بِسْمِ اللهِ الرَّحْمَنِ الرَّحِيم

*In the name of Allah, The Most Gracious, The Most Merciful*

19 December 2023 | 6 Jml. II 1445 AH

# SHARIAH STATUS FOR INITIAL PUBLIC OFFERING (IPO) OF HENAN JINYUAN HYDROGENATED CHEMICALS CO., LTD (2502)

We, Sharlife Sdn Bhd, a Registered Shariah Advisers (Corporation) under the Securities Commission Malaysia, focusing on Islamic Capital Market products, alternative assets as well as Islamic Social Finance, we hereby acknowledge as follows:

- Name: **Henan Jinyuan Hydrogenated Chemicals Co., Ltd**
- Stock Code: **2502**
- IPO: Global Offering
- Exchange: Hong Kong Exchange
- Financial Statement Year Ended: 2022

We have conducted a comprehensive Shariah Screening of **Henan Jinyuan Hydrogenated Chemicals Co., Ltd** to determine the Shariah Status of its IPO. Due to the absence of a localized Shariah Screening Methodology in the region, we have adopted the Shariah Screening Methodology of the Shariah Advisory Council of the Securities Commission Malaysia which adopts a two-tier quantitative approach, which applies the business activity benchmarks and financial ratio benchmarks.

Based on our assessment conducted on the publicly available prospectus and to the best of our knowledge, we are of the opinion that the IPO of **Henan Jinyuan Hydrogenated Chemicals Co., Ltd (2502)** is **Compliance with Shariah.**

Details of our assessment can be reviewed in **Appendix I.**

والله أعلمُ

Issued by,
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APPENDIX I

**Business Activity Benchmark Assessment**

The contribution of Shariah non-compliant (SNC) activities to the Group revenue before taxation of the company will be computed and compared against the relevant business activity benchmarks.

Henan Jinyuan Hydrogenated Chemicals Co., Ltd are a supplier of hydrogenated benzene-based chemicals and energy products in Henan province, primarily focusing on the production and processing of (i) hydrogenated benzene-based chemicals, which principally include pure benzene, toluene and xylene; and (ii) energy products comprising LNG and coal gas.

Operating Revenue

| Segment | Segment Revenue (RMB '000) | SNC Revenue | % SNC | Classification | Results |
|---|---|---|---|---|---|
| Hydrogenated benzene-based chemicals | 1,313,836 | 0 | 0.00% | Mainly included pure benzene, toluene, xylene and other benzene-based chemicals which include heavy benzol and non-aromatic hydrocarbons. | Passed |
| Energy product | 747,715 | 0 | 0.00% | Mainly included LNG which derived from sale of CNG and coal gas. | Passed |
| Trading | 181,181 | 0 | 0.00% | Trading mainly involves the trading of LNG and refined oil. | Passed |
| Others | 12,101 | 0 | 0.00% | Mainly includes the sales of steam | Passed |
| **TOTAL** | **2,254,533** | **0** | **0.00%** | **Hydrogenated benzene-based chemicals and energy supplier** | **Passed** |

Non-Operating Revenue

| Segment | Segment Revenue (RMB '000) | SNC Revenue | % SNC | Classification | Results |
|---|---|---|---|---|---|
| Interest income on bank deposits | 1,803 | 1,803 | 100.0% | Subject to 5% benchmark | Failed |
| Interest income on bills receivables at FVTOCI | 1,922 | 1,922 | 100.0% | Subject to 5% benchmark | Failed |
| Release of asset-related government subsidies | 1,586 | 0 | 0.00% | N/A | Passed |
| Government grants | 28 | 0 | 0.00% | N/A | Passed |
| Rental income | 917 | 0 | 0.00% | N/A | Passed |
| Others | 98 | 0 | 0.00% | N/A | Passed |
| **TOTAL** | **6,354** | **3,725** | **58.6%** | **-** | **Failed** |

| Revenue Classification | SNC Revenue |
|---|---|
| SNC Operating Revenue | 0 |
| SNC Non-operating Revenue | 3,725 |
| Total SNC Revenue | 3,725 |
| Total Revenue (Gross) | 2,260,887 |
| % SNC Revenue | 0.16% |
| **STATUS** | **PASSED** |

## Financial Ratio Benchmark Assessment

Cash over total assets: Cash in Conventional Account or any prohibited Financial Instrument

| Segment | Segment Amount (RMB ‘000) | Total Assets | % Ratio | Result |
|---|---|---|---|---|
| Bank balances and cash | 92,470 | 1,075,437 | 10.0% | Within 33% limits |
| Restricted bank balances | 15,208 | | | |
| **TOTAL** | **107,678** | | | **PASSED** |

Debt over total assets: Interest-Bearing Debt

| Segment | Segment Amount (RMB in ‘000) | Total Assets | % Ratio | Result |
|---|---|---|---|---|
| Borrowings | 165,147 | 1,075,437 | 15.4% | Within 33% limits |
| Lease liabilities | 154 | | | |
| **TOTAL** | **165,301** | | | **PASSED** |

IPO Shariah Status

| Segment | | Status |
|---|---|---|
| Business Activity Benchmark | | PASSED |
| Financial Ratio Benchmark | Cash | PASSED |
| | Debt | PASSED |
| **Result** | | PASSED |

## Disclosure

This research is free to our clients and is grounded in presently available public information that we deem reliable. It is crucial to note that this research does not constitute an offer to sell or a solicitation of an offer to buy any security, particularly in jurisdictions where such actions would be considered illegal. Furthermore, it does not serve as a personalized recommendation and does not consider the individual investment objectives, financial situations, or needs of specific clients.