accounting Standards as well as amendments to and interpretation of IFRS Accounting Standards that are relevant to its operations and effective for the financial periods beginning on or after 1 January 2025. These applications do not have a material impact on the condensed consolidated financial statements of the Group.

Standards issued but not yet effective

The Group has not applied the new IFRS Accounting Standards that have been issued but are not yet effective. The application of these new IFRS Accounting Standards will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new IFRS Accounting Standards but is not yet in a position to state whether these new IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

The Group's operations are organised based on the different types of products. Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Polymers;
- Organic silicone;
- Refrigerants;
- Dichloromethane and liquid alkali; and
- Other operations — manufacturing and sales of side-products of refrigerants segment, polymers segment, organic silicone segment and dichloromethane, PVC and liquid alkali segment, property development and rental income.

Segment revenue and results

The segment results for the six months ended 30 June 2025 are as follows:

	Polymers *RMB'000* (Unaudited)	Organic silicone *RMB'000* (Unaudited)	Refrigerants *RMB'000* (Unaudited)	Dichloromethane and liquid alkali *RMB'000* (Unaudited)	Other operations *RMB'000* (Unaudited)	Eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue							
External sales	**1,939,795**	**2,319,120**	**2,292,067**	**636,444**	**275,968**	**–**	**7,463,394**
Inter-segment sales	**–**	**–**	**1,207,606**	**13,192**	**705,804**	**(1,926,602)**	**–**
Total revenue — segment revenue	**1,939,795**	**2,319,120**	**3,499,673**	**649,636**	**981,772**	**(1,926,602)**	**7,463,394**
Segment results	**259,195**	**8,750**	**1,029,831**	**213,693**	**(87,219)**	**–**	**1,424,250**
Unallocated corporate expenses	**–**	**–**	**–**	**–**	**–**	**–**	**(13,321)**
Gain on disposal of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**7,435**
Share of results of associates	**–**	**–**	**–**	**–**	**–**	**–**	**5,681**
Finance costs	**–**	**–**	**–**	**–**	**–**	**–**	**(1,562)**
Profit/(loss) before income tax	**259,195**	**8,750**	**1,029,831**	**213,693**	**(87,219)**	**–**	**1,422,483**

The segment results for the six months ended 30 June 2024 are as follows:

	Polymers *RMB'000* (Unaudited)	Organic silicone *RMB'000* (Unaudited)	Refrigerants *RMB'000* (Unaudited)	Dichloromethane and liquid alkali *RMB'000* (Unaudited)	Other operations *RMB'000* (Unaudited)	Eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue							
External sales	2,032,921	2,759,094	1,551,984	515,594	401,419	–	7,261,012
Inter-segment sales	–	–	1,260,670	12,146	624,224	(1,897,040)	–
Total revenue segment revenue	2,032,921	2,759,094	2,812,654	527,740	1,025,643	(1,897,040)	7,261,012
Segment results	303,391	53,681	332,455	132,756	(171,232)	–	651,051
Unallocated corporate expenses	–	–	–	–	–	–	(9,599)
Gain on disposal of partial interest in an associate	–	–	–	–	–	–	139,049
Loss on disposal of subsidiaries	–	–	–	–	–	–	(100,216)
Share of results of associates	–	–	–	–	–	–	(5,248)
Finance costs	–	–	–	–	–	–	(2,159)
Profit/(loss) before income tax	303,391	53,681	332,455	132,756	(171,232)	–	672,878

Segment results represent the results of each segment without allocation of unallocated expenses and central administration costs, directors' salaries, share of results of associates, gain/(loss) on disposal of subsidiaries, gain on disposal of partial interest in an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. No segment information on assets and liabilities is presented as such information is not reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. OTHER INCOME AND OTHER GAINS OR LOSSES

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants *(note (i))*	**93,974**	36,007
Bank deposits interest income	**13,629**	14,598
Interest income from associates	**731**	954
Sundry income	**30,749**	26,357
Other gains or losses	**139,083**	77,916
Exchange difference, net	**7,869**	19,603
	146,952	97,519

Note:

(i) During the six months ended 30 June 2025, the Group recognised government grants of RMB48,483,000 (six months ended 30 June 2024: RMB25,046,000) in the condensed consolidated statement of profit or loss and other comprehensive income. Government grants mainly represent the expenditure on research activities which are recognised as expense in the period in which they are incurred by the Group. The Group recognised these government grants as other income when there were no unfulfilled conditions or contingencies.

During the six months ended 30 June 2025, in addition, the Group recognised government grant of RMB45,491,000 (six months ended 30 June 2024: RMB10,961,000) from government in respect of the acquisition of property, plant and equipment for manufacturing of chemical products. Such subsidies are classified as deferred income in the condensed consolidated statement of financial position and will be recognised in the condensed consolidated statement of profit or loss and other comprehensive income over the estimated useful lives of the related assets.

5. GAIN ON DISPOSAL OF PARTIAL INTERESTS OF AN ASSOCIATE

On 23 October 2023, Dongyue Fluorosilicone Science and Technology Group Co., Ltd. ("Dongyue Fluorosilicone Technology") entered into shares transfer agreement with Macrolink Holding Limited ("MLH"), pursuant to which, Dongyue Fluorosilicone Technology agreed to sell and MLH agreed to purchase 2.32% interest of Shandong Dongyue Future Hydrogen Energy Materials Co., Ltd ("Dongyue Future Hydrogen Energy", one of the associates of the Group) with a consideration of RMB165,000,000.

Upon the completion of the above transaction in March 2024, the gain on disposal of partial interest in Dongyue Future Hydrogen Energy amounted to RMB139,049,000 was recognized.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax ("EIT")		
— Current year	**313,057**	131,962
— Under provision in prior years	**27,938**	5,808
Land Appreciation Tax ("LAT")	**20**	105,413
	341,015	243,183
Deferred tax		
— Withholding tax for distributable profits of PRC subsidiaries	**35,000**	14,000
— Others	**(10,420)**	20,487
	24,580	34,487
	365,595	277,670

Tax charge mainly consists of income tax in the PRC attributable to the assessable profits of the Company's subsidiaries established in the PRC. Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 June 2024: 25%), except for certain PRC subsidiaries being awarded the Advanced-Technology Enterprise Certificate and entitled for a tax reduction from 25% to 15%.

The Company's subsidiaries incorporated in Hong Kong is subject to income tax at the rate of 16.5% on the estimated assessable profits. No provision for Hong Kong profit tax is provided for as the Group did not have estimated assessable profits arising in Hong Kong during both periods.

Pursuant to the local rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 held by the PRC entity shall be subject to EIT pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. Deferred tax liability of RMB35,000,000 (six months ended 30 June 2024: RMB14,000,000) on the undistributed earnings of subsidiaries has been charged to profit or loss for the six months ended 30 June 2025.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets (included in cost of sales)	**1,890**	2,766
Depreciation of property, plant and equipment	**661,228**	577,621
Depreciation of right-of-use assets	**17,582**	16,059
Government grants	**(93,974)**	(36,007)
Loss on disposal of property, plant and equipment	**61,284**	20,544
Impairment on property, plant and equipment	**85,571**	–
Impairment on Intangible assets	**2,273**	–
Impairment on trade and other receivables	**12,108**	52,504
Write-down of inventories (included in cost of sales)	**12,144**	17,388
Equity-settled share-based payments	**17,210**	–
Impairment of properties for sales (included in cost of sales)	**–**	90,976

8. DIVIDENDS

During the six months ended 30 June 2025, a final dividend of HK$0.10 per share amounting to HK$173,271,164 (equivalent to RMB160,456,029) in respect of the year ended 31 December 2024 (six months ended 30 June 2024: a final dividend of HK$0.1 per share amounting to HK$173,271,164 (equivalent to RMB155,608,768) in respect of the year ended 31 December 2023) has been declared and the amount has been paid up to the date of this announcement.

9. EARNINGS PER SHARE

(i) Basic earnings per share

The calculations of basic earnings per share attributable to the owners of the Company are based on the following:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit for the year attributable to owners of the Company, used in the basic earnings per share calculations (RMB)	**779,202,000**	307,649,000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,657,350,167**	1,839,206,000
Basic earnings per share (RMB per share)	**0.47**	0.17

(ii) Diluted earnings per share

The calculations of diluted earnings per share attributable to the owners of the Company are based on the following:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit for the year attributable to owners of the Company, used in the basic earnings per share calculations (RMB)	**779,202,000**	307,649,000
Adjustments for the profit attributable to the share option scheme issued by a subsidiary (RMB)	**(67,000)**	–
Earnings for the purpose of calculating diluted earnings per share (RMB)	**779,135,000**	307,649,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,657,350,167**	1,839,206,000
Diluted Earnings per share (RMB per share)	**0.47**	0.17

The Group had no ordinary shares purchased under the Employee Option Plan during the six months ended 30 June 2025 and 2024.

During the six months ended 30 June 2025, the Company did not repurchase or cancel any shares. During the six months ended 30 June 2024, the Company repurchased and cancelled 520,978,000 shares.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 30 June 2025 and 2024 has been arrived at after deducting the shares held in trust for the Employee Option Scheme of the Company. During the period end 30 June 2025, the Company sold 16,862,000 shares held in the aforesaid trust.

10. TRADE AND OTHER RECEIVABLES

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(note (i))*	**2,293,320**	1,962,821
Less: allowance for doubtful debts	**(13,578)**	(12,876)
	2,279,742	1,949,945
Prepayments for raw materials	**75,756**	28,920
Tax recoverables	**108,796**	165,093
Outstanding amount of deposit receivables *(note (ii))*	**123,138**	309,888
Loans *(note (iii))*	**–**	45,100
Deposits and other receivables	**234,265**	278,417
	2,821,697	2,777,363

Notes:

(i) Included in trade receivables are bills receivables amounting to RMB1,669,632,000 as at 30 June 2025 (31 December 2024: RMB1,579,632,000).

Customers are generally granted with credit period ranged between 30–90 days for trade receivables. Bills receivables are generally due in 90 days or 180 days. The following is an aging analysis of trade and bills receivables, net of allowance for credit losses presented based on the invoice date.

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**1,053,059**	769,139
91–180 days	**965,767**	1,062,942
181–365 days	**260,916**	117,864
More than 1 year	**13,578**	12,876
	2,293,320	1,962,821

(ii) An indirect subsidiary of the Company, Shandong Dongyue Polymers Co., Ltd. ("Dongyue Polymers"), placed deposits amounted to RMB309,888,000 to the account of Macro-link Holding Group Finance Company Limited, such deposits were pledged by 11.9% equity interest in Hunan Hualian Porcelain Industry Co.,Ltd. (湖南華聯瓷業股份有限公司, "Hualian Porcelain"), a company listed on the Shenzhen Stock Exchange (stock code: 001216.SZ).

In 2024 Dongyue Polymers applied to the legal proceedings of the outstanding deposits, in April 2025 the court ruled that 5.96% of the equity interest in Hualian Porcelain pledged (or half of the total equity interest pledged of 11.92%) was transferred to Dongyue Polymers to settle partial deposits amounting to RMB186,750,000. As at 30 June 2025 the market value of the remaining pledged equity interest was approximately RMB202,500,000.

(iii) The amount as at 31 December 2024 represented the loans provided to Zhangjiajie Xinye Real Estate Development Co., Ltd, which with a 4%-interest-rate per annum and repayable within one year.

11. TRADE AND OTHER PAYABLES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Trade payables *(note (i))*	**1,597,971**	1,988,169
Contract liabilities — sale of chemical products *(note (ii))*	**176,824**	137,585
Contract liabilities — sale of properties *(note (iii))*	**14,223**	17,334
Payroll payable	**180,547**	216,294
Payable for property, plant and equipment	**382,209**	292,045
Other tax payables	**65,149**	48,720
Construction cost payables for properties under development for sale	**–**	4,729
Other payables and accruals	**116,228**	117,792
	2,533,151	2,822,668

Notes:

(i) Included in the trade payables are bills payables amounting to RMB278,629,000 (31 December 2024: RMB53,691,000). Bills payables are secured by the Group's pledged bank deposits.

(ii) The amount represents the receipt in advance from customers arising from pre-sale of chemical products.

(iii) The amount represents the receipt in advance from customers arising from the pre-sale of properties in the PRC. The amount was secured by pledged bank deposits of approximately RMB471,000 (31 December 2024: RMB471,000) as at 30 June 2025.

The following is an ageing analysis of trade payables, presented based on the invoice date:

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Within 30 days	**751,707**	671,760
31–90 days	**372,275**	579,692
91–180 days	**125,421**	107,374
181-365 days	**191,766**	475,940
1–2 years	**99,842**	119,004
More than 2 years	**56,960**	34,399
	1,597,971	1,988,169

12. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Zhangjiajie Xinye Real Estate Development Co., Ltd

On 31 May 2024, one of the subsidiaries of the Group, Shandong Dongyue Federation Property Limited" ("山東東岳聯邦置業有限公司", "Federation Property"), entered into a shares transfer agreements with Mr. 呂良("Mr. Lv"), pursuant to which, Federation Property agreed to sell and Mr. Lv agreed to purchase 52% interest of Zhangjiajie Xinye Real Estate Development Co., Ltd ("張家界鑫業房地產開發有限公司", "Zhangjiajie Xinye").

Net assets at the date of disposal were as follows:

	RMB'000 **(Unaudited)**
Deferred tax assets	**7,769**
Properties for sale	**270,500**
Trade and other receivables	**70,461**
Bank balances and cash	**37,681**
Trade and other payables	**(260,195)**
Net asset disposed of	**126,216**
Investment in a subsidiary retained	**–**
Loss on disposal of a subsidiary	**(100,216)**
Total consideration — satisfied by cash	**26,000**
Net cash outflow arising on disposal:	
Cash consideration received	**26,000**
Cash and cash equivalents disposed of	**(37,681)**
	(11,681)

(b) Disposal of Shandong Boda Real Estate Development Co., Ltd.

On 16 June 2024, Federation Property entered into a shares transfer agreement with Zibo Qidong Property Service Limited (“淄博齊東物業服務有限公司”, “Qidong Property”), pursuant to which, Federation Property agreed to sell and Qidong Property agreed to purchase 100% interest of Shandong Boda Real Estate Development Co., Ltd. (“山東博大房地產開發有限公司”, “Boda Real Estate”).

Net assets at the date of disposal were as follows:

	RMB'000 **(Unaudited)**
Property, plant and equipment	**468**
Deferred tax assets	**42,964**
Properties for sale	**236,716**
Trade and other receivables	**255,872**
Bank balances and cash	**29,195**
Trade and other payables	**(45,363)**
Contract liabilities	**(134,995)**
Borrowings	**(291,704)**
Tax liabilities	**(93,153)**
Net asset disposed of	**–**
Loss on disposal of a subsidiary	**–**
Total consideration — satisfied by cash	**–**
Net cash outflow arising on disposal:	
Cash consideration received	**–**
Cash and cash equivalents disposed of	**(29,195)**
	(29,195)

(c) Disposal of Huantai Kehui Environmentally Friendly New Building Materials Co., Ltd.

In December 2024, Shandong Dongyue Fluo-Silicon Materials Co., Ltd. ("Dongyue Fluo-Silicon") entered a shares transfer agreement with a third party, pursuant to which, Dongyue Fluo-Silicon agreed to sell and the third party agreed to purchase 100% interest of Huantai Kehui Environmentally Friendly New Building Materials Co., Ltd. ("桓台科匯環保新型建材有限公司", "Huantai Kehui"). The shares transfer was completed in January 2025.

Net assets at the date of disposal were as follows:

	RMB'000 **(Unaudited)**
Property, plant and equipment	**6,299**
Right-of-use assets	**11,399**
Net asset disposed of	**17,698**
Direct cost to the disposal	**2,207**
Derecognition of goodwill	**660**
Gain on disposal of a subsidiary	**7,435**
Total consideration — satisfied by cash	**28,000**
Net cash inflow arising on disposal:	
Cash consideration received	**28,000**
Cash paid for direct cost	**(2,207)**
Cash and cash equivalents disposed of	**–**
	25,793

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

In the first half of 2025, the domestic and international economic landscape remained complex, with international trade policies changing rapidly and the market environment fraught with uncertainties. The fluorosilicone chemical industry has consequently been affected accordingly. Despite the rapidly changing external conditions, the Group seized opportunities, responded proactively, and delivered strong operating results through leveraging its established industry expertise.

I. A Significant Growth in Operating Results

In the first half of the year, amid shifting international tariff policies and other external factors, the overall economic environment remained volatile, impacting the fluorosilicone chemical industry. Market demand of some products was weak, supply competition intensified, and product prices remained low. However, due to quota restrictions, the prices of multiple products in the Group's refrigerant business segment have surged significantly, serving as a critical performance driver and presenting a rare growth opportunity. Thanks to its long-standing operations in the refrigerant industry, the Group has secured substantial quotas, enabling it to capitalize on this opportunity and achieve significant performance growth in the first half of the year, where profit attributable to owners of the Group surged by 153.28% year-on-year.

II. Full Assurance of Production Stability

The Group fully recognizes that, under the current operating environment, production stability serves as a critical foundation for seizing rare growth opportunities. Therefore, the Group has rigorously implemented its established safety and environmental protocols to ensure uninterrupted production stability. In the first half of the year, the Group maintained an impeccable safety record with no major incidents disrupting operations, while achieving 100% compliance in emissions standards. During the period under review, the Group strengthened compliance audits on environmental permits, standardized solid waste management procedures, rectified obsolete equipment storage areas, and enhanced soil and groundwater as well as routine monitoring and management to ensure full compliance with safety and environmental standards. In the first half of the year, the Group achieved reductions in metrics including raw material consumption, comprehensive energy usage, hazardous waste per ton of product, and byproduct generation per ton of production, while simultaneously improving production facility operating efficiency.

III. Continuous R&D Innovation, Sustaining Competitive Vitality

The Group has consistently adhered to independent innovation and placed strong emphasis on technological R&D. During the period under review, the Group strategically allocated R&D investments with a focus on translating research outcomes into practical applications, ultimately achieving fruitful R&D results. Total R&D expenses by the Group during the period amounted to approximately RMB369,226,000, representing a year-on-year increase of 14.87% and accounting for 4.95% of total revenue. As of the end of the period under review, the Group's R&D team comprised 679 members, with 48.90% holding doctoral or master's degrees. During the period under review, the Group was granted 25 patents, bringing the total number of patents to 595 by period-end. In addition, during the period under review, the Group announced 2 national standards and 1 group standard, which have further propelled industry development.

IV. Significant Achievements in Cost Optimization and Efficiency Enhancement

During the period under review, the Group faced weaker market demand for certain products and intensified supply-side competition due to external economic headwinds. By maintaining rigorous internal controls and implementing comprehensive cost-reduction initiatives, the Group achieved significant efficiency improvements that contributed substantially to earnings growth. During the period, the Group's distribution and selling expenses decreased by 7.61% year-on-year, while administrative expenses decreased by 5.17% year-on-year. Effective cost and expense control have helped enhance the Group's market competitiveness under the current competitive landscape and contributed to its business growth.

Prospect

Although the Group recorded substantial growth in its results for the first half of the year, the Group will maintain prudent operations amid ongoing external uncertainties. To this end, the Group has formulated the following business strategies for the second half of the year:

1. ***Adopting market-centric strategy, driving market share growth***

   Amid intense market competition, capturing market opportunities and expanding market share remain our critical operational objectives. In the second half of the year, the Group will further adopt a market-driven strategy and enhance coverage of target customers in niche markets to drive production and sales. We will strengthen market analysis and improve agility to swiftly adapt to different market dynamics. Leveraging our robust supply chain and R&D capabilities, we will tailor solutions to meet specific demands of customers and transition our market services into a "technology + sales" hybrid model to establish a closed-loop "technology-sales-customer" operational framework. Concurrently, we will optimize product quality to elevate customer satisfaction. Additionally, we will maintain a balance between domestic and international markets, ensuring both revenues contribute synergistically to the overall sales growth.

2. ***Strengthening internal competencies to drive incremental performance growth of the Group***

   In recent years, to enhance performance, the Group has consistently pursued cost reduction and efficiency improvements, as well as resource optimization, with notable results. In the second half of the year, the Group will continue refining internal capabilities by further controlling costs and expenditures. Key initiatives include strengthening strategic partnerships with high quality suppliers to enhance strategic competencies and translate them into value-added growth. Additionally, we will minimize unnecessary outsourcing, streamline redundant processes that impede efficiency, and reduce waste of resources such as materials and supplies.

3. ***Reviewing scientific R&D tasks and concentrating resources on R&D initiatives***

   Scientific R&D is a long-term principle that Dongyue steadfastly upholds. With technological advancements evolving rapidly, our technology department shall transform into a core profit drivers, while our R&D department shall function as profit regeneration center. Moving forward, the Group will adopt a market-oriented approach to allocate valuable R&D resources to areas closer to market demand. Additionally, we will increase R&D investments for technical upgrades, aiming to enhance efficiency and innovation through technological transformation, while reiterating competitiveness of our legacy products.

4. ***Enhancing production efficiency and maintaining the competitive edge across the industrial chain***

   The Group has maintained outstanding competitiveness in the market over the long term by leveraging its industrial chain and production scale. The Group will continue to maintain this competitive advantage by enhancing production efficiency. Safety and environmental protection are the fundamental safeguards for stable production. The Group will further improve its systematic, standardized, and refined management system to mitigate safety and environmental risks. Additionally, we will comprehensively enhance production efficiency through research and development of new products, application of new technologies, energy conservation and emission reduction, improved resource utilization, as well as quality and efficiency enhancement initiatives.

   The Group's outstanding performance in the first half of the year has laid a solid foundation for this year's operations. This demonstrates our competitive advantages including a well-established industrial chain, leading research and development capabilities, excellent management, and extensive industry experience. The Group is confident that we will continue to leverage these strengths to deliver strong performance in future operations, rewarding the long-standing trust and support from our valued investors.

Financial Review

Results Highlights

For the six months ended 30 June 2025, the Group recorded a revenue of approximately RMB7,463,394,000, representing an increase of 2.79% over RMB7,261,012,000 of the corresponding period last year. The gross profit margin increased to 29.11% (corresponding period of 2024: 19.83%) and the consolidated segment results margin* was 19.08% (corresponding period of 2024: 8.97%). The operating results margin** was 19.00% (corresponding period of 2024: 9.37%). During the period under review, the Group recorded a profit before taxation of approximately RMB1,422,483,000 (corresponding period of 2024: RMB672,878,000), and a net profit of approximately RMB1,056,888,000 (corresponding period of 2024: RMB395,208,000), while the total comprehensive income for the period was approximately RMB1,151,185,000 (corresponding period of 2024: RMB382,768,000). The unaudited consolidated results of the Group have been reviewed by the Audit Committee of the Company and the external auditor.

* Consolidated Segment Results Margin = Consolidated Segment Results ÷ Revenue × 100%

** Operating Results Margin = (Profit before Tax + Finance Costs – Share of Results of Associates) ÷ Revenue × 100%

Segment Revenue and Operating Results

Set out below is the comparison, by reportable and operating segments, of the Group's revenue and segment results for the six months ended 30 June 2025 and the six months ended 30 June 2024:

Reportable and Operating Segments	**For the six months ended 30 June 2025**			For the six months ended 30 June 2024		
	Revenue	**Results**	**Segment Results Margin**	Revenue	Results	Segment Results Margin
	RMB'000	*RMB'000*		*RMB'000*	*RMB'000*	
Fluoropolymer	**1,939,795**	**259,195**	**13.36%**	2,032,921	303,391	14.92%
Organic silicone	**2,319,120**	**8,750**	**0.38%**	2,759,094	53,681	1.95%
Refrigerants	**2,292,067**	**1,029,831**	**44.93%**	1,551,984	332,455	21.42%
Dichloromethane and liquid alkali	**636,444**	**213,693**	**33.58%**	515,594	132,756	25.75%
Others	**275,968**	**(87,219)**	**(31.60%)**	401,419	(171,232)	(42.66%)
Total	**7,463,394**	**1,424,250**	**19.08%**	7,261,012	651,051	8.97%

Analysis of Revenue and Operating Results

During the period under review, affected by the overall domestic and international economic situation, relevant products of the fluoropolymers segment and organic silicon segment experienced weaker market demand, intense competitive pressures, and relatively low product prices. In contrast, due to quota restrictions, prices of some major products in the refrigerant segment recorded significant increase, bringing a considerable growth in the segment results.

Fluoropolymers

During the period under review, the external sales of fluoropolymers segment were approximately RMB1,939,795,000, representing a year-on-year decrease of 4.58% (the first half of 2024: RMB2,032,921,000), accounting for 25.99% (the first half of 2024: 28.00%) of the Group's total external sales. The segment recorded a profit of RMB259,195,000, representing a decrease of 14.57% as compared to a profit of RMB303,391,000 in the same period of the previous year.

During the period under review, the segment encountered subdued market demand coupled with fierce supply competition, resulting in depressed product prices. Although market condition of the product segment further deteriorated, the Group's products in this segment maintained relatively strong competitive advantages in the market, due to superior quality, strong customer recognition, and cost efficiency, thereby preserving a reasonable profit margin.

The Group relies on the internal supply of R22 for the production of TFE (a fluorocarbon), which is used by the Group for the production of polymers products such as PTFE (a synthetic fluoropolymer with high level of resistance to temperature changes, electrical insulation, aging and chemical resistant that is used as a coating material and can also be further processed into high-end fine chemicals, which can be widely applied in chemicals, construction, electrical and electronics and automotive industries) and HFP (an important organic fluorochemical monomer, which can be used to produce various fine chemicals). Furthermore, the refrigerants segment of the Group supplied R22 and R142b as the raw materials for the production of a variety of downstream fluoropolymer fine chemicals including FEP (modified materials of PTFE, produced with HFP added in TFE, mainly used in the lining for wire insulation layer, thin-walled tube, heat shrinkable tubes, pumps, valves and pipes), FKM (fluorine rubber, a specialized fluorinated material, which is mainly used in the fields of aerospace, automotive, machinery and petro-chemistry due to its superior mechanical property, excellent oil, chemical and heat resistance), PVDF (fluorocarbon made through aggregation of VDF produced with R142b, mainly used as a lithium battery cathode binder, photovoltaic backplane membrane and anti-corrosion coating) and VDF.

Refrigerants

During the period under review, the refrigerants segment's external sales increased by 47.69% from RMB1,551,984,000 in the previous year to RMB2,292,067,000, accounting for 30.71% (the first half of 2024: 21.37%) of the Group's total external sales. The segment recorded a profit of RMB1,029,831,000, up 209.77% year-on-year (the first half of 2024: a profit of RMB332,455,000).

During the period under review, the prices of R32, R410a and other main products of the refrigerant segment increased significantly, which was the key driver for the growth in the performance of this segment. The price appreciation of these two products during the period was mainly attributable to quota restrictions.

The Group has the largest production capacity of R22 in the world. R22 is one of the key refrigerants currently available on the market and is used in household appliances. In addition, R22 has become the principal raw material for the production of fluoropolymers (i.e., PTFE, HFP, and other downstream fluorinated chemicals) and R125. R125 and R32 are the mainstream refrigerants in the current market and the key mixture of other types of green refrigerants (such as R410a) to replace R22. They have been widely applied in inverter air conditioners and other green home appliances. R134a is broadly used in the coolant and air-conditioning systems in automobiles, while R152a is another key refrigerant product of the Group which can also be used as blowing agents, aerosols and cleaning agents, as well as for the production of R142b. Apart from the fact that R142b can be used as refrigerant, temperature controller medium, and intermediates of aviation propellant, it can also be one of the main raw materials for the production of PVDF.

Organic Silicon

During the year, external sales of the organic silicon segment decreased by 15.95% to RMB2,319,120,000 from RMB2,759,094,000 in the previous year, accounting for 31.07% (the first half of 2024: 38.00%) of the Group's total external sales. The segment recorded a profit of RMB8,750,000, representing a decrease of 83.70% as compared to a profit of RMB53,681,000 in the same period of the previous year.

During the period under review, due to multiple factors such as the concentrated release of new production capacity, sluggish downstream end-user demand, and the international trade environment, there was a severe market imbalance between supply and demand, as well as a drop in product prices, resulting in a decline in the segment's external sales revenue and segment results.

This segment mainly included the production and sales of DMC (upstream organic silicon intermediates that are used as raw materials to produce deep processed mid-stream and downstream silicon products, such as silicon oils, silicon rubber and silicon resins), 107 Silicon Rubber, Raw Vulcanizate and Gross Rubber (collectively referred to as "Silicon Rubbers", deep processed organic silicon rubber products, where Raw Vulcanizate is a key material for producing Gross Rubber), and other by-products and other high-end downstream products, such as Gaseous Silica and Silicon Oils. Named as "Industrial MSG", organic silicon is widely applied in military, aviation, automotive, electronic, construction and other industries, mainly in the form of additives, treatment chemicals stabilisers, lubricants and sealants and is a key ingredient in industrial processes. The Group initially produces silicon monomers with silicon powder and internally generated chloromethane and further processes them to become silicon intermediates (mainly DMC), with certain portion of which the Group produces for Silicon Rubbers and other organic silicon products. The Group can also produce and generate other by-products and high-end downstream products, such as Gaseous Silica and Silicon Oils through its production processes.

Dichloromethane and Liquid Alkali

During the period under review, the segment's external sales increased by 23.44% from RMB515,594,000 in the previous year to RMB636,444,000, accounting for 8.53% (the first half of 2024: 7.10%) of the Group's total external sales. The results of the segment recorded a profit of RMB213,693,000, representing a year-on-year increase of 60.97% (the first half of 2024: profit of RMB132,756,000).

Products in this segment constitute bulk chemical commodities whose prices fluctuate according to market conditions. During the period under review, the segment benefited from modest price recoveries, which contributed to measurable performance growth.

This segment included the revenue from production and sales of two major auxiliary products (dichloromethane and liquid alkali) of Refrigerants Segment of the Group. Liquid alkali is a basic chemical product from the production of methane chloride (essential chemical for the production of refrigerants and organic silicon products), and used in the textile, power and materials industries. Methane chloride includes dichloromethane, which is mainly used to produce antibiotics and as a foaming mode for polyurethane.

Others

During the period under review, the external sales of the segment were RMB275,968,000, representing a decrease of 31.25% as compared with RMB401,419,000 in the previous year. The results of the segment recorded a loss of RMB87,219,000 (the first half of 2024: a loss of RMB171,232,000).

This segment included the production and sales of other by-products from the Group's other operating segments, such as Ammonium Bifluoride, Hydrofluoric Acid and Bromine.

Distribution and Selling Expenses

During the period, distribution and selling expenses decreased by 7.61% to RMB212,644,000 from RMB230,157,000 of the corresponding period last year, which was attributable to the decrease in freight unit prices during the period, leading to a corresponding reduction in transportation and incidental expenses.

Administrative and Other Expenses

During the period, the administrative expenses decreased by 5.17% to RMB326,574,000 from RMB344,365,000 of the corresponding period last year, which was mainly attributable to the reduced impact of inventory impairment provisions in the real estate business segment as compared with the corresponding period last year.

Finance Costs

During the period, finance costs decreased by 27.65% to RMB1,562,000 from RMB2,159,000 of the corresponding period last year, which was mainly attributable to the decrease in discounted bill interest expenses.

Capital Expenditure

For the six months ended 30 June 2025, the Group's capital expenditure was approximately RMB688,779,000 (six months ended 30 June 2024: RMB443,503,000). The Group's capital expenditure was mainly allocated to new project construction, land acquisition and equipment procurement.

Liquidity and Financial Resources

The Group maintained a sound financial position with healthy working capital management and sufficient operating cash flow. As at 30 June 2025, the Group reported total equity of RMB18,617,373,000, representing an increase of 6.56% compared with 31 December 2024. As at 30 June 2025, the Group reported bank balances and cash of RMB3,540,515,000 (31 December 2024: RMB2,470,496,000). During the period under review, the Group recorded a total of RMB1,505,486,000 (six months ended 30 June 2024: RMB409,516,000) net cash inflow from its operating activities. The current ratio(1) of the Group as at 30 June 2025 was 2.69 (31 December 2024: 2.31).

Taking into account the aforesaid figures, coupled with the available bank balances and cash, the unused banking credit facilities, support from these banks, as well as sufficient operating cash flows, the management is confident that the Group has adequate resources to repay any debts, and to fund its requirements on operations and capital expenditures.

Capital Structure

During the period, except as disclosed in the section headed "Employee Option Scheme" in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. The number of issued shares of the Company was 1,732,711,637 as at 30 June 2025.

As at 30 June 2025, the Group's total borrowings amounted to RMB35,822,000 (31 December 2024: Nil). The gearing ratio[(2)] of the Group was –18.82% (2024: –14.14%). The negative gearing ratio as at 30 June 2025 represented the Group's "net cash" positive position (i.e. has more cash & equivalents than its debt), which is generally viewed as a positive signal.

Notes:

(1) Current Ratio = Current Assets ÷ Current Liabilities

(2) Gearing Ratio = Net Debt ÷ Total Equity

Net Debt = Total Borrowings – Bank Balances and Cash

Group Structure

During the period under review, the Group recorded no material changes in the Group's structure.

Charge on Assets

As at 30 June 2025, the Group's bank deposits of RMB43,320,000 (31 December 2024: RMB88,745,000) were used as the security deposit for bills payable and the regulated security deposit from presale of properties. According to the requirements of the PRC property industry, the property companies are required to place regulated security deposit in their escrow account which cannot be used until the completion of both the construction and the residential mortgage loan applications for the customers. As at 30 June 2025, the relevant bank deposits for regulated security deposit from presale of properties were RMB471,000 (31 December 2024: RMB471,000).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's functional currency is RMB with most of the transactions settled in RMB. However, foreign currencies (mainly the United States dollar) were received/paid when the Group earned revenue from overseas customers; and settled purchases of machinery and equipment from the overseas suppliers.

To reduce the risk of holding foreign currencies, the Group normally converts the foreign currencies into RMB upon receipt while taking into account its foreign currencies payment schedule in the near future.

Employees

The Group employed 6,050 employees in total as at 30 June 2025 (31 December 2024: 6,922). The Group implemented its remuneration policy and bonus based on the performance of the Group and its employees. The Group provided benefits such as medical insurance and pensions to maintain competitiveness.

Interim Dividend

The Board of Directors (the "Board") did not declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

Other than as disclosed under the section headed "Employee Option Scheme", neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the HKSE. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2025 and all Directors confirmed that they have fully complied with the relevant requirements set out in the Model Code during the period.

Audit Committee

The Audit Committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The existing Audit Committee comprises Mr. Ting Leung Huel, Stephen (Chairman), Mr. Yang Xiaoyong, and Mr. Ma Zhizhong, all being independent non-executive Directors.

The Audit Committee, the management of the Company and external auditors had on 20 August 2025 reviewed the accounting standards and practices adopted by the Group and discussed matters regarding internal control and financial reporting including the review of the Group's interim results for the six months ended 30 June 2025, which have been reviewed by the Group's external auditors, before proposing them to the Board for approval.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference to consider for the remuneration for Directors and senior management of the Company and other related matters. The Remuneration Committee comprises Mr. Yang Xiaoyong (Chairman) and Mr. Ting Leung Huel, Stephen, who are independent non-executive Directors, and Mr. Zhang Jianhong who is an executive Director.

Nomination Committee

The Company established a Nomination Committee with written terms of reference on 18 March 2012 to be responsible for the appointment of new Director(s) of the Company and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the Nomination Committee and Mr. Ting Leung Huel, Stephen and Mr. Yang Xiaoyong were appointed as the members of the Nomination Committee.

Corporate Governance Committee

The Corporate Governance Committee was established by the Board with written terms of reference with effect from 21 March 2013 to be responsible for the corporate governance of the Company and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the Corporate Governance Committee and Mr. Wang Weidong and Mr. Zhang Zhefeng were appointed as the members of the Corporate Governance Committee.

Risk Management Committee

The Risk Management Committee was established by the Board with written term of reference with effect from 13 August 2015 to be responsible for the risk management of the Company and other related matters. Mr. Ting Leung Huel, Stephen was appointed as the chairman of the Risk Management Committee, Mr. Yang Xiaoyong and Mr. Ma Zhizhong were appointed as the members of the Risk Management Committee.

Risk Management and Internal Control

The Board of Directors is responsible for assessing and determining the nature and extent of the risks that the Group is willing to accept in reaching its strategic objectives and to ensure that the Group has established and maintained appropriate and effective risk management and internal control systems. The Board of Directors has supervised the management's design, implementation and monitoring of risk management and internal control systems. The Board confirmed that it is responsible for establishing risk management and internal control systems for the Group and will continue to monitor the system and ensure to review the effectiveness of the risk management and internal control systems of the Company and its principal subsidiaries at least once a year.

Compliance with the Code on Corporate Governance Practices

Throughout the six months ended 30 June 2025, save as disclosed below, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for Code Provision A.2.1.

Code Provision A.2.1

There was a deviation from Code Provision A.2.1 of the Code:

Provision Code A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Jianhong is both the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same position provides the Group with stronger and more consistent leadership and allows for more effective planning. Further, the Board considers that this structure will not impair the balance of power, which has been closely monitored by the Board, which comprises experienced and high caliber individuals. The Board has full confidence in Mr. Zhang and believes that the current arrangement is beneficial to the business prospect of the Group.

Employee Option Scheme

On 27 September 2024, the Board has resolved to early terminate the Employee Option Scheme (the "Scheme") pursuant to the rules of the Scheme (the "Termination") in the interest of reconstructing the remuneration policies of the Group and in order to allow full play of effective incentives for the employees and consultants of the Group. Upon Termination, no further options may be granted under the Scheme. All existing Shares held by the trustee under the Scheme shall be gradually sold on the stock market over a period of time following the Termination Date and the proceeds of sale shall be remitted to the Company after the sale.

During the six months ended 30 June 2025, 16,862,000 Shares were sold on the stock market in the aggregate amount of HK$167,120,000.

As at 30 June 2025, 59,845,000 Shares have remained unsold under the Scheme.

Further details of the Termination are set out in the Company's announcement dated 27 September 2024.

ANNOUNCEMENT OF INTERIM RESULTS AND PUBLICATION OF INTERIM REPORT

This interim results announcement is published on the Company's website at www.dongyuechem.com and the website of the HKSE at www.hkexnews.hk. The Interim Report will also be available at the websites of the Company and the HKSE and will be dispatched to shareholders of the Company before the end of September 2025.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The People's Republic of China, 26 August 2025

As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Wang Weidong, Mr. Zhang Zhefeng and Ms. Chung Tak Lai as executive directors, and Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Ma Zhizhong as independent non-executive directors.