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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Revenue	:	RMB3,102.0 million
Loss attributable to shareholders	:	RMB16.0 million
Basic loss per share	:	RMB0.02

RESULTS

The board (the "**Board**") of directors (the "**Director**") of Henan Jinyuan Hydrogenated Chemicals Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") of the reporting period (the "**Reporting Period**") for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023.

Presented below are the reportings with regard to Group's consolidated financial statements, management discussion and analysis, corporate governance and related matters.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	**Year ended 31/12/2024** ***RMB'000***	Year ended 31/12/2023 *RMB'000*
Revenue	*5*	**3,102,000**	2,330,228
Cost of sales		**(3,030,362)**	(2,181,429)
Gross profit		**71,638**	148,799
Other income	*6*	**21,619**	8,553
Other gains and losses	*7*	**(3,950)**	(4,397)
Selling and distribution expenses		**(16,275)**	(18,420)
Administrative expenses		**(44,938)**	(31,315)
Listing expenses		**–**	(1,415)
Finance costs	*8*	**(16,472)**	(6,064)
Share of result of a joint venture		**386**	3,148
Profit before tax	*9*	**12,008**	98,889
Income tax expense	*10*	**(469)**	(16,568)
Profit for the year		**11,539**	82,321
Other comprehensive income:	*11*		
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**"), net of income tax		**402**	66
Total comprehensive income for the year		**11,941**	82,387
(Loss) profit for the year attributable to:			
– Owners of the Company		**(16,038)**	54,925
– Non-controlling interests		**27,577**	27,396
Profit for the year		**11,539**	82,321
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		**(15,771)**	55,126
– Non-controlling interests		**27,712**	27,261
Total comprehensive income for the year		**11,941**	82,387
(Loss) earnings per share (RMB)			
– Basic	*14*	**(0.02)**	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	**31/12/2024**	31/12/2023
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**843,436**	870,605
Right-of-use assets	*16*	**108,780**	112,491
Intangible assets	*17*	**21,605**	23,056
Goodwill	*19*	**10,669**	10,669
Interest in a joint venture	*20*	**81,497**	90,911
Deferred tax assets	*21*	**19,726**	3,887
		1,085,713	1,111,619
CURRENT ASSETS			
Inventories	*22*	**144,987**	117,484
Trade and other receivables	*23*	**30,722**	32,034
Tax recoverable		**4,493**	9,407
Amount due from a related party	*24*	**23,411**	23,411
Bills receivables at FVTOCI	*25*	**34,457**	68,721
Time deposits	*26*	**215,843**	–
Bank balances and cash	*26*	**136,772**	300,710
		590,685	551,767
CURRENT LIABILITIES			
Borrowings	*27*	**231,395**	142,000
Trade and other payables	*28*	**193,106**	199,010
Amount due to a shareholder	*29*	**1,975**	1,977
Amount due to a related party	*30*	**296**	1,063
Contract liabilities	*31*	**20,885**	28,834
Lease liabilities	*32*	**1,135**	652
Tax payable		**7,987**	9,037
		456,779	382,573
NET CURRENT ASSETS		**133,906**	169,194
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,219,619**	1,280,813

	NOTES	31/12/2024	31/12/2023
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	*34*	**955,640**	955,640
Reserves		**29,733**	66,135
Equity attributable to owners of the Company		**985,373**	1,021,775
Non-controlling interests		**106,177**	105,665
TOTAL EQUITY		**1,091,550**	1,127,440
NON-CURRENT LIABILITIES			
Borrowings	*27*	**102,645**	116,762
Payables for purchase of property, plant and equipment		**–**	18,062
Lease liabilities	*32*	**3,097**	3,554
Deferred revenue	*35*	**20,782**	14,513
Deferred tax liabilities	*21*	**1,545**	482
		128,069	153,373
		1,219,619	1,280,813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company								
	Share capital *RMB'000*	**Capital reserve** *RMB'000* *(Note i)*	**FVTOCI reserve** *RMB'000*	**Statutory surplus reserve fund** *RMB'000* *(Note ii)*	**Retained profits** *RMB'000*	**Special reserve** *RMB'000* *(Note iii)*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
1 January 2023	100,000	129,960	(611)	24,793	295,410	32,458	582,010	137,547	719,557
Profit for the year	–	–	–	–	54,925	–	54,925	27,396	82,321
Other comprehensive income (expense) for the year	–	–	201	–	–	–	201	(135)	66
Total comprehensive income for the year	–	–	201	–	54,925	–	55,126	27,261	82,387
Conversion of equity accounts	235,000	3,533	769	(25,015)	(214,287)	–	–	–	–
Acquisition of non-controlling interests	–	2,143	–	–	–	–	2,143	(22,143)	(20,000)
Capital injection from a shareholder *(Note 34)*	381,730	(135,636)	–	–	(30,923)	–	215,171	–	215,171
Issue of shares	238,910	21,977	–	–	–	–	260,887	–	260,887
Transaction costs attributable to issue of shares	–	(30,562)	–	–	–	–	(30,562)	–	(30,562)
Dividends recognised as distribution *(Note 12)*	–	–	–	–	(63,000)	–	(63,000)	(37,000)	(100,000)
Transfer	–	–	(769)	644	(3,788)	3,913	–	–	–
At 31 December 2023 and 1 January 2024	955,640	(8,585)	(410)	422	38,337	36,371	1,021,775	105,665	1,127,440
(Loss) profit for the year	**–**	**–**	**–**	**–**	**(16,038)**	**–**	**(16,038)**	**27,577**	**11,539**
Other comprehensive income for the year	**–**	**–**	**267**	**–**	**–**	**–**	**267**	**135**	**402**
Total comprehensive income (expense) for the year	**–**	**–**	**267**	**–**	**(16,038)**	**–**	**(15,771)**	**27,712**	**11,941**
Transaction costs attributable to issue of shares	**–**	**(1,518)**	**–**	**–**	**–**	**–**	**(1,518)**	**–**	**(1,518)**
Dividends recognised as distribution *(Note 12)*	**–**	**–**	**–**	**–**	**(19,113)**	**–**	**(19,113)**	**(27,200)**	**(46,313)**
Transfer	**–**	**–**	**–**	**–**	**(186)**	**186**	**–**	**–**	**–**
At 31 December 2024	**955,640**	**(10,103)**	**(143)**	**422**	**3,000**	**36,557**	**985,373**	**106,177**	**1,091,550**

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.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**12,008**	98,889
Adjustments for:		
Interest income on bank deposits	**(8,703)**	(1,864)
Interest income on a loan to a related party	**(933)**	(1,520)
Interest income on bills receivables at FVTOCI	**(891)**	(1,813)
(Gain) loss from disposal of property, plant and equipment	**(588)**	73
Gain from disposal of right-of-use assets	**(351)**	–
Depreciation of property, plant and equipment	**75,510**	49,763
Depreciation of right-of-use assets	**3,428**	2,856
Amortisation of intangible assets	**1,451**	5,902
Allowance for inventories	**1,089**	–
Share of result of a joint venture	**(386)**	(3,148)
Finance costs	**16,472**	6,064
Release of assets-related government subsidies	**(1,650)**	(1,586)
Net foreign exchange (gain) loss	**(5,469)**	104
Operating cash flows before movements in working capital	**90,987**	153,720
Increase in inventories	**(28,592)**	(51,785)
Decrease in bills receivables at FVTOCI	**35,691**	18,110
Decrease in trade and other receivables	**1,312**	13,183
Decrease in amount due from a related party	**–**	8,969
Increase (decrease) in trade and other payables	**17,690**	(24,385)
(Decrease) increase in amount due to a shareholder	**(2)**	1,977
(Decrease) increase in amount due to a related party	**(767)**	1,063
(Decrease) increase in contract liabilities	**(7,949)**	13,408
Cash generated from operations	**108,370**	134,260
Income tax paid	**(11,515)**	(29,801)
NET CASH FROM OPERATING ACTIVITIES	**96,855**	104,459

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
INVESTING ACTIVITIES		
Interest on bank balances received	**6,783**	1,864
Interest on a loan to a related party received	**933**	1,520
Assets-related government subsidy received	**7,919**	–
Purchase of property, plant and equipment	**(83,031)**	(148,404)
Refundable deposit returned to constructors	**(150)**	(1,600)
Refundable deposit received from constructors	**–**	350
Proceeds from disposal of property, plant and equipment	**1,158**	–
Purchase of right-of-use assets	**(1,000)**	–
Loan to a related party	**(30,000)**	–
Repayment from a related party	**30,000**	30,000
Proceeds from disposal of right-of-use assets	**2,655**	–
Dividend received from a joint venture	**9,800**	–
Placement of time deposits	**(213,923)**	–
Placement of restricted bank balances	**–**	(52,003)
Withdrawal from time deposits	**–**	30,000
Withdrawal from restricted bank balances	**–**	67,211
NET CASH USED IN INVESTING ACTIVITIES	**(268,856)**	(71,062)
FINANCING ACTIVITIES		
Interest paid	**(16,415)**	(11,412)
Bank borrowings raised	**224,516**	166,615
Repayment of bank borrowings	**(149,238)**	(73,000)
Repayment of lease liabilities	**(995)**	(24)
Dividends paid to shareholders	**(19,217)**	(63,000)
Dividends paid to non-controlling shareholders of subsidiaries	**(27,200)**	(37,000)
Acquisition of non-controlling interests	**–**	(20,000)
Capital injection from a shareholder to a subsidiary	**–**	5,000
Issue of new shares	**–**	260,887
Transaction costs attributable to issue of shares	**(8,961)**	(23,119)
NET CASH FROM FINANCING ACTIVITIES	**2,490**	204,947
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(169,511)**	238,344
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**300,710**	62,470
Effect of foreign exchange rate changes	**5,573**	(104)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY Bank balances and cash	**136,772**	300,710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Henan Jinyuan Hydrogenated Chemicals Co., Ltd.* 河南金源氫化化工股份有限公司 (the "**Company**") was established in the PRC on 13 February 2003 as a limited liability company under the Company Law of the PRC. Its parent is Henan Jinma Energy Co., Ltd.* 河南金馬能源股份有限公司 ("**Jinma Energy**") (incorporated in the PRC).

The principal activities of the Company and its subsidiaries (Note 18) (the "**Group**") are mainly engaged in the production and sales of hydrogenated benzene-based chemicals, coal gas, liquefied natural gas ("**LNG**"), hydrogen, trading of LNG, refined oil and hydrogen and provision of other services, including provision of steam ("**Other Services**").

The address of the registered office and the principal place of business of the Company is West First Ring Road South, Jiyuan, Henan Province, the PRC. The Company established a place of business in Hong Kong at Unit 2801, 28th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong. It was registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) on 21 August 2023.

With a series of equity transfer arrangements, the Company was owned by Jinma Energy and Shanghai Jinma Energy Sources Co., Ltd.* 上海金馬能源有限公司 ("**Shanghai Jinma**") since June 2023. On 28 July 2023, the Company was converted from a limited liability company into a joint stock company with 335,000,000 ordinary shares of RMB1 per share. Pursuant to the Reorganisation, the Group acquired the equity interests in Jiyuan Jinning Energy Co., Ltd.* 濟源市金寧能源實業有限公司 ("**Jinning Energy**"), Jinrui Energy and Henan Jinma Qingneng Co., Ltd.* 河南金馬氫能有限公司 ("**Jinma Qingneng**") from Jinma Energy, by issuing 273,410,000 new shares at RMB1 per share. Pursuant to a prospectus issued by the Company dated 12 December 2023 in relation to its global offering of the Company's shares, the Company issued 238,910,000 H shares, which were listed on the Stock Exchange on 20 December 2023.

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

* *For identification purpose only*

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

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

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Prior to the completion of the Reorganisation in 2023, Jinning Energy, Jinrui Energy and Jinma Qingneng are under the common control of Jinma Energy, the Group is regarded as a continuing entity and merger accounting has been applied for the preparation of the consolidated financial statements.

The consolidated financial statements had been prepared under the principles of common control combination as if the Company had been the holding company of Jinrui Energy, Jinning Energy and Jinma Qingneng during year 2023. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for year 2023 include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the reporting period, or since their respective dates of establishment.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the consolidated businesses in which the common control combination occurs as if they had been consolidated from the date when the consolidated businesses first came under the control of the controlling party.

The net assets of the consolidated businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the consolidated businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

Investment in a joint venture

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

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

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

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

Revenue from contracts with customers

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

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

Leases

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

The Group as a lessee

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and structures, machinery and equipment and office equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

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

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, amount due from a related party, time deposits, bank balances and cash and bills receivables at FVTOCI) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and amount due from a related party in trade nature ("**Trade-related Receivables**").

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

- Past-due status; and

- Nature, size and industry of debtor.

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

All financial liabilities including borrowings, trade and other payables, amount due to a shareholder/a related party are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next next financial year.

Deferred tax asset

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

Fair value measurement of bills receivables at FVTOCI

As at 31 December 2024, the Group's bills receivables at FVTOCI amounting to RMB34,457,000 (2023: RMB68,721,000) are measured at fair values with fair values being determined based on observable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques which is reflective of the current market conditions and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of fair value measurement of financial instruments are set out in Note 41.

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is based on estimated selling prices less any estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period.

During the year ended 31 December 2024, an allowance of RMB1,089,000 (2023: nil) was recognised based on estimated net realisable value and as at 31 December 2024, the carrying amount of inventories is RMB144,987,000 (2023: RMB117,484,000) (net of allowance for inventories of RMB1,089,000 (2023: nil)).

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Segments*	Refined chemicals RMB'000	Energy products RMB'000	Trading# RMB'000	Other Services RMB'000	Total RMB'000
	For the year ended 31 December 2024				
Types of goods or service					
Sales of goods					
Hydrogenated benzene-based chemicals	2,377,194	–	–	–	2,377,194
Coal gas	–	444,008	–	–	444,008
LNG	–	292,367	65,764	–	358,131
Refined oil	–	–	100,600	–	100,600
Hydrogen	–	5,676	24,250	–	29,926
Others	–	–	–	27	27
	2,377,194	742,051	190,614	27	3,309,886
Providing services					
Energy supply	–	–	180	10,898	11,078
Total	2,377,194	742,051	190,794	10,925	3,320,964

Included in trading segment represented intra-group retail sales of LNG, refined oil and hydrogen amounting to approximately RMB181,000 through gas stations operated by the Group. The Group recognised revenue from retails sales of LNG, refined oil and hydrogen to external customers amounting to approximately RMB171,261,000 through gas stations.

* 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.

	Segment revenue RMB'000	Eliminations RMB'000	Consolidated RMB'000
	For the year ended 31 December 2024		
Refined chemicals	2,377,194	–	2,377,194
Energy products	742,051	(137,562)	604,489
Trading	190,794	(80,365)	110,429
Other Services	10,925	(1,037)	9,888
Revenue from contracts with customers	3,320,964	(218,964)	3,102,000

Segments*	Refined chemicals RMB'000	Energy products RMB'000	Trading# RMB'000	Other Services RMB'000	Total RMB'000
	For the year ended 31 December 2023				
Types of goods or service					
Sales of goods					
Hydrogenated benzene-based chemicals	1,502,282	–	–	–	1,502,282
Coal gas	–	476,947	–	–	476,947
LNG	–	308,868	78,630	–	387,498
Refined oil	–	–	157,767	–	157,767
Hydrogen	–	–	1,003	–	1,003
Others	–	–	–	146	146
	1,502,282	785,815	237,400	146	2,525,643
Providing services					
Energy supply	–	–	178	10,788	10,966
Total	1,502,282	785,815	237,578	10,934	2,536,609

\# Included in trading segment represented intra-group retail sales of LNG, refined oil and hydrogen amounting to approximately RMB442,000 through gas stations operated by the Group. The Group recognised revenue from retails sales of LNG, refined oil and hydrogen to external customers amounting to approximately RMB197,201,000 through gas stations.

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

	Segment revenue RMB'000	Eliminations RMB'000	Consolidated RMB'000
	For the year ended 31 December 2023		
Refined chemicals	1,502,282	–	1,502,282
Energy products	785,815	(133,625)	652,190
Trading	237,578	(72,696)	164,882
Other Services	10,934	(60)	10,874
Revenue from contracts with customers	2,536,609	(206,381)	2,330,228

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, hydrogen, trading of LNG, refined oil and hydrogen and provision of Other Services, 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 liability 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 year. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating segments under IFRS 8 "Operating Segments" are (i) sales of 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) provision of Other Services.

Segment revenues and results

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

For the year ended 31 December 2024

	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE					
External sales	**2,377,194**	**604,489**	**110,429**	**9,888**	**3,102,000**
Inter-segment sales	**–**	**137,562**	**80,365**	**1,037**	**218,964**
	2,377,194	**742,051**	**190,794**	**10,925**	**3,320,964**
Segment profit	**(39,806)**	**97,372**	**6,161**	**8,537**	**72,264**
Other income					**21,619**
Other gains and losses					**(3,950)**
Selling and distribution expenses					**(16,275)**
Administrative expenses					**(44,938)**
Finance costs					**(16,472)**
Share of result of a joint venture					**386**
Unallocated expenses					**(626)**
Profit before tax					**12,008**

For the year ended 31 December 2023

	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE					
External sales	1,502,282	652,190	164,882	10,874	2,330,228
Inter-segment sales	–	133,625	72,696	60	206,381
	1,502,282	785,815	237,578	10,934	2,536,609
Segment profit	42,029	87,196	10,764	9,335	149,324
Other income					8,553
Other gains and losses					(4,397)
Selling and distribution expenses					(18,420)
Administrative expenses					(31,315)
Listing expenses					(1,415)
Finance costs					(6,064)
Share of result of a joint venture					3,148
Unallocated expenses					(525)
Profit before tax					98,889

The accounting policies of the operating segments are the same as the Group's accounting policies described as above and in Note 3. Segment results represent the gross profit from each segment without allocation of other income, other gains and losses, selling and distribution expenses, administrative expenses, finance costs and share of result of a joint venture. Sales related taxes are classified as unallocated expenses.

Inter-segment sales are charged at prevailing market rates.

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

Other segment information

	Refined chemicals ***RMB'000***	**Energy products** ***RMB'000***	**Trading** ***RMB'000***	**Other Services** ***RMB'000***	**Unallocated** ***RMB'000***	**Total** ***RMB'000***
For the year ended 31 December 2024						
Amounts included in measure of segment results:						
Depreciation and amortisation	**45,580**	**23,968**	**6,852**	**121**	**3,868**	**80,389**

	Refined chemicals *RMB'000*	Energy products *RMB'000*	Trading *RMB'000*	Other Services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023						
Amounts included in measure of segment results:						
Depreciation and amortisation	21,778	27,448	5,529	123	3,643	58,521

Entity-wide disclosures

Geographical information

During the years ended 31 December 2024 and 2023, all of the Group's revenue from external customers, from continuing operations, were generated from the PRC whereas all non-current assets are located in the PRC.

Information about major customers

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

	Year ended	
	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Customer A *(Note)*	**883,116**	833,131

Note: Revenue from sales of hydrogenated benzene-based chemicals.

6. OTHER INCOME

	Year ended 31/12/2024	Year ended 31/12/2023
	RMB'000	*RMB'000*
Interest income on bank deposits	**8,703**	1,864
Interest income on a loan to a related party	**933**	1,520
Interest income on bills receivables at FVTOCI	**891**	1,813
Release of assets-related government subsidies *(Note 35)*	**1,650**	1,586
Government grants (Note)	**8,613**	669
Rental income	**826**	1,101
Others	**3**	–
	21,619	8,553

Note: The government grants recognised directly as other income are the grants related to income or expenses already incurred or for the purpose of giving immediate financial support to the Group. Included in the government grants recognised this year were mainly the grants from the government amounting to RMB6,500,000 for the Group's listing on the Stock Exchange in 2023.

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2024	Year ended 31/12/2023
	RMB'000	*RMB'000*
Net loss arising on bills receivables at FVTOCI	**(4,016)**	(5,495)
Gain (loss) on disposal of property, plant and equipment	**588**	(73)
Gain on disposal of right-of-use assets	**351**	–
Foreign exchange gain (loss), net	**5,469**	(104)
Gain on disposal of scrap steel	**801**	21
Others	**(7,143)**	1,254
	(3,950)	(4,397)

8. FINANCE COSTS

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
Interest expense on:		
– bank borrowings	**16,227**	11,941
– lease liabilities	**245**	82
	16,472	12,023
Less: amounts capitalised	**–**	(5,959)
	16,472	6,064
Capitalisation rate – per annum	**N/A**	5.60%

9. PROFIT BEFORE TAX

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
Profit before tax has been arrived at after charging:		
Staff costs		
Directors', chief executive's and supervisors' remuneration *(Note 13)*	**1,505**	932
Other staff costs	**34,878**	26,157
Other staff benefits	**6,277**	5,155
Total staff costs	**42,660**	32,244
Capitalised in inventories	**(26,992)**	(20,408)
	15,668	11,836
Depreciation of property, plant and equipment	**75,510**	49,763
Capitalised in inventories	**(70,429)**	(44,891)
	5,081	4,872
Depreciation of right-of-use assets	**3,428**	2,856
Amortisation of intangible assets included in cost of sales	**1,451**	5,902
Auditor's remuneration	**870**	800
Cost of inventories recognised as expenses (including allowance for inventories amounting to RMB1,089,000 (2023: nil))	**2,988,892**	2,180,904

10. INCOME TAX EXPENSE

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**13,742**	16,337
– under-provision in prior years	**1,637**	493
Deferred tax *(Note 21)*	**(14,910)**	(262)
	469	16,568

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

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

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
Profit before tax	**12,008**	98,889
Tax charge at the applicable income tax rate of 25% (2023: 25%)	**3,002**	24,722
Tax effect of income not taxable for tax purpose *(Note)*	**(7,579)**	(7,990)
Tax effect of expenses not deductible for tax purposes	**2,286**	184
Tax effect of share of result of a joint venture	**(96)**	(787)
Tax effect of tax losses not recognised	**1,298**	23
Under-provision in prior years	**1,637**	493
Income tax at concessionary rate	**(79)**	(77)
Income tax expense	**469**	16,568

Note: Pursuant to the relevant tax rules and regulation in the PRC, 10% revenue from Comprehensive Utilisation of Resources ("**資源綜合利用**") is exempted from EIT. During the year ended 31 December 2024, the Group had tax deduction under the scheme of RMB7,579,000 (2023: RMB7,990,000).

11. OTHER COMPREHENSIVE INCOME

	Year ended 31/12/2024 ***RMB'000***	Year ended 31/12/2023 *RMB'000*
Other comprehensive income includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value change arising from bills receivables at FVTOCI	**10,199**	10,985
Reclassification to profit or loss during the year upon derecognition of bills receivables at FVTOCI	**(9,797)**	(10,919)
	402	66

Income tax effect relating to other comprehensive income

	Year ended 31/12/2024			Year ended 31/12/2023		
	Before-tax amount ***RMB'000***	**Tax charge** ***RMB'000***	**Net-of-income tax amount** ***RMB'000***	Before-tax amount *RMB'000*	Tax charge *RMB'000*	Net-of-income tax amount *RMB'000*
Item that may be reclassified subsequently to profit or loss:						
Fair value gain on:						
– bills receivables at FVTOCI	**536**	**(134)**	**402**	88	(22)	66

12. DIVIDENDS

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2024 (2023: RMB19,113,000) has been proposed by the directors of the Company.

The dividends declared by subsidiaries of the Company to the non-controlling shareholders amounted to RMB27,200,000 (2023: RMB37,000,000) during the year ended 31 December 2024.

The dividends were declared and paid to the previous controlling shareholder before the Reorganisation, Jinma Energy, amounted to RMB63,000,000 during the year ended 31 December 2023.

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

Directors', Chief Executive's and Supervisors' emoluments

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

	Fees *RMB'000*	Salaries, allowance and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefit *RMB'000*	Total *RMB'000*
For the year ended 31 December 2024					
Executive directors:					
Mr. Wang Zengguang	–	419	–	40	459
Mr. Qiao Erwei	–	279	–	24	303
Non-executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors:					
Mr. Di Zhigang	120	–	–	–	120
Ms. Wong Yan Ki Angel	251	–	–	–	251
Ms. Leung Sin Yeng Winnie	200	–	–	–	200
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu Zhiqiang	–	–	–	–	–
Mr. Li Hebao	–	148	–	24	172
	571	846	–	88	1,505

	Fees *RMB'000*	Salaries, allowance and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefit *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023					
Executive directors:					
Mr. Wang Zengguang	–	415	–	40	455
Mr. Qiao Erwei	–	247	–	24	271
Non-executive directors:					
Mr. Yiu Chiu Fai	–	–	–	–	–
Mr. Wang Kaibao	–	–	–	–	–
Mr. Wang Lijie	–	–	–	–	–
Independent non-executive directors#:					
Mr. Di Zhigang	10	–	–	–	10
Ms. Wong Yan Ki Angel	19	–	–	–	19
Ms. Leung Sin Yeng Winnie	15	–	–	–	15
Supervisors:					
Mr. Wong Tsz Leung	–	–	–	–	–
Mr. Wu Zhiqiang	–	–	–	–	–
Mr. Li Hebao	–	139	–	23	162
	44	801	–	87	932

Mr. Cheung Kwong Tat was appointed on 28 July 2023 and resigned on 22 October 2023.

Certain directors and supervisors who did not receive emoluments from the Group during both years, also held positions in the corporate shareholders of the Company and their subsidiaries ("**Shareholder's Entities**") and the emoluments were borne by the respective Shareholder's Entities for the services rendered for the Shareholder's Entities. In the opinion of the directors of the Company, it is not practicable to allocate their remunerations to the Group.

Mr. Wang Zengguang is the general manager of the Company and his emolument disclosed above include those for services in connection with the management of affairs of the Group rendered by him as the general manager.

The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group whereas those paid to non-executive directors and independent non-executive directors were for their services as directors of the Company.

The performance related bonuses were determined by the management of the Group by reference to the performance and market trend as relevant.

Five individuals with the highest emoluments

Of the five individuals with the highest emoluments in the Group, two (2023: two) were directors of the Company for the year ended 31 December 2024, whose emoluments is included in the disclosures above. The emoluments of the remaining individuals are as follows:

	Year ended 31/12/2024 ***RMB'000***	Year ended 31/12/2023 *RMB'000*
Salaries, allowance and benefits in kind	**663**	799
Retirement benefit	**87**	87
	750	886

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**3**	3

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

14. (LOSS) EARNINGS PER SHARE

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

	Year ended 31/12/2024 ***RMB'000***	Year ended 31/12/2023 *RMB'000*
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(16,038)**	54,925
	'000	*'000*
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**955,640**	612,015

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

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2023	137,893	483,172	2,336	36,587	125,818	785,806
Additions#	234	112,820	–	184	247,723	360,961
Transfer	57,266	292,171	–	–	(349,437)	–
Disposals	(85)	–	(22)	–	–	(107)
At 31 December 2023	195,308	888,163	2,314	36,771	24,104	1,146,660
Additions	1,985	11,760	364	3,235	31,567	48,911
Transfer	2,050	52,245	–	605	(54,900)	–
Disposals	(112)	(608)	(1,578)	(65)	–	(2,363)
At 31 December 2024	199,231	951,560	1,100	40,546	771	1,193,208
Depreciation						
At 1 January 2023	33,120	169,648	897	22,661	–	226,326
Provided for the year	7,667	39,203	428	2,465	–	49,763
Eliminated on disposals	(17)	–	(17)	–	–	(34)
At 31 December 2023	40,770	208,851	1,308	25,126	–	276,055
Provided for the year	9,945	62,730	418	2,417	–	75,510
Eliminated on disposals	(28)	(521)	(1,182)	(62)	–	(1,793)
At 31 December 2024	50,687	271,060	544	27,481	–	349,772
Carrying values						
At 31 December 2024	148,544	680,500	556	13,065	771	843,436
At 31 December 2023	154,538	679,312	1,006	11,645	24,104	870,605

Included RMB108,326,000 which represented fair value of the coke granules coal gas facilities acquired from Jinma Energy by issuing new shares, as detailed in Note 34.

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

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

16. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Office premises *RMB'000*	Total *RMB'000*
As at 1 January 2023	111,353	–	111,353
Additions	–	3,994	3,994
Depreciation charged during the year	(2,669)	(187)	(2,856)
As at 31 December 2023	108,684	3,807	112,491
Additions	1,000	1,021	2,021
Depreciation charged during the year	(2,655)	(773)	(3,428)
Disposal	(2,304)	–	(2,304)
As at 31 December 2024	104,725	4,055	108,780

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

Leasehold lands	2%-5%
Office premises	10%-50%

	Year ended 31/12/2024 ***RMB'000***	Year ended 31/12/2023 *RMB'000*
Expense relating to short-term leases *(Note)*	**24**	161
Total cash outflow for leases	**2,264**	185

Note: The short-term leases are mainly office premises and machinery. The Group has elected the recognition exemption on short-term leases and recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The Group leases offices and plants for its operations. Lease contracts are entered into for fixed term of 2 years to 10 years during the year (2023: 3 years to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for three (2023: three) leasehold lands with carrying amount of RMB173,000 (2023: RMB194,000) in which the Group obtains the right of use under long-term lease contracts as at 31 December 2024.

Restrictions or covenants on leases

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

17. INTANGIBLE ASSETS

	Franchise right *RMB'000* *(Note i)*	Operating license *RMB'000* *(Note ii)*	Total *RMB'000*
Cost			
At 1 January 2023, 31 December 2023 and 2024	93,502	29,019	122,521
Amortisation			
At 1 January 2023	89,051	4,512	93,563
Charge for the year	4,451	1,451	5,902
At 31 December 2023	93,502	5,963	99,465
Charge for the year	–	1,451	1,451
At 31 December 2024	93,502	7,414	100,916
Carrying values			
At 31 December 2024	–	21,605	21,605
At 31 December 2023	–	23,056	23,056

Notes:

(i) Franchise right represents the concession agreement that Jinning Energy entered into with the local government whereby it was granted the exclusive right to transport coal gas to the industrial enterprises in the vicinity of Huancheng Road (環城路) and the residents of Du Village (杜村) in Chengliu town (承留鎮), Jiyuan city.

(ii) Operating license represents the license for sale of refined oil, which was acquired from business acquisition in prior year.

The total useful life of the franchise right on sales of coal gas is 6.3 years and that of the operating license of refined oil is 20 years. The franchise right on sales of coal gas had reached its useful life and was fully amortised in 2023, and the operating license of refined oil are amortised on a straight-line basis over the useful life and have remaining useful lives listed as below:

	31/12/2024 ***years***	31/12/2023 *years*
Operating license of refined oil	**14.3**	15.3

18. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries are set out below.

Name of subsidiary*	Place and date of establishment/ incorporation/ operation	Class of shares held	Equity interest attributable to the Group 2024	2023	Issued/authorised share capital	Principal activities
Directly held:						
Jinning Energy	PRC 2 July 2017	Ordinary shares	**51%**	51%	RMB10,000,000	Distribution and sale of coal gas
Jinrui Energy	PRC 24 May 2016	Ordinary shares	**81%**	81%	RMB100,000,000	Manufacturing and sale of LNG
Jinma Qingneng	PRC 18 February 2021	Ordinary shares	**100%**	100%	RMB15,000,000/ RMB200,000,000	Provision of multimodal transportation, warehouse and distribution services for coal products
Indirectly held:						
河南金瑞燃氣有限公司 (Henan Jinrui Gas Co., Ltd.) ("**Jinrui Gas**")	PRC	Ordinary shares	**81%**	81%	RMB25,500,000	Sales and retail of LNG, refined oil and hydrogen
濟源市歐亞加油站有限公司 (Jiyuan Ouya Gas Station Co., Ltd.) ("**Ouya Gas Station**")	PRC	Ordinary shares	**81%**	81%	RMB500,000	Sales and retail of refined oil

* English name for identification only

All the subsidiaries of the Company are domestic limited liability companies. None of the subsidiaries had any debt securities outstanding at 31 December 2024 and 2023 or at any time during both years.

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

Name of subsidiary	Proportion ownership interest held by non-controlling interests At 31 December 2024	2023	Profit allocated to non-controlling interests Year ended 31 December 2024	2023	Accumulated non-controlling interests At 31 December 2024	2023
	%	*%*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Jinning Energy	**49**	49	**20,678**	17,730	**62,640**	61,427
Jinrui Energy and its subsidiary	**19**	19	**6,899**	9,666	**43,537**	44,238
			27,577	27,396	**106,177**	105,665

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jinning Energy

	31/12/2024 *RMB'000*	31/12/2023 *RMB'000*
Current assets	**94,474**	52,686
Non-current assets	**81,086**	88,788
Current liabilities	**46,341**	15,940
Non-current liabilities	**1,383**	173
Net equity	**127,836**	125,361
Equity attributable to owners of the Company	**65,196**	63,934
Equity attributable to non-controlling interests	**62,640**	61,427

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
Revenue	**427,938**	464,050
Expenses *(Note)*	**385,739**	427,868
Profit for the year	**42,199**	36,182
Profit attributable to		
– the owners of the Company	**21,521**	18,452
– the non-controlling interests	**20,678**	17,730
Profit for the year	**42,199**	36,182
Other comprehensive income (expense) attributable to		
– the owners of the Company	**141**	(139)
– the non-controlling interests	**135**	(135)
Other comprehensive income (expense) for the year	**276**	(274)

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
Total comprehensive income attributable to		
– the owners of the Company	**21,662**	18,313
– the non-controlling interests	**20,813**	17,595
Total comprehensive income for the year	**42,475**	35,908
Dividends declared and paid to non-controlling interests	**19,600**	19,600
Net cash from operating activities	**69,413**	43,039
Net cash from (used in) investing activities	**1,007**	(2,793)
Net cash used in financing activities	**(10,863)**	(40,000)
Net cash inflow	**59,557**	246

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

Jinrui Energy and its subsidiaries

	31/12/2024 *RMB'000*	31/12/2023 *RMB'000*
Current assets	**51,438**	55,104
Non-current assets	**290,414**	287,476
Current liabilities	**97,263**	87,871
Non-current liabilities	**15,116**	21,550
Net equity	**229,473**	233,159
Equity attributable to owners of the Company	**185,936**	188,921
Equity attributable to non-controlling interests	**43,537**	44,238

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Revenue	**425,579**	489,150
Expenses *(Note)*	**389,265**	451,559
Profit and total comprehensive income for the year	**36,314**	37,591
Profit and total comprehensive income attributable to		
– the owners of the Company	**29,415**	27,925
– the non-controlling interests	**6,899**	9,666
Profit and total comprehensive income for the year	**36,314**	37,591
Dividends declared and paid to non-controlling interests	**7,600**	17,400
Net cash from operating activities	**57,530**	59,926
Net cash used in investing activities	**(12,029)**	(9,179)
Net cash used in financing activities	**(52,121)**	(72,342)
Net cash outflow	**(6,620)**	(21,595)

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

19. GOODWILL

	Jinning Energy *RMB'000*	Gas Stations *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2023, 31 December 2023 and 2024	8,001	4,835	12,836
Impairment			
At 1 January 2023, 31 December 2023 and 2024 *(Note)*	–	2,167	2,167
Carrying values			
At 31 December 2023 and 2024	8,001	2,668	10,669

Note: The impairment of goodwill related to Unit B (as defined below) amounting to RMB2,167,000 was recognised before 1 January 2022.

For the purposes of impairment testing, goodwill has been allocated to numbers of individual CGUs setting out as follows:

	Number of CGUs	
	31/12/2024	31/12/2023
Subsidiary engaged in distribution and sales of coal gas	**1**	1
Gas stations engaged in retail of refined oil	**3**	3
	4	4

The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Sales of coal gas – Jinning Energy (Unit A)	**8,001**	8,001
Retail of refined oil – Ouya Gas Station (Unit B)	**253**	253
Retail of refined oil – Liandong Gas Station (Unit C)	**648**	648
Retail of refined oil – Jidong Gas Station (Unit D)	**1,767**	1,767
	10,669	10,669

In addition to goodwill above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purpose of impairment assessment. The carrying values of the operating license of refined oil are determined and allocated to Unit B, Unit C and Unit D based on the the purchase price allocation exercise. Unit C and Unit D are included in Jinrui Gas.

The recoverable amount of Unit A has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and pre-tax discount rate listed as follows:

	31/12/2024	31/12/2023
Discount rate	**28.5%**	28.5%

Cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate for the year ended 31 December 2024 (2023: 2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to Unit A.

The management of the Group determines that there is no impairment of Unit A during the year (2023: Nil) and believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of Unit A to exceed its recoverable amount. Also management of the Group determines that there is no further impairment on Unit B and no impairment on other units during the year after impairment assessment.

20. INTEREST IN A JOINT VENTURE

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Cost of unlisted investment in associates	**87,763**	87,763
Share of post-acquisition results, net of dividends received	**(6,266)**	3,148
	81,497	90,911

Details of the Group's joint venture at the end of the reporting period are set out below:

Name of joint venture*	**Place of registration and operations**	**Fully paid registered capital**	**Proportion of ownership interest/ voting rights attributable to the Group**		**Principal activities**
			2024	2023 *(Note)*	
Henan Jinjiang Refinery Co., Ltd. ("**Jinjiang Refinery**") 河南金江煉化有限公司	PRC	RMB100,000,000	**49%**	49%	Manufacture and sale of hydrogen

* English name for identification only

Note: Jinma Qingneng acquired 49% equity interest in Jinjiang Refinery on 31 July 2023 from Jinma Energy with nil consideration. Following the completion of the Reorganisation in August 2023, Jinjiang Refinery was accounted for as a joint venture of the Group under equity method.

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

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

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Current assets	**87,840**	93,689
Non-current assets	**87,190**	106,063
Current liabilities	**6,249**	11,697
Non-current liabilities	**2,461**	2,523
The above amounts of assets and liabilities include the followings:		
Cash and cash-equivalents	**62,601**	61,034

	Year ended 31/12/2024 *RMB'000*	Periods from acquisition date to 31/12/2023 *RMB'000*
Revenue	**165,649**	111,692
Profit and total comprehensive income for the year/period	**786**	6,425
Dividends received from Jinjiang Refinery during the year/period	**9,800**	–

The above profit for the year/period includes the following:

Depreciation	**22,142**	7,429
Interest income	**893**	180
Interest expense	**190**	–
Income tax expense (credit)	**141**	(810)

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

	31/12/2024 *RMB'000*	31/12/2023 *RMB'000*
Net assets	**166,320**	185,532
Proportion of the Group's ownership interest in the joint venture	**49%**	49%
Carrying amounts of the Group's interest in the joint venture	**81,497**	90,911

21. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Allowance for inventories	Accelerated tax depreciation	Fair value change of bills receivables at FVTOCI	Unrealised profits	Fair value adjustments upon acquisition of business	Deferred revenue	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	(944)	157	–	(73)	4,025	–	3,165
(Charge) credit to profit or loss	–	(764)	42	–	956	(397)	425	262
Charge to the other comprehensive income	–	–	(22)	–	–	–	–	(22)
At 31 December 2023	–	(1,708)	177	–	883	3,628	425	3,405
Credit (charge) to profit or loss	**272**	**(28,827)**	**(3)**	**(10)**	**(158)**	**1,568**	**42,068**	**14,910**
Charge to the other comprehensive income	**–**	**–**	**(134)**	**–**	**–**	**–**	**–**	**(134)**
At 31 December 2024	**272**	**(30,535)**	**40**	**(10)**	**725**	**5,196**	**42,493**	**18,181**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Deferred tax assets	**19,726**	3,887
Deferred tax liabilities	**(1,545)**	(482)
	18,181	3,405

As at 31 December 2024, the Group had unused tax losses of RMB175,256,000 (2023: RMB1,792,000) available to offset against future profits. Deferred tax asset of RMB42,493,000 (2023: RMB425,000) has been recognised in respect of tax losses of RMB169,974,000. All tax losses will expire within 5 years (2023: 5 years) from the year of origination. No deferred tax asset has been recognised in respect of the rest losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB5,282,000 (2023: RMB92,000) with expiry dates as disclosed in the following table.

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
2028	**1,792**	1,792
2029	**173,464**	–
	175,256	1,792

At 31 December 2024 and 2023, the Group had no other material unrecognised deductible temporary differences.

22. INVENTORIES

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Raw materials	**85,215**	65,884
Finished goods	**59,772**	51,600
	144,987	117,484

23. TRADE AND OTHER RECEIVABLES

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Trade receivables – contract with customers	**7,792**	8,731
Other receivables	**389**	290
Prepayments to suppliers	**12,293**	11,151
Prepaid other taxes and charges	**10,248**	11,862
	30,722	32,034

As at 1 January 2023, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB13,757,000.

The following is an aging analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date at the end of the reporting period:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Within 90 days	**7,792**	8,708
91 – 180 days	**–**	23
	7,792	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.

Details of impairment assessment of trade and other receivables are set out in Note 41.

24. AMOUNT DUE FROM A RELATED PARTY

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Trade nature		
Xinyang Steel Jingang Energy Co., Ltd.* 信陽鋼鐵金港能源有限公司 ("**Xinyang Jingang**") *(Note)*	**23,411**	23,411

* English name for identification only

Note: The entity is controlled by Jinma Energy. In the opinion of the directors of the Company, the amount is expected to be settled within normal operating cycle and accordingly, the amount is classified as current.

The amounts in trade nature are from contract with customers. 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.

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
181 – 365 days	**–**	21,039
Over 365 days	**23,411**	2,372
	23,411	23,411

The normal credit term to the customers is within 60 days and extended credit term is granted to the related party as stated in Note above.

The Group does not hold any collateral over these balances.

Detail of impairment assessment of amount due from a related party are set out in Note 41.

25. BILLS RECEIVABLES AT FVTOCI

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Bills receivables	**34,457**	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 31 December 2024 and 2023, all the bills are with a maturity period of less than one year.

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

Details of impairment assessment are set out in Note 41.

26. TIME DEPOSITS/BANK BALANCES AND CASH

Time deposits and bank balances carry interest at prevailing market interest rates ranging from 0.01% to 1.80% (2023: from 0.20% to 1.25%) per annum as at 31 December 2024.

The terms of the Group's time deposits ranges from 6 months to 1 year.

Details of impairment assessment of bank balances are set out in Note 41.

27. BORROWINGS

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Bank borrowings	**334,040**	258,762
Secured	**148,040**	166,762
Unsecured	**186,000**	92,000
	334,040	258,762
Fixed-rate borrowings	**65,000**	50,000
Floating-rate borrowings	**269,040**	208,762
	334,040	258,762
Carrying amount repayable: (based on scheduled payment terms)		
Within one year	**231,395**	142,000
More than one year, but not more than two years	**46,013**	60,000
More than two years, but not more than five years	**56,632**	56,762
	334,040	258,762
Less: Amount due for settlement within 12 months shown under current liabilities	**(231,395)**	(142,000)
Amount due for settlement after 12 months shown under non-current liabilities	**102,645**	116,762

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

	31/12/2024	31/12/2023
Effective interest rate per annum:		
– Fixed-rate borrowings	**3.50%-4.10%**	3.85%
– Floating-rate borrowings	**3.41%-5.60%**	3.61%-5.60%

28. TRADE AND OTHER PAYABLES

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Trade payables	**13,881**	37,320
Bills payables	**5,000**	10,000
	18,881	47,320
Salaries and wages payables	**3,469**	2,089
Other tax payables	**47,079**	7,379
Consideration payable for purchase of property, plant and equipment	**114,510**	130,568
Accruals	**–**	1,356
Interest payable	**817**	760
Share issue costs payable	**–**	7,443
Refundable deposit from suppliers	**1,501**	1,651
Other payables	**6,849**	444
	174,225	151,690
	193,106	199,010

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

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

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Within 90 days	**12,015**	36,705
91 – 180 days	**6,095**	10,167
181 – 365 days	**590**	398
Over 1 year	**181**	50
	18,881	47,320

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

29. AMOUNT DUE TO A SHAREHOLDER

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Trade nature		
Jinma Energy	**1,975**	1,977

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

The following is an aging analysis of amount due to a shareholder of trade payables presented based on the invoice date at the end of the reporting period:

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Within 90 days	**1,975**	1,977

30. AMOUNT DUE TO A RELATED PARTY

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Trade nature		
Jinjiang Refinery	**296**	1,063

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

The following is an aging analysis of amount due to a related party in trade nature presented based on the invoice date at the end of the reporting period:

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Within 90 days	**296**	1,063

31. CONTRACT LIABILITIES

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Sales of goods	**20,885**	28,834

As at 1 January 2023, contract liabilities amounted to RMB15,426,000.

Contract liabilities are all expected to be settled within the Group's normal operating cycle, and are classified as current based on the Group's earliest obligation to transfer goods to the customers. Revenue of RMB28,834,000 (2023: RMB15,426,000) recognised in the current year with performance obligation satisfied includes whole contract liabilities balance at the beginning of the year.

32. LEASE LIABILITIES

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Within one year	**1,135**	652
Within a period of more than one year but not more than two years	**619**	620
Within a period of more than two years but not more than five years	**1,174**	1,353
Within a period of more than five years	**1,304**	1,581
	4,232	4,206
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,135)**	(652)
Amount due for settlement after 12 months shown under non-current liabilities	**3,097**	3,554

The weighted average incremental borrowing rates applied to lease liabilities range from 3.99% to 5.96% (2023: from 4.50% to 5.96%) per annum.

33. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans recognised as employee benefit charged to profit or loss and capitalised as production costs or construction in progress as incurred for the year ended 31 December 2024 under such arrangement are RMB3,258,000 (2023: RMB2,722,000).

34. SHARE CAPITAL

Ordinary shares of RMB1 each	**Number of shares** *'000*	**Share capital** *RMB'000*
Authorised and issued and fully paid		
At beginning of year 2023	N/A	N/A
Conversion of equity accounts *(Note i)*	335,000	335,000
Issued for the Reorganisation *(Note ii)*	381,730	381,730
Total domestic shares	716,730	716,730
Issue of H shares *(Note iii)*	238,910	238,910
At end of year 2023 and 2024	955,640	955,640

Notes:

(i) On 28 July 2023, the Company was converted from a limited liability company into a joint stock company with 335,000,000 ordinary shares of RMB1 per share.

(ii) On 16 August 2023, the Company acquired the coke granules coal gas facilities from Jinma Energy by issuing 108,320,000 new shares at RMB1 per share to Jinma Energy. On 12 August 2023 and 16 August 2023, the Company issued 201,060,000 and 72,350,000 new shares at RMB1 per share respectively to acquire from Jinma Energy the equity interests in Jinrui Energy and Jinning Energy, and Jinma Qingneng.

(iii) The Company issued 238,910,000 H shares, which were listed on the Stock Exchange on 20 December 2023. The gross proceeds and the related transaction costs of the H shares issued upon the Listing amounted to RMB260,887,000 and RMB30,562,000 respectively.

35. DEFERRED REVENUE

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Assets-related government subsidies	**20,782**	14,513

Incentives received for certain plants and equipment acquired by the Group were recorded as deferred revenue and released to profit or loss on a systematic basis over the useful lives of the relevant assets. During the year ended 31 December 2024, subsidy income of approximately RMB1,650,000 (2023: RMB1,586,000) was released to profit or loss.

36. CAPITAL COMMITMENTS

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**–**	829

37. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks as securities against general banking facilities, including banks borrowings and bills payables granted by the Group:

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Property, plant and equipment	**118,502**	130,129
Right-of-use assets	**47,027**	50,612
	165,529	180,741

38. TRANSFER OF FINANCIAL ASSETS

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

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Endorsed bills for settlement of payables	**72,285**	45,105
Discounted bills for raising cash	**174,508**	193,917
Outstanding endorsed and discounted bills receivables	**246,793**	239,022

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

39. RELATED PARTIES' TRANSACTIONS

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

(a) Transactions with related parties

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

	Year ended 31/12/2024 ***RMB'000***	Year ended 31/12/2023 *RMB'000*
Sales of products and provision of services to:		
Jinma Energy	**14,451**	16,455
Bohigh Chemicals *(Note i)*	**27,318**	28,282
Jinma Zhongdong *(Note ii)*	**527**	472
Xinyang Jingang	**1**	19,443
Jinjiang Refinery	**86,779**	109,138
Shanghai Jinma	**1**	–
Purchase of raw materials and provision of services from:		
Jinma Energy	**344,780**	317,096
Jinma Zhongdong	**393,061**	382,854
Jinjiang Refinery	**21,125**	9,589
Sale of right-of-use assets to Jinjiang Refinery	**820**	–
Lease contracts with Jinma Energy:		
Lease liabilities *(Note iii)*	**3,629**	4,068
Interest expense on lease liabilities	**198**	74
Interest income from loan to Xinyang Jingang *(Note iv)*	**933**	1,520

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.

(iii) The Group entered into several lease agreements for the use of offices and properties with Jinma Energy for 3 to 10 years during the year ended 31 December 2023.

(iv) During the year ended 31 December 2024, Jinning Energy entered into a loan agreement with Xinyang Jingang, pursuant to which Jinning Energy agreed to provide an unsecured loan in the amount of RMB30,000,000 to Xinyang Jingang for a term from 2 January 2024 to 31 December 2024 at an annual interest rate of 5%. As at 15 August 2024, Xinyang Jingang has repaid the loan and corresponding interest in advance.

* English name for identification only

(b) Compensation of key management personnel

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

	Year ended 31/12/2024 *RMB'000*	Year ended 31/12/2023 *RMB'000*
Salaries and allowance	**1,849**	1,255
Retirement benefit	**144**	134
	1,993	1,389

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

40. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (which includes borrowings and lease liabilities, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital and reserves).

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

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2024 *RMB'000*	31/12/2023 *RMB'000*
Financial assets		
Bills receivables at FVTOCI	**34,457**	68,721
Financial assets at amortised cost		
– Bank balances and cash	**136,772**	300,710
– Time deposits	**215,843**	–
– Trade and other receivables*	**8,181**	9,021
– Amount due from a related party	**23,411**	23,411

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

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Financial liabilities		
Amortised cost		
– Borrowings	**334,040**	258,762
– Trade and other payables*	**142,558**	207,604
– Amount due to a shareholder	**1,975**	1,977
– Amount due to a related party	**296**	1,063

* Excluded salaries and wages payables, other tax payables, and included payables for purchase of property, plant and equipment in non-current liabilities.

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a related party, amount due to a shareholder/a related party, bills receivables at FVTOCI, time deposits, bank balances and cash, trade and other payables, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to certain interest-bearing time deposits, bills receivables at FVTOCI, borrowings and lease liabilities, all bear fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to certain bank balances and cash and borrowings at floating interest rates. The Group currently does not have an interest rate hedging policy. There are no concentration on the Group's interest rate risks. However, the management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate for the floating-rate (depends on Loan Prime Rate) borrowings, assuming that the floating-rate borrowings outstanding at the end of the reporting period was outstanding for the whole relevant period. If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately RMB1,009,000 (2023: RMB783,000) for the year ended 31 December 2024. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings as at 31 December 2024 and 2023.

No sensitivity analysis on bank balances is presented as the directors of the Company consider that the exposure of cash flow interest rate risk arising from bank balances is minimal.

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

Foreign currency risk

The Company have foreign currency bank balances which expose the Group to foreign currency risk. The carrying amounts of the Group's monetary assets denominated in foreign currencies, which are mainly bank balances, at the end of the reporting period are as follows:

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Assets		
Bank balances and cash – HK$	**10,084**	252,078

Sensitivity analysis

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

	Year ended	Year ended
	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
Increase in post-tax profit	**378**	9,453

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

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

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade-related Receivables arising from contracts with customers

The Group mainly conducts transactions with customers with good quality and long-term relationship. When accepting new customers, the Group requests advanced payment before the goods delivered. In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. In this regard and considering the long-term relationships with its customers and the financial position of these customers, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2024, the Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the year. The percentage of Trade-related Receivables attributable to these five largest customers amounted to 19% (2023: 22%).

As at 31 December 2024, the Group also has concentration of credit risk in respect of the five largest outstanding balances, i.e. approximately 98% (2023: 98%) of total Trade-related Receivables outstanding balances.

The Group had concentration of credit risk by geographical location as Trade-related Receivables, bills receivables at FVTOCI, time deposits and bank balances comprise various debtors which are all located in the PRC as at 31 December 2024 and 2023.

All Trade-related Receivables are assessed collectively following lifetime ECL (not credit-impaired) based on shared credit risk characteristics by reference to the Group's internal credit ratings. ECL on Trade-related Receivables was insignificant during the years ended 31 December 2024 and 2023.

Other receivables

For other receivables, the Group makes individual assessment on recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort. ECL on other receivables was insignificant for the years ended 31 December 2024 and 2023.

Bank balances and cash and time deposits

The Group's credit risk on bank balances and cash and time deposits is low and there is no significant concentration of credit risk because all bank deposits are deposited in or contracted with several state-owned banks with good reputation and with high credit ratings assigned by international credit-rating agencies. ECL on bank balances and cash and time deposits was insignificant for the years ended 31 December 2024 and 2023.

Bills receivables at FVTOCI

The Group only accepts bills receivables with low credit risk. The Group's bills receivables at FVTOCI are bank acceptance bills and therefore are considered to be low credit risk financial instruments. During the years ended 31 December 2024 and 2023, ECL on bills receivables at FVTOCI was insignificant in the profit or loss.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade-related Receivables**	**Other receivables**
Low risk	The counterparty has a low risk of default and does not have any past-due amount	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount**	
				31/12/2024	31/12/2023
				RMB'000	*RMB'000*
Bills receivables at FVTOCI					
Bills receivables	AAA – A	N/A	12m ECL	**34,457**	68,721
Financial assets at amortised cost					
Trade-related Receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**31,203**	32,142
Bank balances and cash and time deposits	AAA – AA+	N/A	12m ECL	**352,615**	300,710
Other receivables	*Note*	Low risk	12m ECL	**389**	290

Note: For other receivables, the external credit ratings are not available for each individual to be assessed.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired Trade-related Receivables which are assessed based on a collective basis under lifetime ECL model. There is no credit-impaired debtors as at 31 December 2024 (2023: Nil).

Gross carrying amount

Internal credit rating	Average loss rate	Trade-related Receivables	ECL (not credit-impaired)	Average loss rate	Trade-related Receivables	ECL (not credit-impaired)
	31/12/2024			31/12/2023		
		RMB'000	***RMB'000***		*RMB'000*	*RMB'000*
Low risk	**0.20%**	**31,203**	**– ***	0.14%	32,142	– *
Watch list	**1.40%**	**–**	**– ***	1.04%	–	– *
		31,203	**– ***		32,142	– *

* The amount of ECL loss is immaterial for the years ended 31 December 2024 and 2023.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Liquidity risk

In the management of the liquidity risk, the Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2024, the Group had unutilised bank facilities of approximately RMB93,000,000 (2023: RMB258,238,000).

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

Liquidity tables

	Interest rate	Carrying amounts	On demand or within 6 months	6 months to 1 year	1 year to to 5 years	>5 years	Total
				As at 31 December 2024			
		RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Bank borrowings	**3.41%~5.60%**	**334,040**	**172,862**	**71,882**	**108,148**	**–**	**352,892**
Lease liabilities	**3.99%-5.96%**	**4,232**	**468**	**695**	**2,047**	**1,869**	**5,079**
Trade and other payables	**N/A**	**142,558**	**142,558**	**–**	**–**	**–**	**142,558**
Amount due to a shareholder	**N/A**	**1,975**	**1,975**	**–**	**–**	**–**	**1,975**
Amount due to a related party	**N/A**	**296**	**296**	**–**	**–**	**–**	**296**
		483,101	**318,159**	**72,577**	**110,195**	**1,869**	**502,800**

				As at 31 December 2023			
	Interest rate	Carrying amounts *RMB'000*	On demand or within 6 months *RMB'000*	6 months to 1 year *RMB'000*	1 year to to 5 years *RMB'000*	>5 years *RMB'000*	Total *RMB'000*
Bank borrowings	3.61%~5.60%	258,762	121,585	28,544	122,359	–	272,488
Lease liabilities	4.50%~5.96%	4,206	655	6	2,252	2,325	5,238
Trade and other payables	N/A	207,604	189,542	–	18,062	–	207,604
Amount due to a shareholder	N/A	1,977	1,977	–	–	–	1,977
Amount due to a related party	N/A	1,063	1,063	–	–	–	1,063
		473,612	314,822	28,550	142,673	2,325	488,370

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	31/12/2024	31/12/2023		
Bills receivables at FVTOCI	**Assets- RMB34,457,000**	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 consolidated financial statements approximate their fair values.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Dividend payable	Lease liabilities	Interest payables	Share issue costs payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	165,147	–	154	231	–	165,532
Financing cash flows *(Note)*	93,615	(100,000)	(24)	(11,412)	(23,119)	(40,940)
Dividend declared	–	100,000	–	–	–	100,000
Share issue cost incurred	–	–	–	–	30,562	30,562
New leases entered	–	–	3,994	–	–	3,994
Finance costs recognised	–	–	82	11,941	–	12,023
At 31 December 2023	**258,762**	**–**	**4,206**	**760**	**7,443**	**271,171**
Financing cash flows *(Note)*	**75,278**	**(46,417)**	**(1,240)**	**(16,170)**	**(8,961)**	**2,490**
Dividend declared	**–**	**46,313**	**–**	**–**	**–**	**46,313**
Exchange adjustments	**–**	**104**	**–**	**–**	**–**	**104**
Share issue cost incurred	**–**	**–**	**–**	**–**	**1,518**	**1,518**
New leases entered	**–**	**–**	**1,021**	**–**	**–**	**1,021**
Finance costs recognised	**–**	**–**	**245**	**16,227**	**–**	**16,472**
At 31 December 2024	**334,040**	**–**	**4,232**	**817**	**–**	**339,089**

Note: The cash flows represent new bank borrowings raised, the repayment of bank borrowings, interest paid, repayments of lease liabilities, share issue costs and dividend paid in the consolidated statement of cash flows.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2024	31/12/2023
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**534,678**	563,790
Right-of-use assets	**58,360**	60,561
Investments in subsidiaries	**321,607**	321,607
Deferred tax assets	**19,260**	935
	933,905	946,893
CURRENT ASSETS		
Inventories	**129,649**	106,259
Trade and other receivables	**22,637**	26,198
Amount due from a subsidiary	**–**	6,000
Tax recoverable	**3,260**	6,364
Bills receivables at FVTOCI	**32,827**	38,389
Time deposits	**215,843**	–
Cash and cash equivalents	**52,488**	268,554
	456,704	451,764
CURRENT LIABILITIES		
Borrowings	**166,395**	112,000
Trade and other payables	**143,552**	152,903
Amount due to a shareholder	**686**	997
Amounts due to related parties	**296**	525
Contract liabilities	**11,230**	18,699
Lease liabilities	**980**	497
	323,139	285,621
NET CURRENT ASSETS	**133,565**	166,143
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,067,470**	1,113,036
CAPITAL AND RESERVES		
Share capital	**955,640**	955,640
Reserves	**(5,796)**	24,429
TOTAL EQUITY	**949,844**	980,069
NON-CURRENT LIABILITIES		
Borrowings	**102,645**	106,762
Payables for purchase of property, plant and equipment	**–**	18,062
Lease liabilities	**2,873**	3,191
Deferred revenue	**12,108**	4,952
	117,626	132,967
	1,067,470	1,113,036

Movement in the Company's reserves:

	Special reserve *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Retained profits (accumulated losses) *RMB'000*	FVTOCI reserve *RMB'000*	Total *RMB'000*
At 1 January 2023	14,761	–	24,793	190,951	(611)	229,894
Profit for the year	–	–	–	5,492	–	5,492
Other comprehensive income for the year	–	–	–	–	341	341
Total comprehensive income for the year	–	–	–	5,492	341	5,833
Conversion of equity accounts	–	3,533	(25,015)	(214,287)	769	(235,000)
Capital injection from a shareholder	–	32,287	–	–	–	32,287
Issue of shares	–	21,977	–	–	–	21,977
Transaction costs attributable to issue of shares	–	(30,562)	–	–	–	(30,562)
Transfer	1,266	–	644	(1,141)	(769)	–
At 31 December 2023	**16,027**	**27,235**	**422**	**(18,985)**	**(270)**	**24,429**
Loss for the year	**–**	**–**	**–**	**(9,721)**	**–**	**(9,721)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**127**	**127**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**(9,721)**	**127**	**(9,594)**
Transaction costs attributable to issue of shares	**–**	**(1,518)**	**–**	**–**	**–**	**(1,518)**
Dividends declared	**–**	**–**	**–**	**(19,113)**	**–**	**(19,113)**
Transfer	**(5,904)**	**–**	**–**	**5,904**	**–**	**–**
At 31 December 2024	**10,123**	**25,717**	**422**	**(41,915)**	**(143)**	**(5,796)**

MANAGEMENT DISCUSSION AND ANALYSIS

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 refuelling 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 are certain industrial enterprises (including Jinjiang Refinery, a joint venture company of the Group that separates the hydrogen component of coal gas for the purpose of hydrogen production) and resident users located in the industrial park where we are situated, namely, the Jiyuan High-tech Industrial Development Zone (Chemical Industry Park), and the nearby areas. In addition, operation of hydrogen refuelling stations has begun since the fourth quarter of 2023.

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

In 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 hydrogen, and the sale of coal gas, LNG and hydrogen; and

- **Trading:** mainly the trading of LNG and refined oil products through the oil and gas filling stations operated by the Group.

Factors Affecting Results of Operations and Financial Position of The Group

The Group's results of operations are affected by a number of factors. Set forth below is a discussion of the most significant factors that may affect the Group's results of operations.

General Economic Conditions and 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 materials' 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.

Sale 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. As for hydrogen, it is transported from joint venture company to customers via pipelines for oil refining and through gas filling stations for hydrogen-powered vehicles, which will be developed in tandem with the popularisation of hydrogen-powered vehicles.

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 and purchase prices (net of VAT) of each of the Group's principal products and the raw materials during 2024 and 2023 according to the Group's internal records.

	Year ended 31 December	
	2024	2023
	Average selling price[1] RMB/tonne (except coal gas in RMB/m^3)	Average selling price[1] RMB/tonne (except coal gas in RMB/m^3)
Principal Products		
Hydrogenated benzene-based Chemicals	**6,734.73**	6,250.10
Pure benzene	**7,270.64**	6,468.50
Toluene	**6,395.48**	6,465.35
Energy Products		
Coal gas	**0.83**	0.83
LNG	**4,197.57**	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.

	2024	2023
	Average purchase price	Average purchase price
Major Raw Materials		
Crude benzene (RMB/tonne)	**6,249.04**	5,600.31
Crude coking coal gas (RMB/m^3)	**0.60**	0.61

Crude benzene:

We purchase crude benzene from a number of suppliers located in Henan and Shanxi (including the Jinma Group which accounted for approximately 10.38% of our total purchases of crude benzene during the 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 from the Jinma Group. We acquired the coke granule coal gas facilities from the Jinma Group in August 2023 in order to better delineate our business with the Jinma Group, to diversify our sources of raw material for the production of LNG and to reduce our long-term dependence on the Jinma Group. The coke granule coal gas facilities produce coke granule coal gas as its primary product by heating small coke granules in an oxygen atmosphere. The coke granule coal gas does not require further purification and can be stored and subsequently transported and sold to third parties and be used by the Group for further processing into LNG.

Production Capacity and Sales Volume

The Group's results of operations were mainly driven by the changes in the average selling price and average purchase price of products, while the product sales volume was mainly determined by production capacity. The Group's business remained stable in 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. The production capacity of the Group's hydrogenated benzene-based chemicals increased from approximately 200,000 tonnes per annum to 400,000 tonnes per annum in the fourth quarter of 2023, in 2024, the production capacity of the LNG production facilities was approximately 72,000 tonnes per annum and the production capacity of hydrogen was 317.0 million cubic meters (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 years ended 31 December 2024 and 2023 were approximately RMB334.0 million and RMB258.8 million, respectively. The Group's finance costs for the years ended 31 December 2024 and 2023 were approximately RMB16.5 million and RMB6.1 million, respectively, accounting for approximately 0.53% and 0.26% 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.

Operating Performance

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

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2023 *RMB'000*
Revenue	**3,102,000**	2,330,228
Cost of sales	**(3,030,362)**	(2,181,429)
Gross profit	**71,638**	148,799
Other income	**21,619**	8,553
Other gains and losses	**(3,950)**	(4,397)
Selling and distribution expenses	**(16,275)**	(18,420)
Administrative expenses	**(44,938)**	(31,315)
Listing expenses	**–**	(1,415)
Financing costs	**(16,472)**	(6,064)
Share of result of a joint venture	**386**	3,148
Profit before tax	**12,008**	98,889
Income tax expense	**(469)**	(16,568)
Profit for the year	**11,539**	82,321
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss:		
Fair value gain on bills receivables at fair value through other comprehensive income ("**FVTOCI**"), net of income tax	**402**	66
Total comprehensive income for the year	**11,941**	82,387
(Loss) profit for the year attributable to		
– Owners of the Company	**(16,038)**	54,925
– Non-controlling interests	**27,577**	27,396
	11,539	82,321
Total comprehensive (expense) income for the year attributable to:		
– Owners of the Company	**(15,771)**	55,126
– Non-controlling interests	**27,712**	27,261
	11,941	82,387
(Loss) earnings per share (RMB)	**(0.02)**	0.09

Consolidated Financial Information

- **Revenue and gross profit margin**

  The Group's revenue increased by RMB771.8 million or 33.1% from RMB2,330.2 million in 2023 to RMB3,102.0 million in 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 produced approximately 353,683 tonnes (2023: 243,831 tonnes) for the whole year of 2024 and as a result of (i) the adjustment of raw material prices for each product has not been in sync with the product prices, and (ii) the adjustment of the consumption tax of refined oil imposed by the state on the sale of non-aromatic hydrocarbons (by-products of benzene-based product production) (for details, please refer to the Company's supplemental profit warning announcement issued on 21 March 2025), the Group's gross profit margin decreased from 6.4% in 2023 to 2.3% in 2024.

- **Other income**

  Other income mainly consists of interest on bank deposits and on bills receivables as well as government subsidies, increased to RMB21.6 million in 2024 from RMB8.6 million in 2023, this was mainly due to the increase in interest on deposits generated from the balance of funds raised from the listing and the receipt of government subsidies.

- **Other gains and losses**

  Other gains and losses decreased from a net loss of RMB4.4 million in 2023 to a net loss of RMB4.0 million in 2024. This was mainly due to the foreign exchange gain of RMB5.5 million arising from the balance of the listing proceeds in Hong Kong dollars, which was offset by RMB4.9 million in respect of other adjustment payment of the consumption tax on non-aromatic hydrocarbon.

- **Selling and distribution expenses**

  Selling and distribution expenses decreased from RMB18.4 million in 2023 to RMB16.3 million in 2024, the decrease was mainly attributed to a RMB2.7 million decrease in freight expenses on hydrogen transportation due to lower unit prices.

- **Administrative expenses**

  Administrative expenses increased from RMB31.3 million in 2023 to RMB44.9 million in 2024, mainly due to the increase in the Group's audit and intermediary fees and management fees of hydrogen refuelling stations.

- **Financing costs**

  Finance costs increased by RMB10.4 million from RMB6.1 million in 2023 to RMB16.5 million in 2024, this increase was mainly due to an increase in interest-bearing borrowings, and in addition, interest of RMB8.2 million on financing the hydrogenated benzene-based chemical expansion project in 2024 was included in finance costs, while this portion of the interest was included in project costs in 2023.

- **Share of result of a joint venture**

  The Group acquired a 49% equity interest in Jinjiang Refinery from its parent company, Jinma Energy, in July 2023 and has since then shared in the results of the company with a share of approximately RMB0.4 million in 2024 (2023: RMB3.1 million). The decrease in profit of Jinjiang Refinery in 2024 was mainly due to an 11.7% decrease in the average unit price of hydrogen sold and an 18.1% decrease in hydrogen sales.

- **Profit before tax**

  As a result of the above, the Group's profit before tax decreased by RMB86.9 million from RMB98.9 million in 2023 to RMB12.0 million in 2024.

- **Income tax expense**

  Income tax expense decreased by RMB16.1 million from RMB16.6 million in 2023 to RMB0.5 million in 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 RMB70.5 million from RMB82.4 million in 2023 to RMB11.9 million in 2024. Total comprehensive income attributable to the owners of the Company in 2024 decreased from profit to loss to RMB15.8 million, with the adjustment of the consumption tax levied on non-aromatic hydrocarbon as refined oil products being one of the main reasons.

Results of Business Segments

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

	As at 31 December							
	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	**2,377,194**	1,502,282	**(39,806)**	42,029	**-1.7%**	2.8	**-55.1**	28.1
Energy Products	**604,489**	652,190	**97,372**	87,196	**16.1**	13.4	**134.7**	58.4
Trade	**110,429**	164,882	**6,161**	10,764	**5.6**	6.5	**8.5**	7.2

Hydrogenated benzene-based chemicals production capacity doubled to 400,000 tonnes per annum in the fourth quarter of 2023, resulting in an increase in annual sales of 46.9% to 353,000 tonnes from 2023 to 2024. However, the average selling price recorded an increase of approximately 7.8% in the same period. As a result, the revenue of the product increased by approximately 58.2%. However, as the average purchase price of raw materials (mainly crude benzene) for the product increased by approximately 11.6% plus the adjustment of consumption tax levy on sales of non-aromatic hydrocarbon, the gross profit margin of the product declined and eventually fell to -1.7%.

The energy products segment mainly consists of sales of LNG and coal gas. The production and sales volume of LNG was maintained at approximately 71,000 tonnes as compared to 2023, while the average selling price decreased by approximately 5.5%. As for coal gas, the selling price was maintained but the sales volume decreased by approximately 12.7% due to the decrease in the supply of coal gas by the Jinma Group, as a result of which, the segment revenue recorded a decrease of approximately 7.3% to approximately RMB604.5 million. However, due to the improvement in the production cost of LNG of approximately 5.2%, and the average purchase price of the main raw material (mainly coal gas) also slightly decreased, the gross profit margin of the energy products segment also increased from approximately 13.4% to approximately 16.1%.

In the trading segment, revenue in 2024 decreased by approximately RMB54.5 million or 33.0% as compared with that in 2023, mainly due to the lower sales of the petrol and gas refilling stations, which resulted in a decrease in gross profit margin from approximately 6.5% to approximately 5.6%.

FINANCIAL POSITION

Liquidity and Financial Resources

In 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 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 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:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net cash from operating activities	**96,855**	104,459
Net cash used in investing activities	**(268,856)**	(71,062)
Net cash from financing activities	**2,490**	204,947
Net (decrease) increase in cash and cash equivalents	**(169,511)**	238,344
Cash and cash equivalents at the beginning of the year	**300,710**	62,470
Effect of foreign exchange rate changes	**5,573**	(104)
Cash and cash equivalents at the end of the year, representing bank balances and cash	**136,772**	300,710

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

  The Group's net cash from operating activities of approximately RMB96.9 million for 2024 was primarily attributable to (i) the Group's operating cash flows before movements in working capital of approximately RMB91.0 million; (ii) decrease in bills receivables at fair value through other comprehensive income of approximately RMB35.7 million; and (iii) increase in trade and other payables of approximately RMB17.7 million. Yet the net cash inflow from operating activities are partially offset by (i) increase in inventories of approximately RMB28.6 million; (ii) decrease in contract liabilities by approximately RMB7.9 million; (iii) income tax already paid of approximately RMB11.5 million.

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

  The Group's net cash used in investing activities of approximately RMB268.9 million for 2024 was primarily due to (i) acquisition of property, plant and equipment of approximately RMB83.0 million; (ii) placement of time deposits of approximately RMB213.9 million; yet partially offset by (i) interest received on bank balances of approximately RMB6.8 million; (ii) receiving of government subsidies relating to assets of approximately RMB7.9 million; (iii) Dividend 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 RMB2.5 million in 2024 was primarily due to (i) increase in bank borrowings of approximately RMB224.5 million; yet partially offset by (ii) repayment of bank loans of approximately RMB149.2 million; (iii) payment of dividends of approximately RMB46.4 million; and (iv) interest expenses of approximately RMB16.4 million.

Liabilities

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

	As at 31 December		
	2024	2023	Increase/ (decrease)
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	**334,040**	258,762	75,278
Secured	**148,040**	166,762	(18,722)
Unsecured	**186,000**	92,000	94,000
	334,040	258,762	75,278
Fixed-rate borrowings	**65,000**	50,000	15,000
Floating-rate borrowings	**269,040**	208,762	60,278
	334,040	258,762	75,278
Carrying amount repayable (based on scheduled payment terms)			
Within one year	**231,395**	142,000	89,395
More than one year, but not more than two years	**46,013**	60,000	(13,987)
More than two years, but not more than five years	**56,632**	56,762	(130)
	334,040	258,762	75,278
Less: Amount due for settlement within 12 months shown under current liabilities	**(231,395)**	(142,000)	(89,395)
Amount due for settlement after 12 months shown under non-current liabilities	**102,645**	116,762	(14,117)

The Group's bank borrowings in 2024 and 2023 were all borrowings denominated in Renminbi. As at 31 December 2024, RMB148.0 million of the Group's general banking facilities (including bank borrowings and bills payables) were secured by the Group's property, plant and equipment and right-of-use asset. All remaining borrowings were credit borrowings. For further details, please refer to note 37 to the consolidated financial statements in this report. As at 31 December 2023, RMB176.7 million of the Group's general banking facilities (including banks borrowings and bills payables) were secured by the Group's property, plant and equipment, right-of-use asset.All remaining borrowings were credit borrowings. As at 31 December 2024 and 2023, the Group did not have any bank and other borrowings which were guaranteed by third parties and the Group's related parties.

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

	As at 31 December	
	2024	2023
Effective interest rate per annum:		
– Fixed-rate borrowings	**3.50%-4.10%**	3.85%
– Floating-rate borrowings	**3.41%-5.60%**	3.61%-5.60%

As at 31 December 2024, the Group had obtained banking facilities in an aggregate amount of approximately RMB448.7 million (2023: RMB485.0 million), of which total amount of approximately RMB93.0 million (2023: RMB258.2 million) is still available for use. As at 31 December 2024, the Group had total outstanding bank borrowings of approximately RMB334.0 million (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 RMB52.0 million falling due in 2024 according to needs).

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 31 December 2024 and up to the date of this report. As at 31 December 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 year ended 31 December 2024, the Group was not subject to any material covenant on any of the Group's outstanding debt and, during 2024, the Group did not experience any difficulty in obtaining bank 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.

FINANCIAL RATIOS

The following table sets forth the financial ratios of the Group as of the dates and years indicated:

	As at 31 December	
	2024	2023
Gearing ratio	**30.6%**	23.0%
Return on equity	**-1.6%**	6.8%
Return on assets	**0.7%**	6.0%

Gearing Ratio

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

There is an increase of 7.6% to 30.6% in 2024 from 23.0% in 2023, mainly due to the increase in the Group's total interest-bearing bank borrowings.

Return on Equity

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

Return on equity decreased in 2024 due to decrease in profit.

Return on Assets

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

The return on assets of the Group decreased in 2024, primarily due to the decrease in profit of the Group.

CONTRACT OBLIGATIONS AND CAPITAL EXPENDITURES

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	–	829

Save for the transactions above, the Group has no other material contract commitments as at 31 December 2024.

OFF-BALANCE SHEET ARRANGEMENT

The Group did not have any material off-balance sheet arrangements as at 31 December 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 audited consolidated financial statements. Furthermore, the Group does not have any retained or contingent interests in assets transferred to an unconsolidated entity to serve as credit, liquidity or market risk support for such entity. Moreover, the Group does not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or research and development services with the Group.

CONTINGENT LIABILITIES (OR TRANSFER OF FINANCIAL ASSETS)

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Endorsed bills for settlement of payables	**72,285**	45,105
Discounted bills for raising cash	**174,508**	193,917
Outstanding endorsed and discounted bills receivables	**246,793**	239,022

Save as disclosed above and as of 31 December 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. The Directors confirmed that there has not been any material changes in the contingent liabilities of the Group since 31 December 2024 up to the date of this report.

SUBSEQUENT IMPORTANT EVENTS AND OTHER COMMITMENTS

Save as disclosed above and described under the section headed "Major Developments" in this report, from the end of reporting period to the date of this report, the Group had no other subsequent important events or other commitments that may materially affect the Group's financial condition and operation.

MARKET RISKS

Market risk is the risk of loss related to adverse changes in market prices. The Group is exposed to various types of market risks, including commodity price and liquidity risks, in the normal course of the Group's business. The Group aims to minimize risk through disciplined operating and financial activities. In 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 some 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 at fixed interest rates. The Group is also exposed to cash flow interest rate risk in relation to the Group's floating-rate borrowings.

As at 31 December 2024, the Group had fixed-rate borrowings in the amount of approximately RMB65.0 million (2023: RMB50.0 million). The Group currently does not have an interest rate hedging policy, but the Group's management will consider hedging significant interest rate risk should the need arise.

Credit Risk

In the event that the Group's counterparties fail to perform their obligations, the Group's exposure to credit risk in relation to each class of recognized financial assets as at 31 December 2024 is the carrying amount of those assets stated in the consolidated statements of financial position, and the maximum outstanding amount of contingent liabilities as disclosed in the consolidate financial statement.

The Group mainly conducts transactions with high quality customers that the Group has established long-term relationship with. When transacting with new customers, the Group generally requests advanced payment before the Group's goods are delivered. In order to minimize the credit risk, the Group's management continues to monitor the level of risk exposure to ensure that the Group can recover any overdue debts. In addition, the Group review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are provided for irrecoverable amounts. In this regard, the Directors are of the view that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk in trade receivables and amounts due from Shareholders and trading amounts due from related parties, with over 98.3% and 97.8% of exposure concentrated in five largest outstanding balances for the years ended 31 December 2024 and 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.

The following table sets forth the remaining contractual maturity for the Group's financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities (including both interest and principal cash flows) at the earliest redemption (maturity) date.

				As at 31 December 2024			
	Interest rate	**Carrying amount** *RMB'000*	**On demand or within 6 months** *RMB'000*	**6 months to 1 year** *RMB'000*	**1 year to 5 years** *RMB'000*	**> 5 years** *RMB'000*	**Total** *RMB'000*
Bank borrowings	**3.41%-5.60%**	**334,040**	**172,862**	**71,882**	**108,148**	**–**	**352,892**
Lease liabilities	**3.99%-5.96%**	**4,232**	**468**	**695**	**2,047**	**1,869**	**5,079**
Trade and other payables	**N/A**	**142,558**	**142,558**	**–**	**–**	**–**	**142,558**
Amount due to a shareholder	**N/A**	**1,975**	**1,975**	**–**	**–**	**–**	**1,975**
Amount due to a related party	**N/A**	**296**	**296**	**–**	**–**	**–**	**296**
		483,101	**318,159**	**72,577**	**110,195**	**1,869**	**502,800**

				As at 31 December 2023			
	Interest rate	Carrying amount *RMB'000*	On demand or within 6 months *RMB'000*	6 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	> 5 years *RMB'000*	Total *RMB'000*
Bank borrowings	3.61%-5.60%	258,762	121,585	28,544	122,359	–	272,488
Lease liabilities	4.50%-5.96%	4,206	655	6	2,252	2,325	5,238
Trade and other payables	N/A	207,604	189,542	–	18,062	–	207,604
Amount due to a shareholder	N/A	1,977	1,977	–	–	–	1,977
Amount due to a related party	N/A	1,063	1,063	–	–	–	1,063
		473,612	314,822	28,550	142,673	2,325	488,370

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company had distributable reserves (i.e. retained profits) of RMB0.0 million (2023: RMB0.0 million). For the year ended 31 December 2024, the Company had no immediate plan to distribute the retained profits of the Company accumulated prior to the year 2024.

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 dividend 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 operating results, no final dividend has been proposed by the Board for the year ended 31 December 2024.

MAJOR DEVELOPMENTS

We intend to implement the following strategies to further develop our business, strengthen our market position and create value for our shareholders:

For hyrodegnated bezene-based chemicals, the Group has invested in production efficiency and safety as well as environmental protection, and will continue to upgrade our production facilities to maintain our market position in the hyrodegnated bezene-based chemicals industry. The Group has started a 200,000-tonne capacity expansion in early 2022, which was completed and commissioned in the fourth quarter of 2023, and produced approximately 353,683 tonnes in 2024, the Company is now better positioned to extend the hyrodegnated bezene-based chemicals industrial chain and develop new materials.

For LNG, production efficiency and stability was enhanced and production costs was reduced, resulting in an improvement of approximately 5.2% in production costs in 2024.

For hydrogen, the Group is planning to enter the hydrogen energy industrial chain, including production, transportation, storage, refuelling and usage. At the beginning of 2024, the Company has already operated two hydrogen refuelling stations:

1. Zhengzhou Chemical Road Hydrogen Refilling Station: annual sales of 206.78 tonnes, mainly serving hydrogen fuel cell dump trucks, coal haulage tractors, city sanitation trucks, cement mixer trucks and refrigerated logistics trucks. Relying on the strong hydrogen refuelling capacity, stable hydrogen supply and competitive refuelling price, the business cooperation between the Company and Zhengzhou Yida Construction Technology Co., Ltd. has already created the largest, strongest demonstration effect and highest quality hydrogen fuel cell dump truck operation scenario in the whole Henan Province.

2. Jiyuan South Second Ring Hydrogen Refuelling Station: annual sales of 390.43 tonnes, mainly serving the inter-provincial raw material coal transport line from Jiyuan to Shanxi for Jinma Group, the raw material coal transport line from Jiyuan to Pingdingshan for hydrogen energy heavy trucks, and the special line from Linfen to Henan for Jinnan Iron & Steel in Shanxi for hydrogen energy heavy trucks.

And in mid-2024, the company built two new hydrogen refuelling stations:

1. Gongyi Hailuo hydrogen refuelling station: completed and put into operation in April 2024, with a sales volume of 128.65 tonnes achieved, mainly serving the hydrogen fuel cell coal haulers of Datang Gongyi Power Generation Co., Ltd. Power plants have increasingly stringent requirements for the proportion of new energy transport, coupled with the most obvious advantages of hydrogen fuel cell technology in the application of coal haul tractor. The Company, Yutong Commercial Vehicle Co., Ltd. and Zhengzhou Yihuatong Power Science and Technology Co., Ltd. collectively build the Datang Power Plant coal transport business as the core of this tractor transport scenario, being the largest of the Henan Fuel Cell Demonstration Cities.

2. Dengfeng Guojiawa Hydrogen Refuelling Station: completed and put into operation in September 2024, with a sales volume of 20.12 tonnes achieved, mainly serving the coal haulage tractors of Datang Gongyi Power Generation Co., Ltd. and Pingdingshan Power Generation Branch of China National Electric Power Corporation.

USE OF PROCEEDS FROM THE LISTING

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

As the implementation of projects of the Company are slower than planned due to market conditions, the estimated timeline for the use of proceeds as disclosed in the prospectus of the Company has been delayed as shown below. Analysis on 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 2024 is set out below:

Business purpose as disclosed in the prospectus	**Intended use of net proceeds**		**Actual use of net proceeds during the Reporting Period**	**Unutilised net proceeds as at 31 December 2024**	**Estimated timetable for utilisation**
	RMB'000	*%*	*RMB'000*	*RMB'000*	
Gas stations with hydrogen refuelling facility	194,574	85%	0	194,574	2025-2027
Investment in and/or acquisition of upstream and downstream players	11,445	5%	0	11,445	2025-2027
Working capital and other general corporate purposes	22,891	10%	9,410	13,481	2025-2027
	228,910	100%	9,410	219,500	

EMPLOYEES AND REMUNERATION

As at 31 December 2024, the Group had 402 employees (for the Group in 2023: 413), including 2 senior management (excluding the Directors) (for the Group in 2023: 3), 18 middle management (for the Group in 2023: 16) and 380 ordinary employees (for the Group in 2023: 392). For the year ended 31 December 2024, the staff cost of the Group amounted to approximately RMB42.7 million, compared with that of approximately RMB32.2 million recorded for the same period of last year.

The Company has established a Remuneration and Appraisal Committee which is responsible for making recommendations to the Board on the remuneration packages for Directors and senior management of the Company, including non-pecuniary benefits, pension rights and compensation.

The Directors, Supervisors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses linked to the performance of the Group. The Company also reimburse the Directors, Supervisors and senior management for expenses which are necessarily and reasonably incurred for providing services to us or discharging their duties in relation to the Company's operations. When reviewing and determining the specific remuneration packages for the Directors, Supervisors and senior management, we take into consideration factors such as their individual performance, qualification, experience and seniority, salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management, their employment within the Group and desirability of performance-based remuneration.

Going forward, the Remuneration and Appraisal committee will review and determine the remuneration and compensation of the Directors, Supervisors and senior management with reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Directors, Supervisors and senior management and the performance of the Group.

Their emoluments were within the following bands:

	Number of senior management excluding the Directors	
	2024	2023
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**2**	3

Remuneration of mid-level management personnel of the Company is based on annual remuneration and year-end bonus. Annual remuneration mainly consists of basic salary, assessment bonus and performance bonus, and bonuses are given according to the performance of the employee. Remuneration of ordinary employees consists of basic salary, bonuses and various subsidies.

According to the development plan and operating requirements of the Company, management formulates the training plans annually and the human resources department organizes external and internal trainings covering all employees annually. The training programs include, among others, comprehensive and long-term courses in management and finance; and 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 employers with various targeted trainings from job entry to personal development.

Pension Schemes

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans 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 years ended 31 December 2023 and 2024, there were no such forfeited contributions. There were no forfeited contributions available for reducing future contributions as at 31 December 2023 and 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.

CORPORATE GOVERNANCE

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 level of corporate governance. In addition to following internationally accepted rules, the Company also continuously improves its internal control system through internal and third-party audits.

Corporate Governance Code and the Articles of Association

The Company has formulated the Articles of Association of the Company (the "**Articles**") in accordance with the Company Law of the PRC, and other relevant laws and regulations of the PRC. These Articles are the code of conduct for the Company, regulating the organization and behaviour of the Company, the rights and obligations shared between the Company and its shareholders, and between and among the Company's shareholders. During the reporting period, no changes have been made to the Articles. Subsequent to the Reporting Period, in view of the completion of the full circulation of the shares of the Company as well as the actual circumstances and operation development needs of the Company, the Company revised the Articles in accordance with the PRC Company Law and the relevant regulations. For details of the amendments to the Articles, please refer to the announcement dated 20 December 2024, the notice of extraordinary general meeting dated 31 December 2024 and the announcement on poll results of the extraordinary general meeting dated 22 January 2025 of the Company published on the websites of the Stock Exchange and the Company.

Meanwhile, based on the Corporate Governance Code (the "**Code**") as set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules, the Company has also formulated a series of rules (such as Internal Audit Rules, Internal Control Evaluation Rules, Compliance Management Rules and Management Rules for External Investment, etc.) as well as the Terms of Reference of Nomination Committee, Remuneration and Appraisal Committee, and Audit Committee, to achieve the objective of good corporate governance.

During the reporting period, save as disclosed below, the Company has complied with the Listing Rules and all Code Provisions to the Code:

– Reference is made to the Company's announcement dated 16 August 2024, in relation to its failure to comply with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules regarding the provision of financial assistance to Xinyang Steel Jingang Energy Co., Ltd. ("**Xinyang Jingang**") during the year ended 31 December 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.

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

Responsibilities of Directors and Auditor for Financial Statements

The Directors intend to present the financial statements of the Company in accordance with the current accounting standards and laws. The Directors ensure that the financial statements of the Company will be published on time so that the Company's interim results and annual results will be announced within the time limits of two months and three months respectively after the end of the relevant period as prescribed under the Listing Rules.

The financial statements of the Company for the year ended 31 December 2024 have been reviewed by the Audit Committee and audited by the external auditor, Deloitte. The Directors confirm their responsibilities of preparing the Company's financial statements and presenting the results of the Company in a truthful and fair manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast doubt upon the Company's ability to continue as a going concern.

The statements of the auditor about its responsibility for reporting the financial statements will be contained in the annual report of the Company for the year ended 31 December 2024.

Purchase, Sale or Redemption of Securities of the Company

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

Scope of Work of Deloitte Touche Tohmatsu

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements for the year approved by the Directors. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on this preliminary announcement.

Review of Audited Annual Results

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2024, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, together with the internal controls and financial reporting matters. The Audit Committee was established in compliance with Appendix C1 to the Listing Rules. The Audit Committee is delegated to be responsible for assisting the Board in ensuring that the Company has an effective financial reporting, risk management and internal control system in compliance with the Listing Rules, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee comprises three members, Ms. Wong Yan Ki Angel, Mr. Wang Kaibao and Mr. Di Zhigang.

RELATED MATTERS

Payment of Dividends

On 27 March 2025, based on the results of operations, the Board has resolved not to declare any final dividend for the year ended 31 December 2024.

Annual General Meeting

The AGM will be held on Wednesday, 21 May 2025. The notice of the AGM will be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.jyqhhg.com in due course.

To attend and vote at the Annual General Meeting

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 21 May 2025, the Company will not process registration of transfers of the H shares of the Company from Friday, 16 May 2025 to Wednesday, 21 May 2025 (both days inclusive). The record date is Wednesday, 21 May 2025.

To qualify for attendance and voting at the AGM, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company's H-share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 15 May 2025.

Publication of the Annual Report

The 2024 annual report of the Company will be made available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.jyqhhg.com in due course.

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

Hong Kong, 27 March 2025

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

* *For identification purposes only*