河南金源氫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

2024

Interim Report

* For identification purposes only

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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 Jinyuan 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 2024, 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.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024	2023	Changes
	RMB million	RMB million	RMB million
	(Unaudited)	(Audited)	
Revenue	**1,602.1**	1,076.0	526.1
Gross profit	**71.8**	106.5	(34.7)
Profit for the period	**44.9**	65.7	(20.8)
Basic earnings per share (RMB)	**0.03**	0.09	(0.06)
Interim dividend per share (RMB)	**–**	–	
Gross profit margin	**4.5%**	9.9%	(5.4%)
Net profit margin	**2.8%**	6.1%	(3.3%)

	As at 30 June 2024	As at 31 December 2023	Changes
	RMB million	RMB million	RMB million
	(Unaudited)	(Audited)	
Total assets	**1,700.4**	1,663.4	37.0
Total equity	**1,126.2**	1,127.4	(1.2)

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.

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;

- 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 price (net of VAT) of each of the Group's principal products for the first six months of 2024 and for the year 2023 according to the Group's internal records.

	First six months of 2024 Average selling price(1)	2023 Average selling price(1)
	RMB/tonne (except coal gas in RMB/m^3)	RMB/tonne (except coal gas in RMB/m^3)
Principal Products		
Hydrogenated Benzene-based Chemicals	**6,941.89**	6,250.10
Pure benzene	**7,445.26**	6,468.50
Toluene	**–**	6,465.35
Energy Products		
Coal gas	**0.81**	0.83
LNG	**4,067.69**	4,439.95

(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 2024 Average purchase price	2023 Average purchase price
Major Raw Materials		
Crude benzene (RMB/tonne)	**6,454.61**	5,600.31
Crude coking coal gas (RMB/m^3)	**0.59**	0.61

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 81.3% 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 their 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 2024 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 2024, 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).

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 2024 and the year ended 31 December 2023 were approximately RMB339.7 million and RMB258.8 million, respectively. The Group's finance costs for the half year ended 30 June 2024 and 2023 were approximately RMB8.1 million and RMB3.0 million, respectively, accounting for approximately 0.50% and 0.28% 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 2024, 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 RMB3.3 million to build a heat conduction oil furnace and approximately RMB1.0 million to build a stabilization tower.

In terms of LNG, we invested approximately RMB2.3 million to build a high voltage explosion-proof electrical machinery.

In terms of the business development of hydrogen gas stations:

The hydrogen gas stations the Group built in Zhengzhou High tech Zone and Jiyuan in 2023 were put into full operation in the first half of 2024.

The hydrogen gas station in Zhengzhou sold approximately 62,505 kilograms of hydrogen during the period, mainly serving about 300 hydrogen fuel cell powered dump trucks, tractors, concrete mixers, cold chain logistics vehicles and sanitation vehicles.

The hydrogen gas station in Jiyuan sold approximately 166,840 kilograms of hydrogen during the period, mainly serving about 180 hydrogen fuel cell powered tractors, vans and cold chain logistics vehicles.

Furthermore, we invested approximately RMB3.1 million to build a new movable modular hydrogen gas station in Gongyi city, Zhengzhou during the period, which started operation in the second quarter and sold 19,507 kilograms of hydrogen from May to June 2024, serving about 60 vehicles, mainly hydrogen fuel cell powered tractors, concrete mixers, cold chain logistics vehicles and sanitation vehicles.

The hydrogen gas stations under construction include:

Movable modular hydrogen gas station in Jiaozuo City: The project is scheduled to start construction in September 2024 and is under negotiation with our customer and the Jiaozuo Municipal Government in terms of operation route of hydrogen vehicles. With an investment amounting to approximately RMB3.5 million and hydrogen refueling capacity of 2,000 kilograms per day, the project will be able to provide hydrogen refueling services for 50-70 hydrogen-powered dump trucks and is expected to be put into operation in the fourth quarter of 2024.

Movable modular hydrogen gas station in Dengfeng City: The project is located along National Highway 343 in Junzhao Township, Dengfeng City. It is scheduled for completion in September 2024 and is currently undergoing civil construction. Its target clients include coal transport vehicles of power plants, and cement mixers in the Dengfeng area. The project is expected to involve an investment of approximately RMB3.8 million, with a hydrogen refueling capacity of 2,000 kilograms per day, capable of serving 50 to 70 hydrogen-powered heavy vehicles.

Hydrogen gas station in Huling, Jiyuan: The project is located along Huling Line 1 in Jiyuan City. The infrastructure was completed on 9 August 2024 while its procedures are being processed at the moment. The station will primarily serve hydrogen-powered heavy trucks in Jiyuan. The project is expected to involve an investment of approximately RMB15 million, with a maximum hydrogen refueling capacity of 4,000 kilograms per day. It will be able to provide hydrogen refueling services for 160 hydrogen-powered heavy trucks and is expected to be put into operation in the fourth quarter of 2024.

These developments will be funded by the internal resources of the Group and the listing proceeds of the Company.

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		
	2024	2023	Changes
	(Unaudited)	(Audited)	
	RMB'000	RMB'000	RMB'000
Continuing Operations			
Revenue	**1,602,071**	1,076,008	526,063
Cost of sales	**(1,530,294)**	(969,559)	(560,735)
Gross profit	**71,777**	106,449	(34,672)
Other income	**16,188**	5,305	10,883
Other gains and losses	**3,201**	(2,026)	5,227
Selling and distribution expenses	**(7,556)**	(10,189)	2,633
Administrative expenses	**(21,780)**	(14,019)	(7,761)
Finance costs	**(8,088)**	(2,994)	(5,094)
Share of result of a joint venture	**1,190**	–	1,190
Profit before tax	**54,932**	82,526	(27,594)
Income tax expense	**(10,050)**	(16,812)	6,762
Profit for the period	**44,882**	65,714	(20,832)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on:			
Bills receivables at fair value through other comprehensive income ("**FVTOCI**"), net of income tax	**226**	(78)	304
Total comprehensive income for the period	**45,108**	65,636	(20,528)

	Six months ended 30 June		
	2024	2023	Changes
	(Unaudited)	(Audited)	
	RMB'000	RMB'000	RMB'000
Profit for the period attributable to:			
– Owners of the Company	**30,233**	50,880	(20,647)
– Non-controlling interests	**14,649**	14,834	(185)
	44,882	65,714	(20,832)
Total comprehensive income for the period attributable to:			
– Owners of the Company	**30,333**	50,802	(20,469)
– Non-controlling interests	**14,775**	14,834	(59)
	45,108	65,636	(20,528)
Earnings per share (RMB)			
– Basic	**0.03**	0.09	(0.06)

Consolidated Financial Information

- **Revenue and gross profit margin**

  The Group's revenue increased by RMB526.1 million or 48.9% from RMB1,076.0 million in the first half of 2023 to RMB1,602.1 million in the same period of 2024. The increase was mainly due to the increase in the production capacity of hydrogenated benzene-based chemicals from approximately 200,000 tonnes per annum to 400,000 tonnes per annum in the fourth quarter of 2023, and the increase in average price (tax-inclusive) by approximately 13.4%. The Group's gross profit margin decreased from 9.9% in the first half of 2023 to 4.5% in the same period of 2024, which was also mainly attributable to the increase in the average purchase price of raw materials for hydrogenated benzene-based chemicals at a higher rate than their average selling price. For details, please refer to the paragraphs headed "Business Segments Results" in this chapter.

- **Other income**

  Other income increased from RMB5.3 million in the first half of 2023 to approximately RMB16.2 million in the same period of 2024, mainly as a result of the interest income on proceeds from listing in December 2023 and the listing incentives granted by government.

- **Other gains and losses**

  Other gains and losses turned from a net loss of RMB2.0 million in the first half of 2023 to a gain of RMB3.2 million in the same period of 2024, mainly due to the gains from exchange settlement arising from conversion of HKD proceeds from listing in December 2023 to Renminbi.

- **Selling and distribution expenses**

  Selling and distribution expenses decreased from RMB10.2 million in the first half of 2023 to RMB7.6 million in the same period of 2024, which was mainly attributable to the decrease in the transportation costs resulting from decline in unit price of part of the benzene based chemicals.

- **Administrative expenses**

  Administrative expenses increased from RMB14.0 million in the first half of 2023 to RMB21.8 million in the same period of 2024, which was mainly attributable to the increase in the administrative expenses related to listing compliance after our listing.

- **Finance costs**

  Finance costs increased from RMB3.0 million in the first half of 2023 to RMB8.1 million in the same period of 2024, which was mainly due to the increase in the average balances of bank borrowings over the same period last year.

- **Share of result of joint ventures**

  The Group acquired a 49% equity interest in Jinjiang Refinery from its parent company, Jinma Energy, in July 2023, thereby sharing RMB1.2 million of the company's results for the first half of 2024.

- **Profit before tax**

  As a result of the foregoing, the Group's profit before tax decreased by RMB27.6 million or 33.4% from RMB82.5 million in the first half of 2023 to RMB54.9 million in the same period of 2024.

- **Income tax expense**

  Income tax expense decreased by RMB6.8 million or 40.2% from RMB16.8 million in the first half of 2023 to RMB10.1 million in the same period of 2024. The decrease reflected the decrease in profit before tax.

- **Total comprehensive income for the year**

  As a result of the above, the Group's total comprehensive income decreased by RMB20.5 million or 31.3% from RMB65.6 million in the first half of 2023 to RMB45.1 million in the same period of 2024.

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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**%**	%	**%**	%
Hydrogenated Benzene-based Chemicals	**1,229,506**	647,289	**15,790**	50,159	**1.3**	7.7	**21.9**	47.1
Energy Products	**303,937**	333,450	**46,323**	45,886	**15.2**	13.8	**64.3**	43.1
Trading	**63,421**	89,666	**5,507**	5,580	**8.7**	6.2	**7.6**	5.2

The production capacity of hydrogenated benzene-based chemicals doubled to 400,000 tonnes per annum in the fourth quarter of 2023, resulting in an increase in sales of 67.0% to 177,000 tonnes in the first half of 2024 from 106,000 tonnes in the same period of 2023. However, the average selling price (tax-inclusive) recorded an increase of approximately 13.4% in the same period. As a result, the revenue of the product increased by approximately 89.9%, but the gross profit margin of the product also decreased from approximately 7.7% to 1.3% as the increase in the average purchase price of raw materials (mainly crude benzene) for the product was approximately 11.5% higher than the increase in the average selling price of the product.

The energy products segment mainly consists of sales of LNG and coal gas. The sales volume of LNG and coal gas in the first half of 2024 was largely approximate to that in the same period of 2023, but the decrease in the average selling price resulted in a decrease in revenue of the segment by approximately 8.9%. However, the gross profit margin of the energy products segment recorded an increase of 1.4% to 15.2%, due to the decrease in the production and transportation costs of raw materials.

In the trading segment, revenue in the first half of 2024 decreased by RMB26.2 million or 29.3% as compared with that in the same period of 2023, mainly due to the decrease in sales volume at the gas stations, but the gross profit margin increased from 6.2% to 8.7% due to the decrease in acquisition costs.

FINANCIAL POSITION

Liquidity and Financial Resources

In the first half of 2024, 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 2024.

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Net cash from operating activities	**104,201**	82,080
Net cash used in investing activities	**(67,741)**	(62,570)
Net cash from (used in) financing activities	**46,321**	(22,224)
Net increase (decrease) in cash and cash equivalents	**82,781**	(2,714)
Cash and cash equivalents at the beginning of the period	**300,710**	62,470
Effect of foreign exchange rate changes	**4,730**	–
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**388,221**	59,756

- **Cash Flow from Operating Activities**

  The Group's net cash from operating activities of approximately RMB104.2 million for the first half of 2024 was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB90.7 million; (ii) a decrease in inventories of RMB31.9 million; and (iii) a decrease in trade and other receivables of approximately RMB13.4 million. Yet the net cash inflow from operating activities was partially offset by (i) a decrease in trade and other payables of approximately RMB23.8 million; and (ii) a decrease in contract liabilities of approximately RMB4.8 million.

- **Cash Flow from Investing Activities**

  The Group's net cash used in investing activities of approximately RMB67.7 million for the first half of 2024 was primarily due to (i) the acquisition of property, plant and equipment of approximately RMB54.1 million; and (ii) loan to a related party of approximately RMB30.0 million; yet partially offset by (i) receipt of interests on bank deposit of approximately RMB7.2 million; and (ii) dividends received from a joint venture of approximately RMB9.8 million.

- **Cash Flow from Financing Activities**

  The Group's net cash from financing activities of approximately RMB46.3 million for the first half of 2024 was primarily due to an increase in bank borrowings of approximately RMB193.5 million; yet partially offset by (i) repayment of bank loans of approximately RMB112.6 million; (ii) payment of dividends of approximately RMB19.6 million; (iii) interest expenses of approximately RMB7.9 million; and (iv) transaction costs attributable to issue of shares of approximately RMB6.5 million.

Liabilities

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	Increase/ (decrease) RMB'000
Bank borrowings:			
Secured	168,659	166,762	1,897
Unsecured	171,000	92,000	79,000
	339,659	258,762	80,897
Fixed-rate borrowings	70,000	50,000	20,000
Floating-rate borrowings	269,659	208,762	60,897
	339,659	258,762	80,897
Carrying amount repayable (based on scheduled payment terms)			
Within one year	219,316	142,000	77,316
More than one year, but not more than two years	40,704	60,000	(19,296)
More than two years, but not more than five years	79,639	56,762	22,877
	339,659	258,762	80,897
Less: Amount shown under current liabilities	(219,316)	(142,000)	(77,316)
Amount due for settlement after one year shown under non-current liabilities	120,343	116,762	3,581

The Group's bank borrowings in 2023 and the first half of 2024 were all borrowings denominated in Renminbi. As at 31 December 2023, RMB166.8 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 2024, RMB168.7 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.

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 2024	For the year ended 31 December 2023
	(Unaudited)	(Audited)
Effective interest rate:		
– Fixed-rate borrowings	3.50%-3.85%	3.85%
– Floating-rate borrowings	3.41%-5.60%	3.61%-5.60%

As at 30 June 2024, the Group had obtained banking facilities in an aggregate amount of approximately RMB535.0 million (31 December 2023: RMB485.0 million), of which a total amount of approximately RMB185.3 million (31 December 2023: RMB258.2 million) was still available for use. As at 30 June 2024, the Group had total outstanding bank borrowings of approximately RMB339.7 million (31 December 2023: RMB258.8 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 RMB62.0 million falling due in first half of 2024 according to needs).

As at 30 June 2024, 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 2024 and up to the date of this report. As at 30 June 2024, 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 2024, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during the first half of 2024, 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.

CHARGE ON ASSETS

As at 30 June 2024, the Group had pledged certain of its assets with a total carrying amount of approximately RMB306.2 million (31 December 2023: approximately RMB550.1 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 2024	For the year ended 31 December 2023
Gearing ratio	**30.2%**	23.0%
Return on equity (annualized ratio)	**5.9%**	6.8%
Return on assets (annualized ratio)	**5.4%**	6.0%

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 2024 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 6.8% to 5.9% mainly because the increase in average equity attributable to the owners of the Company for the period was higher than the increase in profit attributable to them for 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 6.0% to 5.4%, mainly due to the increase in average total assets of the Group for the period.

CONTRACT OBLIGATIONS AND CAPITAL EXPENDITURES

The following table sets forth the capital commitments of the Group as of the dates indicated.

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**504**	829

Save for the transactions above, the Group had no other material contract commitments as at 30 June 2024.

OFF-BALANCE SHEET ARRANGEMENT

The Group did not have any material off-balance sheet arrangements as at 30 June 2024. 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 2024, 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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Endorsed bills for settlement of payables	52,521	45,105
Discounted bills for raising cash	219,854	193,917
Outstanding endorsed and discounted bills receivables with recourse	272,375	239,022

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.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

On 11 March 2024, the Company submitted an application to the China Securities Regulatory Commission in respect of the conversion of all of its Unlisted Shares into H Shares that are listed on the Stock Exchange. On 19 April 2024, the Company received a filing notice from the China Securities Regulatory Commission on the abovementioned application, and subsequently obtained the listing approval from the Stock Exchange. Such conversion was completed on 16 July 2024. For details, please refer to the announcement published by the Company on 16 July 2024.

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 2024, 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 2024, the Group had fixed-rate borrowings in the amount of approximately RMB70 million (31 December 2023: RMB50 million). The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

Credit Risk

In the event that the Group's counterparties fail to perform their obligations, the Group's exposure to credit risk in relation to each class of recognized financial assets as at 30 June 2024 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 consolidate 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 97.7% and 97.8% of exposure concentrated in the five largest outstanding balances as at 30 June 2024 and 31 December 2023, 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 because the Group's bank deposits or bills are deposited in or contracted with reputable state-owned banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

The Group's creditors are exposed to heightened default risk when the Group's multiple liabilities mature in rapid succession, which may impose higher-than-normal stress onto the working capital. As a result, it may cause short-term liquidity problems if the Group fails to refinance in time or manage the Group's liquidity effectively. In the management of the Group's liquidity risk, the Group's management monitors and maintains an adequate, but not excessive level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

DISTRIBUTABLE RESERVES

As at 30 June 2024, the Company had distributable reserves (i.e. retained profits) of RMB25.2 million (31 December 2023: RMB0.0 million). For the six months ended 30 June 2024, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the first half of 2024.

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 2024 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 2024, 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 2023 and the six months ended 30 June 2024, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2023 and 30 June 2024, 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.

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 has been utilising and 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 31 December 2023 is set out below:

Business purpose as disclosed in the prospectus	Intended use of net proceeds		Actual use of net proceeds from 1 January to 30 June 2024	Unutilised net proceeds as at 30 June 2024	Estimated timetable for utilisation
	RMB'000	%	RMB'000	RMB'000	
Gas stations with hydrogen refuelling facility	194,574	85	0	194,574	2024-2025
Investment in and/or acquisition of upstream and downstream players	11,445	5	0	11,445	2024-2025
Working capital and other general corporate purposes	22,891	10	4,884	18,007	2024-2025
	228,910	100	4,884	224,026	

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 2024, save as disclosed below, the Company has complied with the Listing Rules and all code provisions to the Code:

Reference is made to the announcement of the Company dated 16 August 2024 in relation to the failure to comply with the relevant requirements under Chapters 14 and 14A of the Listing Rules in relation to the financial assistance to Xinyang Steel Jingang Energy Co., Ltd.* (信陽鋼鐵金港能源有限公司) ("**Xinyang Jingang**") during the six months ended 30 June 2024.

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.

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 2024.

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

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 on Directors, Supervisors and chief executive of the Company for the six months ended 30 June 2024 and up to the date of this interim report are as follows:

Supervisors	Details of change
Mr. Wong Tsz Leung	has been redesignated as a non-executive director and resigned as the chief financial officer of Smart-Core Holdings Limited (Stock Code: 2166) with effect from 1 July 2024.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2024, 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:

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%
	Beneficial owner	H shares	2,681,000 (L)	0.50%
Mr. Wang Lijie	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**"). Golden Star, which in turn, holds 96.3% of the issued share capital of Jinma Coking (BVI) Limited ("**Jinma Coking**"), and Jinma Energy (Hong Kong) Limited ("**Jinma HK**")* (formerly known as Jinma Coking (Hong Kong) Limited) is wholly owned by Jinma Coking. Jinma HK holds 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.

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 2024, none of the Directors, Supervisors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During this Reporting Period or as of 30 June 2024, 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 2024, 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 relevant class of Shares of the Company (Note 2)	Approximate percentage of shareholding in the total Share Capital of the Company (Note 3)
Jinma Energy	Beneficial owner	Unlisted Shares	713,380,000 (L)	99.53%	74.65%
	Interests in controlled corporation (Note 4)	Unlisted Shares	3,350,000 (L)	0.47%	0.35%
Genesis M Co., Limited	Beneficial owner	H Shares	32,614,000 (L)	13.65%	3.41%
Zenith Steel Group Co., Ltd.	Interests in controlled corporation (Note 5)	H Shares	32,614,000 (L)	13.65%	3.41%
Mr. Dong Caiping	Interests in controlled corporation (Note 6)	H Shares	32,614,000 (L)	13.65%	3.41%
Ms. Wang Fengmei	Interest of spouse (Note 7)	H Shares	32,614,000 (L)	13.65%	3.41%
Prosperity Steel United Singapore Pte. Ltd.	Beneficial owner	H Shares	32,614,000 (L)	13.65%	3.41%
Mr. You Zhenhua	Interests in controlled corporation (Note 8)	H Shares	32,614,000 (L)	13.65%	3.41%
Max Success Group Holdings Limited	Beneficial owner	H Shares	32,614,000 (L)	13.65%	3.41%
Mr. Yeung Chi Ming	Interests in controlled corporation (Note 9)	H Shares	32,614,000 (L)	13.65%	3.41%
Ms. Ng Mei Ling	Interest of spouse (Note 10)	H Shares	32,614,000 (L)	13.65%	3.41%
Ascend Open Master Fund VCC – Yide Kui Mao Fund V	Beneficial owner	H Shares	26,382,000 (L)	11.04%	2.76%
Zhongsheng Holdings Company Limited	Beneficial owner	H Shares	23,890,000 (L)	10.00%	2.50%
Zhongsheng Group Holdings Limited	Interests in controlled corporation (Note 11)	H Shares	23,890,000 (L)	10.00%	2.50%
UBS TC (Jersey) Ltd	Interests in controlled corporation (Note 12)	H Shares	23,890,000 (L)	10.00%	2.50%

Notes:

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

2. The percentage is calculated based on the 716,730,000 Unlisted Shares or 238,910,000 H Shares, respectively.

3. This percentage is based on the total share capital of the Company of 955,640,000 Shares.

4. 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.

5. Genesis M Co., Limited is wholly-owned by Zenith Steel Group Co., Ltd.. Accordingly, Zenith Steel Group Co., Ltd. is deemed to be interested in the interest of the Company owned by Genesis M Co., Limited by virtue of the SFO.

6. Zenith Steel Group Co., Ltd. is owned as to 57.2% by Mr. Dong Caiping. Accordingly, Mr. Dong Caiping is deemed to be interested in the interest of the Company owned by Zenith Steel Group Co., Ltd. by virtue of the SFO.

7. Ms. Wang Fengmei is the wife of Mr. Dong Caiping and is therefore deemed to be interested in the same number of shares as Mr. Dong.

8. Prosperity Steel United Singapore Pte. Ltd. is wholly-owned by Mr. You Zhenhua. Accordingly, Mr. You Zhenhua is deemed to be interested in the interest of the Company owned by Prosperity Steel United Singapore Pte. Ltd. by virtue of the SFO.

9. Max Success Group Holdings Limited is wholly-owned by Mr. Yeung Chi Ming. Accordingly, Mr. Yeung Chi Ming is deemed to be interested in the interest of the Company owned by Max Success Group Holdings Limited by virtue of the SFO.

10. Ms. Ng Mei Ling is the wife of Mr. Yeung Chi Ming and is therefore deemed to be interested in the same number of shares as Mr. Yeung.

11. Zhongsheng Holdings Company Limited is owned as to 99.99% by Zhongsheng Group Holdings Limited. Accordingly, Zhongsheng Group Holdings Limited is deemed to be interested in the interest of the Company owned by Zhongsheng Holdings Company Limited by virtue of the SFO.

12. Zhongsheng Group Holdings Limited is owned as to 20.40% by Vintage Star Limited and 20.40% by Mountain Bright Limited, which are both in turn wholly-owned by UBS TC (Jersey) Ltd. Accordingly, UBS TC (Jersey) Ltd is deemed to be interested in Zhongsheng Group Holdings Limited's, and in turn, Zhongsheng Holdings Company Limited'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 2024.

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 report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PROVISION OF FINANCIAL SUBSIDIES AND GUARANTEES TO ASSOCIATES

Save as the relevant financial assistance to Xinyang Jingang as disclosed in the Company's announcement dated 16 August 2024, as at 30 June 2024, the Company has not provided financial subsidies and guarantees to the associates of the Company.

EMPLOYEES AND REMUNERATION POLICY

Employees are the Group's important asset. As at 30 June 2024, the Group had a total of 412 employees, including 2 senior management (excluding the Directors), 16 middle management and 392 ordinary employees. For the six months ended 30 June 2024, the staff cost of the Group amounted to approximately RMB23.98 million as compared to approximately RMB15.46 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.

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 report. 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.

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, 28 August 2024

TO THE BOARD OF DIRECTORS OF HENAN JINYUAN HYDROGENATED CHEMICALS COMPANY LIMITED
(a joint stock company established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Henan Jinyuan Hydrogenated Chemicals Company Limited (the "**Company**") and its subsidiaries set out on pages 29 to 53, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2024

		Six months ended	
	NOTES	**30/06/2024**	30/06/2023
		RMB'000	RMB'000
		(unaudited)	(audited)
Revenue	3	**1,602,071**	1,076,008
Cost of sales		**(1,530,294)**	(969,559)
Gross profit		**71,777**	106,449
Other income	4	**16,188**	5,305
Other gains and losses	5	**3,201**	(2,026)
Selling and distribution expenses		**(7,556)**	(10,189)
Administrative expenses		**(21,780)**	(14,019)
Finance costs	6	**(8,088)**	(2,994)
Share of result of a joint venture		**1,190**	–
Profit before tax	7	**54,932**	82,526
Income tax expense	8	**(10,050)**	(16,812)
Profit for the period		**44,882**	65,714
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		**226**	(78)
Total comprehensive income for the period		**45,108**	65,636
Profit for the period attributable to:			
– Owners of the Company		**30,233**	50,880
– Non-controlling interests		**14,649**	14,834
		44,882	65,714
Total comprehensive income for the period attributable to:			
– Owners of the Company		**30,333**	50,802
– Non-controlling interests		**14,775**	14,834
		45,108	65,636
Earnings per share (RMB)			
– Basic	10	**0.03**	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	NOTES	30/06/2024	31/12/2023
		RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	854,369	870,605
Right-of-use assets		110,896	112,491
Intangible assets		22,329	23,056
Goodwill		10,669	10,669
Interest in a joint venture		82,301	90,911
Deferred tax assets		4,888	3,887
Deposits for acquisition of property, plant and equipment		1,097	–
		1,086,549	1,111,619
CURRENT ASSETS			
Inventories		85,589	117,484
Trade and other receivables	12	18,672	32,034
Tax recoverable		607	9,407
Amount due from a related party	13	53,411	23,411
Bills receivables at FVTOCI	14	67,307	68,721
Bank balances and cash		388,221	300,710
		613,807	551,767
CURRENT LIABILITIES			
Borrowings	15	219,316	142,000
Trade and other payables	16	162,700	199,010
Amount due to a shareholder		–	1,977
Amount due to a related party	17	520	1,063
Contract liabilities		24,068	28,834
Lease liabilities		641	652
Tax payable		11,152	9,037
		418,397	382,573
NET CURRENT ASSETS		195,410	169,194
TOTAL ASSETS LESS CURRENT LIABILITIES		1,281,959	1,280,813

	NOTES	30/06/2024	31/12/2023
		RMB'000	RMB'000
		(unaudited)	(audited)
CAPITAL AND RESERVES			
Share capital		955,640	955,640
Reserves		77,355	66,135
Equity attributable to owners of the Company		1,032,995	1,021,775
Non-controlling interests		93,240	105,665
TOTAL EQUITY		1,126,235	1,127,440
NON-CURRENT LIABILITIES			
Borrowings	15	120,343	116,762
Retention payables		18,062	18,062
Lease liabilities		3,133	3,554
Deferred revenue		13,721	14,513
Deferred tax liabilities		465	482
		155,724	153,373
		1,281,959	1,280,813

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company								
	Share capital/ Paid-in Capital	Capital reserve	FVTOCI reserve	Statutory surplus reserve fund	Retained profits	Special reserve	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000
At 1 January 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)	955,640	(8,585)	(310)	422	51,372	34,456	1,032,995	93,240	1,126,235
At 1 January 2023 (audited)	100,000	129,960	(611)	24,793	295,410	32,458	582,010	137,547	719,557
Profit for the period	–	–	–	–	50,880	–	50,880	14,834	65,714
Other comprehensive expense for the period	–	–	(78)	–	–	–	(78)	–	(78)
Total comprehensive (expense) income for the period	–	–	(78)	–	50,880	–	50,802	14,834	65,636
Obligation to acquire non-controlling interest of a subsidiary *(Note iv)*	–	(20,000)	–	–	–	–	(20,000)	–	(20,000)
Capital injection from a shareholder *(Note v)*	–	5,000	–	–	–	–	5,000	–	5,000
Dividends recognised as distribution *(Note 9)*	–	–	–	–	(63,000)	–	(63,000)	(37,000)	(100,000)
Transfer	–	–	–	–	(2,698)	2,698	–	–	–
At 30 June 2023 (audited)	100,000	114,960	(689)	24,793	280,592	35,156	554,812	115,381	670,193

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 CaiQi [2006] No. 478 and 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 Safety Production General Bureau. The reserve is for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

(iv) On 26 June 2023, the Company has entered into equity transfer agreement with Yugang Coking, pursuant to which Yugang Coking has agreed to sell, and the Company has agreed to purchase 10% of the equity interest in Jinrui Energy at the consideration of RMB20,000,000. The non-controlling shareholder is still entitled to profits sharing until this equity transaction is settled on 14 August 2023. The equity transfer agreement to purchase 10% of the equity interest in Jinrui Energy is a forward contract to purchase the Group's own equity instruments for cash, which results in a financial liability being recognised initially at the redemption amount of RMB20,000,000 with a corresponding debit to equity, and the prepayment of RMB10,000,000 reduced the financial liability to the amount of RMB10,000,000 as at 30 June 2023.

(v) Henan Jinma Energy Co., Ltd.* 河南金馬能源股份有限公司 ("**Jinma Energy**"), the parent of the Company, injected capital of RMB5,000,000 to Henan Jinma Qingneng Co., Ltd.* 河南金馬氫能有限公司 during the six months ended 30 June 2023, leading to an increase of other reserve.

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
OPERATING ACTIVITIES		
Profit before tax	**54,932**	82,526
Adjustments for:		
Interest income on bank deposits	**(7,193)**	(2,160)
Interest income on bills receivables at FVTOCI	**(493)**	(1,200)
Fair value loss on bills receivables at FVTOCI	**2,184**	3,038
(Gain) loss on disposal/retirement of property, plant and equipment	**(2)**	74
Depreciation of property, plant and equipment	**37,719**	21,798
Depreciation of right-of-use assets	**1,595**	1,335
Amortisation of intangible assets	**727**	5,177
Share of result of a joint venture	**(1,190)**	–
Finance costs	**8,088**	2,994
Release of assets-related government subsidies	**(792)**	(793)
Net foreign exchange gain	**(4,839)**	–
Operating cash flows before movements in working capital	**90,736**	112,789
Decrease in inventories	**31,895**	11,973
Decrease (increase) in bills receivables at FVTOCI	**24**	(36,072)
Decrease (increase) in trade and other receivables	**13,362**	(3,134)
Decrease in amount due from a related party	**–**	8,969
Decrease in trade and other payables	**(23,782)**	(15,848)
(Decrease) increase in amount due to a shareholder	**(1,977)**	19,239
Decrease in amount due to a related party	**(1,063)**	–
(Decrease) increase in contract liabilities	**(4,766)**	3,388
Cash generated from operations	**104,429**	101,304
Income tax paid	**(228)**	(19,224)
NET CASH FROM OPERATING ACTIVITIES	**104,201**	82,080

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
INVESTING ACTIVITIES		
Interest on bank deposits received	7,193	2,160
Purchase of property, plant and equipment	(54,099)	(84,727)
Deposit paid for acquisition of property, plant and equipment	(1,247)	–
Proceeds from disposal of property, plant and equipment	92	–
Deposit received from disposal of right-of-use assets	520	–
Loan to a related party	(30,000)	–
Dividend received from a joint venture	9,800	–
Withdrawal from time deposit	–	30,000
Placement of restricted bank balances	–	(52,003)
Withdrawal from restricted bank balances	–	42,000
NET CASH USED IN INVESTING ACTIVITIES	(67,741)	(62,570)
FINANCING ACTIVITIES		
Interest paid	(7,894)	(5,209)
Bank borrowings raised	193,516	107,599
Repayment of bank borrowings	(112,619)	(31,000)
Repayment of lease liabilities	(536)	(14)
Dividends paid to a shareholder	–	(63,000)
Dividends paid to non-controlling shareholders of subsidiaries	(19,600)	(25,600)
Deposit paid for acquisition of non-controlling interest of a subsidiary	–	(10,000)
Capital injection from controlling shareholder	–	5,000
Transaction costs attributable to issue of shares	(6,546)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	46,321	(22,224)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82,781	(2,714)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	300,710	62,470
Effect of foreign exchange rate changes	4,730	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY		
Bank balances and cash	388,221	59,756

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 2024 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to IFRSs in the current 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.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2024 (unaudited)				
Segments*	**Refined chemicals**	**Energy products**	**Trading**	**Other Services**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service					
Sales of goods					
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
	1,229,506	362,937	93,002	2	1,685,447
Providing services					
Energy supply	–	–	68	5,243	5,311
Total	1,229,506	362,937	93,070	5,245	1,690,758

* 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	**Eliminations**	**Consolidated**
	RMB'000	RMB'000	RMB'000
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	5,245	(38)	5,207
Revenue from contracts with customers	1,690,758	(88,687)	1,602,071

3. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue from contracts with customers (continued)

	For the six months ended 30 June 2023 (audited)				
Segments*	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service					
Sales of goods					
Hydrogenated benzene-based chemicals	647,289	–	–	–	647,289
Coal gas	–	229,252	–	–	229,252
LNG	–	163,663	49,227	–	212,890
Refined oil	–	–	84,211	–	84,211
Others	–	–	–	73	73
	647,289	392,915	133,438	73	1,173,715
Providing services					
Energy supply	–	–	95	5,557	5,652
Total	647,289	392,915	133,533	5,630	1,179,367

* 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 2023 (audited)		
	Segment revenue	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000
Refined chemicals	647,289	–	647,289
Energy products	392,915	(59,465)	333,450
Trading	133,533	(43,867)	89,666
Other Services	5,630	(27)	5,603
Revenue from contracts with customers	1,179,367	(103,359)	1,076,008

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**").

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 2024 (unaudited)

	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
	1,229,506	362,937	93,070	5,245	1,690,758
Segment profit	15,790	46,323	5,507	4,378	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					(221)
Profit before tax					54,932

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the six months ended 30 June 2023 (audited)

	Refined chemicals	Energy products	Trading	Other Services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE					
External sales	647,289	333,450	89,666	5,603	1,076,008
Inter-segment sales	–	59,465	43,867	27	103,359
	647,289	392,915	133,533	5,630	1,179,367
Segment profit	50,159	45,886	5,580	4,855	106,480
Other income					5,305
Other gains and losses					(2,026)
Selling and distribution expenses					(10,189)
Administrative expenses					(14,019)
Finance costs					(2,994)
Unallocated expenses					(31)
Profit before tax					82,526

Entity-wide disclosures

Geographical information

During the six months ended 30 June 2024 and 2023, 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 2024 and 31 December 2023.

4. OTHER INCOME

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Interest income on bank deposits	**7,193**	2,160
Interest income on bills receivables at FVTOCI	**493**	1,200
Release of assets-related government subsidies	**792**	793
Government grants *(Note)*	**7,103**	602
Rental income	**603**	550
Others	**4**	–
	16,188	5,305

Note: The amounts represent the subsidies received from the local governments 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	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Fair value loss on bills receivables at FVTOCI	**(2,184)**	(3,038)
Gain (loss) on disposal/retirement of property, plant and equipment	**2**	(74)
Net foreign exchange gain	**4,839**	–
Others	**544**	1,086
	3,201	(2,026)

6. FINANCE COSTS

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Interest expense on:		
– bank borrowings	**7,984**	5,295
– lease liabilities	**104**	4
	8,088	5,299
Less: amounts capitalised in property, plant and equipment	**–**	(2,305)
	8,088	2,994
Capitalisation rate – per annum	**–**	5.60%

7. PROFIT BEFORE TAX

Profit before tax for the period has been arrived at after charging the following items:

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Staff costs		
Directors', chief executive's and supervisors' remuneration	**1,007**	452
Other staff costs	**21,379**	13,795
Other staff benefits	**1,598**	1,214
Total staff costs	**23,984**	15,461
Capitalised in inventories	**(14,649)**	(9,410)
	9,335	6,051
Depreciation of property, plant and equipment	**37,719**	21,798
Capitalised in inventories	**(34,516)**	(19,486)
	3,203	2,312
Depreciation of right-of-use assets	**1,595**	1,335
Amortisation of intangible assets included in cost of sales	**727**	5,177
Cost of inventories recognised as expenses	**1,530,073**	969,528

8. INCOME TAX EXPENSE

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
PRC Enterprise Income Tax		
– current tax	**10,181**	17,629
– under-provision in prior years	**962**	116
Deferred tax	**(1,093)**	(933)
	10,050	16,812

9. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2023 of RMB0.02 per share, in an aggregate amount of RMB19,113,000, was declared by the Company. Such dividend had been paid in July 2024.

During the prior interim period, prior to the Reorganisation, a final dividend to Jinma Energy in respect of the year ended 31 December 2022 amounted to RMB20,400,000 and RMB42,600,000 was declared and paid by Jiyuan Jinning Energy Co., Ltd. 濟源市金寧能源實業有限公司 ("**Jinning Energy**") and Jinrui Energy.

Subsequent to the end of the current interim period, no dividend has been proposed by the directors of the Company (2023: nil).

10. EARNINGS PER SHARE

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

	Six months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**30,233**	50,880
	'000	'000
	(unaudited)	(audited)
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**955,640**	536,060

Note: The weighted average number of ordinary shares for the six months ended 30 June 2023 included 335,000,000 shares issued during the equity conversion and the 201,060,000 shares issued to acquire the equity interests in Jinning Energy and Jinrui Energy under common control.

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

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred RMB11,574,000 for construction costs (for the six months ended 30 June 2023: RMB247,723,000) mainly comprising of RMB9,342,000 for hydrogen gas stations (for the six months ended 30 June 2023: RMB161,500,000 for hydrogenated benzene-based chemical production line), and RMB9,999,000 for other property, plant and equipment (for the six months ended 30 June 2023: RMB113,238,000) in order to upgrade its manufacturing capabilities.

12. TRADE AND OTHER RECEIVABLES

	30/06/2024 RMB'000 (unaudited)	31/12/2023 RMB'000 (audited)
Trade receivables – contract with customers	7,129	8,731
Other receivables	865	290
Prepayments to suppliers	8,486	11,151
Prepaid other taxes and charges	2,192	11,862
	18,672	32,034

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:

	30/06/2024 RMB'000 (unaudited)	31/12/2023 RMB'000 (audited)
Within 90 days	7,129	8,708
91 – 180 days	–	23
	7,129	8,731

The normal credit term to the customers is within 60 days. At the end of each reporting period, the amount of debtors included in the Group's trade receivables balances that are past due as at the reporting date is insignificant and the Group is satisfied with the subsequent settlements and the credit quality of these customers had not been deteriorated.

The Group does not hold any collateral over these balances.

13. AMOUNT DUE FROM A RELATED PARTY

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(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
Non-trade nature		
Xinyang Jingang *(Note (ii))*	30,000	–
Total	53,411	23,411

* For identification purpose only

Notes:

(i) The entity is controlled by Jinma Energy. The amount is due for settlement upon completion of the second-phase construction project of Xinyang Jingang. The Group does not hold any collateral over this balance and this balance is unsecured and interest-free.

(ii) During the six months ended 30 June 2024, the Group entered into a loan agreement with Xinyang Jingang to provide an unsecured loan in the amount of RMB30,000,000 for a term from 2 January 2024 to 30 June 2024 at an interest rate of 5% per annum. Subsequently, on 30 June 2024, the Group and Xinyang Jingang entered into a renewal loan agreement to extend the loan period to 31 December 2024. The maximum outstanding amount of the loan during the period is RMB30,000,000 (for the six months ended 30 June 2023: RMB30,000,000). Xinyang Jingang has repaid all loan amount in August 2024.

The amount in trade nature is from contracts with the customer. The following is an aging analysis of amount due from a related party presented based on invoice date at the end of the reporting period.

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
181 – 365 days	–	21,039
Over 365 days	23,411	2,372
	23,411	23,411

14. BILLS RECEIVABLES AT FVTOCI

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Bills receivables at FVTOCI	67,307	68,721

Under IFRS 9, certain bills which were held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills due for payment were classified as "bills receivables at FVTOCI". At 30 June 2024 and 31 December 2023, all the bills are with a maturity period of less than one year.

15. BORROWINGS

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Secured	168,659	166,762
Unsecured	171,000	92,000
	339,659	258,762
Fixed-rate borrowings	70,000	50,000
Floating-rate borrowings	269,659	208,762
	339,659	258,762
Less: Amount due for settlement within 12 months shown under current liabilities	(219,316)	(142,000)
Amount due for settlement after 12 months shown under non-current liabilities	120,343	116,762

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

	30/06/2024	31/12/2023
	(unaudited)	(audited)
Effective interest rate per annum:		
– Fixed-rate borrowings	3.50%-3.85%	3.85%
– Floating-rate borrowings	3.41%-5.60%	3.61%-5.60%

16. TRADE AND OTHER PAYABLES

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade payables	14,357	37,320
Bills payables	10,000	10,000
	24,357	47,320
Salaries and wages payables	2,019	2,089
Other tax payables	6,962	7,379
Consideration payable for purchase of property, plant and equipment	98,042	130,568
Accruals	887	1,356
Interest payable	670	760
Share issue costs payable	897	7,443
Refundable deposit from suppliers	1,501	1,651
Other payables	652	444
Dividend payables	26,713	–
	138,343	151,690
	162,700	199,010

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:

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 90 days	12,073	36,705
91 – 180 days	11,739	10,167
181 – 365 days	275	398
Over 1 year	270	50
	24,357	47,320

At the end of each of the reporting period, the Group's bills payables were issued by banks with maturities within 6 months and were unsecured.

17. AMOUNT DUE TO A RELATED PARTY

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade nature		
Henan Jinjiang Refinery Co., Ltd ("**Jinjiang Refinery**") 河南金江煉化有限公司 *(Note i)*	–	1,063
Non-trade nature		
Jinjiang Refinery *(Note ii)*	520	–
Total	520	1,063

Notes:

(i) The amount was payable for purchase of raw materials with credit term within 60 days and was aged within 90 days based on invoice date.

(ii) The amount represents the deposit received from Jinjiang Refinery for acquisition of right of use assets. During the six months ended 30 June 2024, the Group entered into an agreement to transfer one of its leasehold lands to Jinjiang Refinery at a consideration of RMB1,040,000. According to the relevant agreement, Jinjiang Refinery is required to prepay 50% of the consideration upon signing the agreement and settle the remaining consideration upon the title of the leasehold land has transferred to Jinjiang Refinery.

18. 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:

	30/06/2024	31/12/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Endorsed bills for settlement of payables	52,521	45,105
Discounted bills for raising cash	219,854	193,917
Outstanding endorsed and discounted bills receivables with recourse	272,375	239,022

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

19. 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)
	30/06/2024 (unaudited)	31/12/2023 (audited)		
Bills receivables at FVTOCI	**Assets-RMB67,307,000**	Assets-RMB68,721,000	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.

20. 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	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Sales of products and provision of services to:		
Jinma Energy	**8,362**	8,289
Bohigh Chemicals *(Note i)*	**18,240**	11,039
Jinma Zhongdong *(Note ii)*	**295**	216
Xinyang Jingang	**–**	19,372
Jinjiang Refinery	**52,407**	52,081
Purchase of raw materials and acceptance of services from:		
Jinma Energy	**149,338**	178,333
Jinma Zhongdong	**183,666**	183,531
Jinjiang Refinery	**10,773**	3,951

Notes:

(i) Henan Bohigh Chemicals Co., Ltd.* 河南博海化工有限公司 ("Bohigh Chemicals") is a wholly owned subsidiary of Jinma Energy.

(ii) Henan Jinma Zhongdong Energy Co., Ltd.* 河南金馬中東能源有限公司 ("Jinma Zhongdong") is controlled by Jinma Energy.

* For identification purpose only

20. 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	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Salaries and allowance	**578**	552
Performance related bonuses	**530**	–
Retirement benefit	**66**	51
	1,174	603

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.

COMPANY NAME

河南金源氫化化工股份有限公司
Henan Jinyuan Hydrogenated Chemicals Co., Ltd.*

SHARE LISTING

Stock abbreviation: Jinyuan HChem
H Share: The Stock Exchange of Hong Kong Limited
Stock Code: 2502

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

West First Ring Road South
Jiyuan
Henan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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BOARD OF DIRECTORS

Executive Directors

Mr. Wang Zengguang (General Manager)
Mr. Qiao Erwei (Deputy General Manager & Board Secretary)

Non-executive Directors

Mr. Yiu Chiu Fai (Chairman)
Mr. Wang Kaibao (Vice Chairman)
Mr. Wang Lijie

Independent Non-executive Directors

Ms. Wong Yan Ki Angel
Mr. Di Zhigang
Ms. Leung Sin Yeng Winnie

SUPERVISORS

Mr. Wong Tsz Leung (Chairman)
Mr. Wu Zhiqiang
Mr. Li Hebao

AUDIT COMMITTEE

Ms. Wong Yan Ki Angel (Chairman)
Mr. Wang Kaibao
Mr. Di Zhigang

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Di Zhigang (Chairman)
Mr. Yiu Chiu Fai
Ms. Leung Sin Yeng Winnie

NOMINATION COMMITTEE

Ms. Leung Sin Yeng Winnie (Chairman)
Mr. Wang Zengguang
Ms. Wong Yan Ki Angel

STRATEGY COMMITTEE

Mr. Wang Kaibao (Chairman)
Mr. Wang Zengguang
Mr. Wang Lijie

COMPANY SECRETARY

Ms. Lee Kwan Ying Adrienne

AUTHORIZED REPRESENTATIVES

Mr. Wang Zengguang
Ms. Lee Kwan Ying Adrienne

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Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
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H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Wanchai
Hong Kong

PRINCIPAL BANKERS

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PRC

Bank of China Limited Jiyuan Branch
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Shanghai Pudong Development Bank Zhengzhou Branch
Zijingshan Road Operations Department
1F, Pufa Square
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Zhengzhou, Henan Province
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China Citic Bank Zhengzhou Branch
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Zhengdong New Area
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China Guangfa Bank Zhengzhou Shangdu Road Sub-branch
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Zhengzhou, Henan Province
PRC

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Jiyuan, Henan Province
PRC

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223 Hing Fong Road
Kwai Chung, New Territories
Hong Kong

China Merchants Bank Co., Ltd.
Zhengzhou Branch
China
Zhengzhou City, Henan Province
No. 96, East Agricultural Road

In this report, unless the context otherwise requires, the following expressions have the following meanings.

GENERAL TERMS

"Board"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Taiwan, the Macau Special Administrative Region of the PRC and the Hong Kong Special Administrative Region of the PRC
"Code"	Corporate Governance Code as set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as the same may be amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Henan Jinyuan Hydrogenated Chemicals Co., Ltd. (河南金源氫化化工股份有限公司)
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of our Company
"Group" or "our Group"	our Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange
"HK" or "Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Listing Date"	20 December 2023, the date on which the H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC Company Law" or "Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, which was last amended and became effective on 26 October 2018, as amended, supplemented or otherwise modified from time to time

"LNG"	liquefied natural gas
"Reporting Period"	the six months ended 30 June 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company
"Shareholders(s)"	holders(s) of the Share(s) of the Company
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the member(s) the Supervisory committee of our Company established pursuant to the PRC Company Law
"Supervisory Committee"	the Supervisory committee of our Company established pursuant to the PRC Company Law
"Unlisted Share(s)"	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which have been converted into H Shares on 16 July 2024

TECHNICAL TERMS

"basic earnings per share"

$$\frac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of shares in issue during the year}}$$

"current ratio"

$$\frac{\text{Total current assets}}{\text{Total current liabilities}}$$

"dividend payout ratio"

$$\frac{\text{Dividend}}{\text{Profit attributable to owners of our Company}}$$

"gearing ratio"

$$\frac{\text{Total interest-bearing bank borrowings}}{\text{Total equity}}$$

"return on assets"

$$\frac{\text{Profit and total comprehensive income}}{\text{Average total assets}}$$

"return on equity"

$$\frac{\text{Profit attributable to owners of our Company}}{\text{Average equity attributable to owners of our Company}}$$

ABBREVIATED NAMES OF COMPANIES

"Bohigh Chemical"	河南博海化工有限公司(Henan Bohigh Chemical Co., Ltd.)
"Golden Star"	金星化工(控股)有限公司(Golden Star Chemicals (Holdings) Limited)
"Jinjiang Refinery"	河南金江煉化有限責任公司(Henan Jinjiang Refinery Co., Ltd.*)
"Jinma Coking"	金馬焦化(英屬維爾京群島)有限公司(Jinma Coking (BVI) Limited)
"Jinma Energy"	河南金馬能源股份有限公司(Henan Jinma Energy Co., Ltd.*)
"Jinma Group"	Jinma Energy and its subsidiaries but excluding our Group
"Jinma HK"	金馬能源(香港)有限公司(Jinma Energy (Hong Kong) Limited), formerly known as 金馬焦化(香港)有限公司(Jinma Coking (Hong Kong) Limited)
"Jinma Qingneng"	河南金馬氫能有限公司(Henan Jinma Qingneng Co., Ltd.*)
"Jinma Xingye"	濟源市金馬興業投資有限公司(Jiyuan Jinma Xingye Investment Co., Ltd.*)
"Jinma Zhongdong"	河南金馬中東能源有限公司(Henan Jinma Zhongdong Energy Co., Ltd.)
"Jinning Energy"	濟源市金寧能源實業有限公司(Jiyuan Jinning Energy Co., Ltd.*)
"Jinrui Energy"	河南金瑞能源有限公司(Henan Jinrui Energy Co., Ltd.*)
"Shanghai Jinma"	上海金馬能源有限公司(Shanghai Jinma Energy Sources Co., Ltd.*)
"Xinyang Jingang"	信陽鋼鐵金港能源有限公司(Xinyang Steel Jingang Energy Co., Ltd.*)

“Yugang Coking”	豫港(濟源)焦化集團有限公司(Henan Hongkong (Jiyuan) Coking Group Co., Ltd.)
“Zenith Steel”	中天鋼鐵集團有限公司(Zenith Steel Group Co., Ltd.*)

In this report, if there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese which are marked with “*” is for identification purpose only.

河南金源氫化化工股份有限公司

Henan Jinyuan Hydrogenated Chemicals Co., Ltd.*