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Jiangsu Innovative Ecological New Materials Limited

江蘇創新環保新材料有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2116)

VOLUNTARY ANNOUNCEMENT

This announcement is made by Jiangsu Innovative Ecological New Materials Limited (the “**Company**”) on a voluntary basis.

Reference is made to the “Financial Information – Taxation” section of the prospectus of the Company dated 19 March 2018 (the “**Prospectus**”) and the interim report of the Company dated 23 August 2019 (the “**2019 Interim Report**”), both in relation to the “High and New Technology Enterprise” (高新技術企業) qualification and the entitlement to the 15% preferential income tax rate of the Company’s subsidiary, Jiangsu Chuangxin Petrochemical Co., Ltd. (“**Jiangsu Chuangxin**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus and the 2019 Interim Report.

According to the PRC Corporate Income Tax Law and its relevant regulations, entities that are qualified as “High and New Technology Enterprise” under the tax law are entitled to a preferential corporate income tax rate of 15%. Jiangsu Chuangxin obtained the approval as a “High and New Technology Enterprise” in 2013 with an effective period of three years from 2013 to 2015 and obtained the renewed approval as a “High and New Technology Enterprise” in 2016 with another effective period of three years from 2016 to 2018.

In 2019, Jiangsu Chuangxin submitted an application to the related PRC government authority for the assessment and renewal approval of its “High and New Technology Enterprise” qualification. If such application is approved, Jiangsu Chuangxin will continue to be entitled to the preferential income tax rate of 15% for another 3 years from 2019 to 2021.

On 6 December 2019, the related PRC government authority announced on its website a list of the last batch of the enterprises proposed to be qualified as “High and New Technology Enterprise” (the “**List**”), which is subject to review and dissent by the public within ten (10) working days of such announcement.

When Jiangsu Chuangxin noted that it had not been included in the List, it immediately conducted a self-assessment according to the current assessing standard for qualification as a “High and New Technology Enterprise” and came to the view that it should have fully satisfied the current “High and New Technology Enterprise” requirements. On 11 December 2019, which was within the period of ten (10) working days which the List is subject to public review and dissent, Jiangsu Chuangxin submitted a request to the related government authority for a review of the assessment and disclosure of the specific reasons of the disqualification, so that Jiangsu Chuangxin could make improvements and ensure it will be qualified as a “High and New Technology Enterprise” for 2020, in the event that the review finally concludes that Jiangsu Chuangxin is unqualified for “High and New Technology Enterprise” for 2019. Jiangsu Chuangxin has recently inquired the related government authority about the progress of the review, and was informed that the review request has been passed to higher levels of government authorities, however it is uncertain when the review result (the “**Result**”) will be available.

If it is confirmed in the Result that Jiangsu Chuangxin is unqualified for “High and New Technology Enterprise” for 2019, Jiangsu Chuangxin will not be entitled to the preferential corporate income tax rate of 15% and will be subject to the statutory corporate income tax rate of 25% in 2019. This would lead to the increase of the Company’s income tax expenses in 2019 over 2018. The board of the Company believes that it is highly likely for Jiangsu Chuangxin to regain the “High and New Technology Enterprise” qualification in 2020.

As at the date of this announcement, the Company and Jiangsu Chuangxin have not received the Result, therefore the above-mentioned matter is subject to uncertainty. Further announcement will be made by the Company as soon as the Result is available.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Jiangsu Innovative Ecological New Materials Limited
GE Xiaojun
Chairman and Chief Executive Officer

Jiangsu Province, The PRC, 31 December 2019

As at the date of this announcement, the executive directors of the Company are Mr. Ge Xiaojun, Ms. Gu Jufang, Mr. Huang Lei, Mr. Jiang Caijun and Mr. Fan Yaqiang; the non-executive director of the Company is Mr. Gu Yao; and the independent non-executive directors of the Company are Mr. Fan Peng, Mr. Guan Dongtao and Ms. Wu Yan.