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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Jiangsu Innovative Ecological New Materials Limited (the "**Company**") is pleased to announce the audited annual results (the "**Annual Results**") of the Company and its subsidiaries (the "**Group**", "**we**", "**us**" or "**our**") for the year ended 31 December 2022 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2021. The Board and the audit committee of the Company (the "**Audit Committee**") have reviewed and confirmed the Annual Results.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2022
*(Expressed in Renminbi (**RMB**) Yuan)*

	Note	**2022**	2021
		RMB'000	*RMB'000*
Revenue	*2*	**257,183**	177,330
Cost of sales		**(203,304)**	(140,839)
Gross profit		**53,879**	36,491
Other income	*3*	**4,411**	4,331
Sales and marketing expenses		**(11,760)**	(9,530)
General and administrative expenses		**(11,410)**	(10,659)
Research and development expenses	*4(c)*	**(8,915)**	(7,715)
Profit from operations		**26,205**	12,918
Finance costs	*4(a)*	**–**	(17)
Profit before taxation	*4*	**26,205**	12,901
Income tax	*5*	**(14,747)**	(1,243)
Profit for the year		**11,458**	11,658
Earnings per share	*6*		
Basic and diluted *(RMB cents)*		**2.39**	2.43

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022
*(Expressed in Renminbi (**RMB**) Yuan)*

	2022	2021
	RMB'000	*RMB'000*
Profit for the year	**11,458**	11,658
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**8,180**	(2,773)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland China	**(4,777)**	1,513
Other comprehensive income for the year	**3,403**	(1,260)
Total comprehensive income for the year	**14,861**	10,398

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2022
*(Expressed in Renminbi (**RMB**) Yuan)*

	Note	**2022** **RMB'000**	2021 *RMB'000*
Non-current assets			
Property, plant and equipment	*7*	**37,993**	40,065
Right-of-use assets		**3,004**	3,104
Deferred tax assets		**543**	543
		41,540	43,712
Current assets			
Inventories		**33,544**	36,269
Trade and other receivables	*8*	**119,457**	78,372
Prepayments		**6,454**	4,932
Cash and cash equivalents		**146,484**	152,059
		305,939	271,632
Current liabilities			
Trade and other payables	*9*	**28,172**	20,588
Income tax payable		**5,460**	3,089
		33,632	23,677
Net current assets		**272,307**	247,955
Total assets less current liabilities		**313,847**	291,667
Non-current liabilities			
Deferred tax liabilities		**13,368**	2,175
		13,368	2,175
NET ASSETS		**300,479**	289,492
CAPITAL AND RESERVES			
Share capital	*10*	**3,873**	3,873
Reserves	*10*	**296,606**	285,619
TOTAL EQUITY		**300,479**	289,492

NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in Renminbi (**RMB**) Yuan unless otherwise indicated)*

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

Jiangsu Innovative Ecological New Materials Limited ("**the Company**") was incorporated in the Cayman Islands on 6 July 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 March 2018 (the "**Listing**"). The Group is principally engaged in the development, manufacture and sale of oil refining agents and fuel additives that are applied to reduce undesirable emissions.

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "**Group**").

(i) Basis of measurement

Items included in the financial statements of each entity in our Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "**Functional Currency**"). The financial statements are presented in RMB, rounded to the nearest thousands, which is the presentation currency. The measurement basis used in the preparation of the financial statements is the historical cost basis.

(ii) Use of estimates and judgments

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimate is 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.

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKAS 16, Property, plant and equipment: Proceeds before intended use

- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE

(a) Disaggregation of revenue

(i) Disaggregation of revenue from contracts with customers by major products lines

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of oil refining agents	**151,085**	92,462
Sales of fuel additives	**106,098**	84,868
Total	**257,183**	177,330

All revenue was recognized at a point in time under HKFRS 15.

The Group's customer base included one customer with which transactions had exceeded 10 percent of the Group's revenues for the year ended 31 December 2022 presented as below:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**26,880**	*
Customer B	*****	20,553

* Less than 10 percent of the Group's revenue for the corresponding reporting period.

(ii) ***Disaggregation of revenue from contracts with customers by geographical area***

The following table sets out information about the geographical location of our Group's revenue from external customers. The geographical location of revenue is based on the customers' location. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of right-of-use assets. During the year ended 31 December 2022, substantially all specified non-current assets were physically located in the People's Republic of China (the "**PRC**").

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**237,562**	170,768
Sudan	**17,967**	6,562
Other countries and regions	**1,654**	–
Total	**257,183**	177,330

(iii) ***Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for oil refining agents and fuel additives such that the Group does not disclose information about revenue that our Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of oil refining agents and fuel additives that had an original expected duration of one year or less.

(b) Segment reporting

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by our Group's most senior executive management for the purpose of resources allocation and performance assessment. On this basis, our Group has determined that it only has one operating segment which is the sale of oil refining agents and fuel additives.

3 OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Service income	**119**	654
Government grants	**58**	501
Net foreign exchange gain/(loss)	**1,049**	(26)
Interest income on financial assets measured at amortised cost	**720**	3,031
Income from wealth management products	**2,217**	–
Scrap sales	**287**	171
Net loss on disposal of property, plant and equipment	**(3)**	–
Others	**(36)**	–
Total	**4,411**	4,331

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2022	2021
	RMB'000	*RMB'000*
Interest on other borrowings	**–**	17

(b) Staff costs

	2022	2021
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**7,183**	6,935
Contributions to defined contribution retirement plans (i)	**365**	328
	7,548	7,263

(i) Employees of our Group's subsidiary in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiary in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories (i)	**209,350**	145,704
Depreciation of property, plant and equipment	**5,297**	4,616
Depreciation of right-of-use assets	**100**	100
Impairment losses of trade receivables recognised/(reversed)	**(383)**	513
Auditors' remuneration		
– audit services	**1,265**	1,265
– tax services	**27**	13
	1,292	1,278

(i) Cost of inventories includes the following amounts, which are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

	2022	2021
	RMB'000	*RMB'000*
Staff costs	**2,049**	1,960
Depreciation and amortization	**2,593**	2,276
Research and development expenses	**6,046**	4,865

5 INCOME TAX

(a) Income tax in the consolidated statements of profit or loss represents:

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
Provision for current income tax for the year	**3,577**	1,746
Over-provision in prior years	**(23)**	(20)
	3,554	1,726
Deferred tax:		
Origination and reversal of temporary differences	**11,193**	(483)
	14,747	1,243

(b) Reconciliation between actual income tax expense and accounting profit at applicable tax rates:

	2022	2021
	RMB'000	*RMB'000*
Profit before taxation	**26,205**	12,901
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	**6,902**	3,482
Tax effect of preferential tax rate (ii)	**(2,764)**	(1,395)
Over-provision in prior years	**(23)**	(20)
Tax effect of non-deductible expenses	**327**	152
Tax losses not recognized	**7**	5
Additional deduction for qualified research and development costs (iii)	**(1,142)**	(981)
Withholding tax on distributable profits (iv)	**11,440**	–
Actual income tax expense	**14,747**	1,243

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. Payments of dividends by Hong Kong companies are not subject to any withholding tax.

(ii) The Company's subsidiary, Jiangsu Chuangxin Petrochemical Co., Ltd. ("**Jiangsu Chuangxin**") is subject to the PRC corporate income tax rate of 25%. 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 income tax rate of 15%.

Jiangsu Chuangxin has renewed the qualification of High and New Technology Enterprise on 2 December 2020 with an effective period of three years from 2020 to 2022, and therefore it was entitled to the preferential income tax rate of 15%.

(iii) Under the PRC Corporate Income Tax Law and its relevant regulations, additional tax deduction is allowed for qualified research and development costs.

(iv) According to the PRC Corporate Income Tax Law and its relevant regulations, dividends receivable by non-PRC resident enterprises from PRC resident enterprises for earnings accumulated after 1 January 2008 are subject to withholding tax at a rate of 10% unless reduced by tax treaties or agreements. During the years ended 31 December 2022, the Group has recognized deferred tax liabilities for withholding tax of PRC entities' distributable profits at 10%.

6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB11,458,000 (2021: RMB11,658,000) and 480,000,000 ordinary shares (2021: 480,000,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2022	2021
Shares in issue on 1 January	**480,000,000**	480,000,000
Weighted average number of ordinary shares	**480,000,000**	480,000,000

There were no dilutive potential ordinary shares for the years ended 31 December 2022 and 2021; therefore, diluted earnings per share are equivalent to basic earnings per share.

7 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings *RMB'000*	Machinery and equipment *RMB'000*	Office and other equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in process *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2021	29,123	37,123	5,860	7,098	5,227	84,431
Additions	–	210	25	–	1	236
Transfer from construction in progress	2,769	2,459	–	–	(5,228)	–
At 31 December 2021 and 1 January 2022	31,892	39,792	5,885	7,098	–	84,667
Additions	–	–	130	3,101	–	3,231
Disposals	–	–	–	(62)	–	(62)
At 31 December 2022	31,892	39,792	6,015	10,137	–	87,836
Accumulated depreciation:						
At 1 January 2021	(15,517)	(14,103)	(4,320)	(6,046)	–	(39,986)
Charge for the year	(1,408)	(2,545)	(398)	(265)	–	(4,616)
At 31 December 2021 and 1 January 2022	(16,925)	(16,648)	(4,718)	(6,311)	–	(44,602)
Charge for the year	(1,434)	(2,783)	(354)	(726)	–	(5,297)
Written back on disposals	–	–	–	56	–	56
At 31 December 2022	(18,359)	(19,431)	(5,072)	(6,981)	–	(49,843)
Net book value:						
At 31 December 2022	13,533	20,361	943	3,156	–	37,993
At 31 December 2021	14,967	23,144	1,167	787	–	40,065

8 TRADE AND OTHER RECEIVABLES

	2022 ***RMB'000***	2021 *RMB'000*
Trade receivables, net of loss allowance *(note (a))*	**107,521**	61,665
Bills receivables *(note (b))*	**9,230**	10,746
Other receivables	**2,706**	5,961
Financial assets measured at amortised cost	**119,457**	78,372
Trade and other receivables, net	**119,457**	78,372

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**97,705**	50,106
After 3 months but within 6 months	**8,961**	3,090
After 6 months but within 1 year	**855**	7,437
After 1 year but within 2 years	**–**	1,032
Trade receivables, net of loss allowance	**107,521**	61,665

(b) Bills receivables

Bills receivables represent short-term bank and commercial acceptance notes receivable that entitle the Group to receive the full face amount from banks and issuers at maturity, which generally ranges from 3 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group from time to time endorses bills receivables to suppliers as part of the treasury management.

During the years ended 31 December 2022 and 2021, the Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a fully recourse basis. The Group had derecognised these bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of each reporting period. In the opinion of the directors, the Group had transferred substantially all the risks and rewards of ownership of these bills to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2022, our Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by our Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB1,893,500 (2021: RMB1,618,500).

9 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**11,415**	9,223
Other payables and accruals	**16,757**	11,365
Trade and other payables	**28,172**	20,588

All trade payables are expected to be settled within one year.

(a) An ageing analysis of trade payables, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**10,656**	9,103
Over 3 months but within 6 months	**703**	120
Over 6 months but within 1 year	**56**	–
Trade payables	**11,415**	9,223

10 CAPITAL AND RESERVES

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2022	2021
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of Hong Kong Dollar ("**HK$**") 0.01 per ordinary share (2021: HK$0.01 per ordinary share)	**4,223**	3,874

The final dividend proposed after the end of the Reporting Period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2022	2021
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.01 per share (2021: HK$0.01 per share)	**3,874**	4,026

(b) Share capital

(i) Authorized and issued share capital

	Par value *HK$*	**No. of shares** *'000*	**HK$** *'000*
Ordinary shares, issued and fully paid			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	0.01	480,000	4,800
RMB equivalent *('000)*			3,873

(c) Share premium

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the initial public offering, net of related issuance costs. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately from following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

11 COMMITMENT

Capital commitments outstanding at 31 December 2022 not provided for in the financial statements were as follows:

	2022 ***RMB'000***	2021 *RMB'000*
Contracted for	**–**	–
Authorised but not contracted for	**–**	–
	–	–

12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the Reporting Period, the Directors proposed a final dividend. Further details are disclosed in note 10(a).

MANAGEMENT DISCUSSION AND ANALYSIS

We develop, manufacture and market oil refining agents and fuel additives that are primarily applied to reduce undesirable emissions and comply with the evolving regulatory requirements.

The shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 March 2018 (the "**Listing Date**") and the completion of the share offer in connection therewith (the "**Share Offer**") took place on the same day.

Industry Overview

In 2022, the total crude-oil processing volume in the People's Republic of China (the "**PRC**") was 675.9 million tons, showing a decrease of 3.4% compared to 2021, which was due to various factors, including the reduced demand for energy and fuel caused by the travel restrictions during the COVID-19 pandemic which was one of the important factors. With the easing of the travel restrictions since December 2022, it is anticipated that the demand for energy and fuel in China could increase, which may lead to a corresponding increase in crude oil processing volume. The prosperity index of the petrochemical industry of the PRC began to pick up rapidly in January 2023. In general, the petrochemical industry of the PRC is expected to stabilize and rebound in 2023, and the total production of refined oil products will also increase.

As a number of new large-scale refining-chemical integrated projects have been established in the PRC in recent years, there were 32 refineries with annual crude-oil processing capacity not less than 10 million tons in PRC by the end of 2022, as a result, the total refining capacity of the PRC has reached 920 million tons/year, which, for the first time, surpassing United States of America ("**USA**") and becoming the world's largest. Up to now, the private-run Zhejiang Petroleum & Chemical Co., Ltd.*（浙江石油化工有限公司）, Hengli Petrochemical Co., Ltd.*（恒力石化股份有限公司）and Shenghong Petrochemical Group Co., Ltd.*（盛虹石化集團有限公司）have the crude-oil processing capacity of 20 to 40 million tons/year, and Zhejiang Petroleum & Chemical Co., Ltd. will further expand its annual processing capacity to 60 million tons. As the first phase project of Shandong Yulong Petrochemical Co., Ltd.*（山東裕龍石化有限公司）, a 20 million tons/year processing plant is expected to be put into operation in early 2024. The state-run China Petrochemical Corporation*（中國石油化工集團公司）("**Sinopec**"), China National Petroleum Corporation*（中國石油天然氣集團公司）("**CNPC**"), China National Offshore Oil Corporation*（中國海洋石油集團有限公司）("**CNOOC**") are still investing heavily in capacity expansion; therefore, the domestic oil-refining capacity of the PRC will be further enhanced in the future. According to the International Energy Agency (IEA), the PRC's oil-refining capacity is expected to increase by 1.8 million barrels per day from 2019 to 2025, which is three times higher than that of India and other parts of Asia. However, there is still a gap between the PRC's actual crude oil processing volume and that of the USA. The rate of operation of the oil-refining plants in the USA in 2022 was 20% higher than that of the PRC's oil-refining plants, so the utilization rate of the PRC's oil-refining plants is yet to be increased and there is considerable room for growth in the PRC's actual crude oil processing volume.

The Standard B of the "China VI" Fuel Quality Standard* (第六階段車用汽油國家標準) promulgated by the government of the PRC will be fully implemented from 1 July 2023. Further, Beijing has already implemented since 1 December 2021 an even higher standard named "Jing VI-B" for automobile gasoline and diesel oil, which indicates that the PRC will not stop raising the quality standard of auto fuel after the full implementation of the Standard B of the "China VI" in 2023. At the same time, we have noticed that some countries in Southeast Asia, such as Vietnam, are also quickly raising the quality standard of auto fuel in recent years and are currently purchasing fuel additives manufactured in the PRC.

Based on the above factors, we believe that the oil-refining industry will remain prosperous for the foreseeable future, which will sustain the market demand for the oil refining agents and fuel additives produced by the Group.

Nevertheless, due to the potential impact of the development of new energy vehicles on future fuel oil consumption, in recent years many oil refineries have been strengthening their efforts to produce less oils and more chemicals, which will reduce fuel oil production and increase the production of chemical materials in future oil processing. For example, in 2022 Sinopec has set up many million-ton-per-year ethylene projects successively in many places of the PRC, such as Yueyang, Zhenhai, Zhangzhou, Zhanjiang, etc. whose total production capacity adds up to more than 10 million tons per year. Some oil refineries have started to produce high-end chemical materials such as electronic-grade isopropanol and EVA resin. Although "Less oils and more chemicals" will not affect the market demands for many of our basic oil refining agents, it will likely affect the demands for some of our products. Therefore, it is necessary for the Group to make more efforts in product diversification and new product development, and thereby expand our product range and functions, so as to share the broader market of additives and auxiliaries.

Business Overview

Considering the decline in gross profit margin of our product sales in recent years due to factors such as the increase in raw material prices and more intense competition, from 2021 we started to focus on selling more, in an attempt to offset the impact of the decline in gross profit margin by increasing sales volume. In 2022, as we further strengthened our sales force and continued our efforts in customer diversification, we were very successful in participating in procurement tenders of our long-term customers, including Sinopec, CNPC, CNOOC and an increasing number of large-scale private-run refineries and petrochemical companies, resulting in a significant increase in our total sales volume.

As a result of the above factors, the Group recorded a total revenue of approximately RMB257.2 million for the year ended 31 December 2022, representing a year-on-year increase of 45% and a record high for the Group, which also resulted in a significant increase in the Group's total profit though there was no increase in our gross profit margin. The Group recorded a total net profit of approximately RMB11.46 million for the year ended 31 December 2022, representing a slight decrease of approximately 1.7% year on year, which was mainly because the Group recognized deferred tax liabilities for withholding tax of PRC entity's distributable profits at 10%.

In 2022, thanks to the Group's continuous efforts in research and development, we successfully obtained 11 more patent rights and several of our products were rated as new-high-tech products by relevant government departments. Our own laboratory has also taken a crucial step forward, which passed the comprehensive audit by the China National Accreditation Service for Conformity Assessment (CNAS) and was awarded in March 2022 the CNAS certificate. Hence, our laboratory and its testing results will be nationally and internationally recognized, which will greatly enhance our customers' trust in our product testing ability and quality assurance, add to our advantage in participating in customers' procurement tenders, and help us gain more customers and cooperation partners.

In 2022, the Group made an important breakthrough in upgrading the "Work Safety Standardization" level of our Yixing Plant. On the basis of the Grade-III Work Safety Standardization, through further improvement and upgrading of our safety facilities and safety management level, our Yixing Plant passed the on-site assessment by the Expert Team on Work Safety Standardization in December 2022 and the on-site review by the Expert Team in January 2023, and finally passed the Grade-II Work Safety Standardization accreditation by the Department of Emergency Management of Jiangsu Province in March 2023. This indicates that the competent government authority has given higher recognition to the Group's safety compliance, safety facilities and safety management, which is beneficial to the Group's production, operation and development in the future.

Compliance with Key Regulatory Requirements

The following table summarizes the key statutory requirements and our compliance status for the year ended 31 December 2022:

Key requirements	**Compliance status**
According to the Measures for the Implementation of the License for the Safe Use of Hazardous Chemicals* (危險化學品安全使用許可證實施辦法), chemical enterprises (other than manufacturing enterprises of hazardous chemicals) which use hazardous chemicals in production shall obtain the License for the Safe Use of Hazardous Chemicals* (危險化學品安全使用許可證) if the amount of their use of hazardous chemicals has reached the stipulated quantity of hazardous chemicals.	Aiming at better health, safety and environment ("**HSE**") performance, our Group has cut the quantity of hazardous chemicals used and is no longer required to obtain the said license following the evaluation by a professional organization and the registration with the related government authority in 2020. For the year ended 31 December 2022, our Group has satisfied the conditions for exemption of obtaining the said license.
According to the Measures for the Administration of License for Trading in Hazardous Chemicals* (危險化學品經營許可證管理辦法), enterprises which are carrying out the operation of hazardous chemicals without the License for the Safe Operation of Businesses Dealing in Hazardous Chemicals* (危險化學品經營許可證) may be ordered by the production safety administrative authorities to cease their business activities.	Our Group complied with such requirement for the year ended 31 December 2022.

Key requirements	Compliance status
According to the Ordinance for the Administration of Pollutant Discharge Licenses*（排污許可證管理條例）, enterprises and other production operators (pollutant discharging units) who are under the administration of pollutant discharge regulations, shall apply for a pollutant discharge license in accordance with the provisions of this Ordinance, otherwise, they are not allowed to discharge pollutants.	Our Group complied with such requirement for the year ended 31 December 2022.

Future Plan and Prospects

In view of the current international and domestic situation and government policies, as well as our assessment of the future development of the situation, the Group will adopt the following strategies and plans:

- To strengthen cost reduction and efficiency enhancement. We will further explore the potential to reduce the cost of raw and auxiliary materials by various feasible means while ensuring material quality. We will do utmost to maintain 100% first-time pass rate in the manufacture of our products. We will implement and carry out the concept of "Waste Not" in our corporate culture, such as making the fullest use of every KWH of electric power and every drop of water to reduce consumption as much as possible, optimizing inventory management to reduce fund occupancy, and doing best in raising the value of our idle funds.

- To continue to expand our sales team, strengthen our sales force, open up more sales channels and to make more efforts on customer diversification. We will take full advantage of our newly obtained CNAS laboratory certification to actively participate in more potential customers' procurement tenders and seek more cooperators. At present and in the long run, we will endeavor to develop more private-run customers and cooperate with more international and domestic traders in a wider range of products. At the same time, we will strengthen the cooperation with famous multinational chemical companies in order to sell more of their products in the PRC as a distributor and also sell our own products abroad through their collaboration.

- To follow the development trend of the industry closely. We will follow closely the development trend of "Less oils and more chemicals" of the oil refining industry and observe and assess its impact on the Group's business. We will make full use of our research and development strength and add to our efforts in product diversification and expand our product series and function range in order to share the broader market of additives and auxiliaries.

- To promote and practice the corporate culture of " To lay priority on safety, waste not, and keep building a green enterprise". We will constantly upgrade our safety and environmental protection facilities, improve our safety and environmental protection management, revise and improve our emergency rescue plans, expand the scope of our emergency drills and trainings, and perfect the system for the investigation and control of hidden risk of accidents, so as to ensure zero accident in terms of safety and environment protection all the time. After raising the "Work Safety Standardization" level of our Yixing Plant to Grade II, the Group will continue improving and perfecting our safety facilities and safety management level.

Financial Overview

Revenue

Our revenue increased by 45.0% from RMB177.3 million for the year ended 31 December 2021 to RMB257.2 million for the year ended 31 December 2022. The following table sets forth our revenue by products for the years indicated:

	For year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Oil refining agents	**151,085**	92,462
Fuel additives	**106,098**	84,868
Total revenue	**257,183**	177,330

Revenue derived from oil refining agents increased from RMB92.5 million for the year ended 31 December 2021 to RMB151.1 million for the year ended 31 December 2022, which was mainly due to more sales of oil refining agents achieved by our strengthened sales force in 2022. We seized the opportunity and sold more oil refining agents. Revenue derived from fuel additives increased from RMB84.9 million for the year ended 31 December 2021 to RMB106.1 million for the year ended 31 December 2022, which was mainly due to increased sales of fuel additives achieved by our strengthened sales force in 2022.

We sold the majority of our products to customers in the PRC. The following table sets forth our revenue by geography for the years indicated:

	For year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
PRC	**237,562**	170,768
Overseas	**19,621**	6,562
Total revenue	**257,183**	177,330

Revenue derived from the PRC market increased from RMB170.8 million for the year ended 31 December 2021 to RMB237.6 million for the year ended 31 December 2022, which was mainly due to our strengthened sales force which successfully added the number of domestic customers and increased the usage of the Group's products by existing domestic customers. Revenue derived from the overseas market increased from RMB6.6 million for the year ended 31 December 2021 to RMB19.6 million for the year ended 31 December 2022, which was mainly due to the increase in purchases by a major customer in Sudan for stock replenishment in 2022; in addition, as a result of the shortage of shipping containers in 2021, some of the shipments to be made in 2021 to this Sudanese customer were deferred to 2022.

Cost of sales

Our cost of sales increased from RMB140.8 million for the year ended 31 December 2021 to RMB203.3 million for the year ended 31 December 2022. The following table sets forth our cost of sales by products for the years indicated:

	For year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Oil refining agents	**116,374**	68,032
Fuel additives	**86,930**	72,807
Total cost of sales	**203,304**	140,839

The cost of sales of oil refining agents increased from RMB68.0 million for the year ended 31 December 2021 to RMB116.4 million for year ended 31 December 2022, which was mainly due to more oil refining agents sold in 2022. The cost of sales of fuel additives increased from RMB72.8 million for the year ended 31 December 2021 to RMB86.9 million for the year ended 31 December 2022, which was mainly due to increased fuel additives sold in 2022.

Profit from operations

Our profit from operations increased from RMB12.9 million for the year ended 31 December 2021 to RMB26.2 million for the year ended 31 December 2022, which was mainly due to the increase in our products sold. The following table sets forth the profit from operations for the years indicated:

	For year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Gross profit	**53,879**	36,491
Other income	**4,411**	4,331
Sales and marketing expenses	**(11,760)**	(9,530)
General and administrative expenses	**(11,410)**	(10,659)
Research and development expenses	**(8,915)**	(7,715)
Profit from operations	**26,205**	12,918

Gross profit

For the years ended 31 December 2021 and 2022, our gross profit amounted to RMB36.5 million and RMB53.9 million, respectively. Our gross profit margin was 20.6% and 20.9%, respectively, for the same periods. The table below sets forth our gross profit by product for the years indicated:

	For year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Oil refining agents	**34,711**	24,430
Fuel additives	**19,168**	12,061
Total gross profit	**53,879**	36,491

Our gross profit for oil refining agents increased by 42.1% from RMB24.4 million for the year ended 31 December 2021 to RMB34.71 million for the year ended 31 December 2022, which was mainly due to the increase of the total sales volume of our oil refining agents. Our gross profit margin of oil refining agents has decreased from 26.4% to 23.0% for the same periods, which was mainly due to the prices of some of our major raw materials for oil refining agents have risen as a result of the global inflation.

Our gross profit for fuel additives increased by 58.9% from RMB12.1 million for the year ended 31 December 2021 to RMB19.2 million for the year ended 31 December 2022, which was mainly due to the increase of the total sales volume of our fuel additives. Our gross profit margin of fuel additives has increased from 14.2% to 18.1% for the same periods, which was mainly due to the execution of new contracts for higher priced fuel additives with some of our major customers beginning from 2022, especially in the second half year of 2022.

Other income

Our other income increased slightly from RMB4.3 million for the year ended 31 December 2021 to RMB4.4 million for the year ended 31 December 2022, without significant change.

Sales and marketing expenses

Our sales and marketing expenses increased from RMB9.5 million for the year ended 31 December 2021 to RMB11.8 million for the year ended 31 December 2022, which was mainly due to the increase in freight cost and successful tender service fees.

General and administrative expenses

Our general and administrative expenses mainly include the professional service fees, the labor and welfare cost, taxes, depreciation and amortization, travel expenses, office and vehicles expenses and hospitality and entertainment costs.

Our general and administrative expenses increased from RMB10.7 million for the year ended 31 December 2021 to RMB11.4 million for the year ended 31 December 2022, which was mainly due to the increase of the hospitality and entertainment costs.

Research and development expenses

Our research and development expenses increased from RMB7.7 million for the year ended 31 December 2021 to RMB8.9 million for the year ended 31 December 2022. Such expenses consisted primarily of the labor and welfare cost, raw material costs and depreciation of machinery, equipment and analytical instruments.

Income tax expense

Our income tax expense for the years ended 31 December 2021 and 2022 was RMB1.24 million and RMB14.75 million, respectively. The increase in income tax expense was mainly due to the RMB11.44 million deferred tax recognized by the Group for 2022 in respect of undistributed earnings of the Company's subsidiary located in PRC, as the Company controls the dividend policy of the subsidiaries and it has been determined that from 2023, the Company's subsidiary located in PRC will distribute its accumulated earnings to the Company's subsidiary located in Hong Kong SAR. For the years ended 31 December 2021 and 2022, our effective tax rates for the same periods were 9.6% and 56.3%, respectively.

Profit for the year

As a result of the foregoing, our profit decreased by 1.7% from RMB11.7 million for the year ended 31 December 2021 to RMB11.5 million for the year ended 31 December 2022, without significant change.

Liquidity, Financial Resources and Capital Structure

We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity that can meet our working capital needs.

The Shares became listed on the Main Board of the Stock Exchange on 28 March 2018 with net proceeds from the Share Offer of approximately HK$110.7 million (after deducting underwriting commissions and other estimated expenses in connection with the Share Offer).

We financed our operations primarily by existing cash and cash equivalents, net proceeds from the Share Offer and cash flows from operations. Taking into account the financial resources available to us, the Directors believe that our current cash and cash equivalents, together with available credit facilities and expected cash flows from operations, will be sufficient to satisfy our current requirements and able to fulfill our business obligations.

Selected Items of the Consolidated Statements of Financial Position

The following table sets forth the selected items of the consolidated statements of financial position as of the dates indicated:

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current assets		
Inventories	**33,544**	36,269
Trade and other receivables	**119,457**	78,372
Prepayments	**6,454**	4,932
Cash and cash equivalents	**146,484**	152,059
Total current assets	**305,939**	271,632
Current liabilities		
Trade and other payables	**28,172**	20,588
Income tax payable	**5,460**	3,089
Total current liabilities	**33,632**	23,677
Net current assets	**272,307**	247,955

Our current assets increased from RMB271.6 million as of 31 December 2021 to RMB305.9 million as of 31 December 2022, which was mainly due to the increase in trade and other receivables. Our current liabilities increased from RMB23.7 million as of 31 December 2021 to RMB33.6 million as of 31 December 2022, which was mainly due to the increase in trade and other payables.

Trade and other receivables

Our trade receivables primarily represent the credit sales of our products to be paid by our customers. Our bills receivables represent short-term bank acceptance notes and commercial acceptance bills receivable that entitle our Group to receive the full face amount from banks or customers at maturity, which generally ranges from three to six months from the date of issuance. The following table sets forth our trade and other receivables as of the dates indicated:

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables, net of loss allowance	**107,521**	61,665
Bills receivables	**9,230**	10,746
Other receivables	**2,706**	5,961
Financial assets measured at amortised cost	**119,457**	78,372
Trade and other receivables, net	**119,457**	78,372

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The following table sets forth the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, as of the dates indicated:

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**97,705**	50,106
After 3 months but within 6 months	**8,961**	3,090
After 6 months but within 1 year	**855**	7,437
After 1 year but within 2 years	**–**	1,032
Trade receivables, net of loss allowance	**107,521**	61,665

Credit periods and trade receivables

We set credit periods ranging from 30 to 120 days for our PRC customers, calculated from the dates that our invoices are issued. As most of our customers are affiliates of the three state-owned conglomerates, they generally have longer payment periods, which our Directors believe is due to longer internal approval processes. We employ a favorable credit policy towards our customers due to their scale and financial strength. We did not have any material bad debts during the Reporting Period.

To manage our credit risk, we have a credit policy in place and the exposures to our credit risks are monitored on an ongoing basis. Our senior management team will perform individual credit evaluations on all customers, taking into account information specific to the customer and the economic environment in which the customer operates.

Trade and other payables

Our trade and other payables primarily consist of trade payables from purchases of raw materials from our suppliers, other payables and accruals. Our other payables and accruals mainly include salary payments, payments for social insurance and housing provident funds, payments for tax and payments to third-party logistics providers. The following table sets forth our trade and other payables as of the dates indicated:

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables	**11,415**	9,223
Other payables and accruals	**16,757**	11,365
Total Trade and other payables	**28,172**	20,588

Our trade and other payables increased from RMB20.6 million as of 31 December 2021 to RMB28.2 million as of 31 December 2022, which was mainly due to the increase in other payables and accruals. All trade payables are expected to be settled within one year.

The following table sets forth the ageing analysis of trade payables as of the dates indicated:

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**10,656**	9,103
Over 3 months but within 6 months	**703**	120
Over 6 months but within 1 year	**56**	–
Total trade payables	**11,415**	9,223

Gearing Ratio

Our gearing ratio which is calculated by total borrowings divided by total assets was both nil as of 31 December 2021 and 31 December 2022.

Contingent liabilities, guarantees and litigation

As of 31 December 2022 and 2021, we had no contingent liabilities, guarantees or litigation.

Capital Expenditures and Commitment

For the year ended 31 December 2022, our capital expenditures were spent on upgrading production capacity and oleic acid projects. The following table sets forth our capital expenditures for the years indicated:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Purchase of property, plant and equipment	**3,424**	1,075
Total capital expenditures	**3,424**	1,075

The Group did not have any capital commitments (2021: Nil) outstanding at 31 December 2022 not provided in the financial statements.

Off-balance Sheet Arrangements

As of 31 December 2022, we did not have any off-balance sheet arrangements.

Foreign Currency Exposure

Our Group did not use any derivative financial instruments to hedge the risk of exchange rate changes for the year ended 31 December 2022.

Key Financial Ratios

The following tables set forth certain key financial ratios as of the dates or for the years indicated:

	As of 31 December	
	2022	2021
Return on equity[(1)]	**3.9%**	4.1%
Return on assets[(2)]	**3.5%**	3.8%
Current ratio[(3)]	**9.1**	11.5
Quick ratio[(4)]	**8.1**	9.9
Gross profit margin	**20.9%**	20.6%
Net profit margin	**4.5%**	6.6%

Notes:

(1) Return on equity represents profit for the year divided by average equity, calculated as equity at the beginning of the year plus equity at the end of the year, divided by two.

(2) Return on assets represents profit for the year divided by average assets, calculated as assets at the beginning of the year plus assets at the end of the year, divided by two.

(3) Current ratio represents total current assets divided by total current liabilities as of the relevant year end.

(4) Quick ratio represents total current assets less inventories divided by total current liabilities as of the relevant year end.

Return on equity

Our return on equity reflecting our financial performance decreased from 4.1% as of 31 December 2021 to 3.9% as of 31 December 2022 primarily because of the decrease of our profit for the year and the increase of the average equity.

Return on assets

Our return on assets reflecting our profitability decreased from 3.8% as of 31 December 2021 to 3.5% as of 31 December 2022 primarily because of the decrease of our profit for the year and the increase of our average assets.

Current ratio

Our current ratio decreased from 11.5 as of 31 December 2021 to 9.1 as of 31 December 2022 primarily because of the increase in our current liabilities. It reflected our ability to pay our obligations which are due within one year.

Quick ratio

Our quick ratio reflecting our liquidity decreased from 9.9 as of 31 December 2021 to 8.1 as of 31 December 2022 primarily because of the increase in our current liabilities.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2022, there were no material investments, acquisitions and disposals. Other than bank loans and repurchase financing which we may consider, we do not expect to have any plan for material investment and sources of funding in the short term.

USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were listed on the main board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Listing of approximately HK$110.7 million (after deducting underwriting commissions and other estimated expenses in connection with the Listing). The net proceeds received from the Listing will be used in a manner consistent with that disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 19 March 2018. Taking into account the instability in the business from Sudan, the impact on the economy situation by the COVID-19 pandemic, the risen raw materials' prices due to the global inflation, the potential impact of the "Less oil and more chemicals" trend of the domestic oil-refining industry as well as the recent international political unrest, which have affected or will probably affect our operating results, we slowed down the progress of our original plan on the use of the proceeds from Listing, in order to ensure that the intended results from the use of the proceeds can be achieved. Up to the date of this announcement, we have only completed a part of the investment in the projects for upgrading our Yixing plant and building production facilities for the manufacturing of an important raw material, high-purity oleic acid, which have been put into commercial production and achieved certain effects. We will follow up closely with the international political and economic situation, and study and assess our industry, market and business development trend, and will continue to invest the proceeds in the following projects at the right time, so as to finally reach the desired production capacity.

Since the Listing Date and up to 31 December 2022, the utilization of the net proceeds and the remaining balance (approximately HK$55.6 million) are set out below:

Purposes	Allocation (on a pro-rata basis)	Amount utilized as of 31 December 2022	The remaining balance as of 31 December 2022
To upgrade our Yixing Plant by purchasing new sets of machinery, equipment and analytical instruments	Approximately HK$42.8 million (approximately 39%)	Approximately HK$15.5 million	Approximately HK$27.3 million
To build production facilities for the manufacturing of lower-cost raw material substitute, high-purity oleic acid, for the production of lubricity improvers	Approximately HK$53.9 million (approximately 49%)	Approximately HK$25.6 million	Approximately HK$28.3 million
General business operations and working capital	Approximately HK$8.8 million (approximately 8%)	Approximately HK$8.8 million	–
To repay bank borrowings	Approximately HK$5.2 million (approximately 4%)	Approximately HK$5.2 million	–
Total	Approximately HK$110.7 million (100%)	Approximately HK$55.1 million	Approximately HK$55.6 million

* *The remaining balance of the net proceeds is expected to be used up in 24 months from 31 December 2022.*

SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by shareholders of the Company on 11 March 2018 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to motivate the relevant participants to optimize their future contributions to our Group, to reward them for their past contributions, and to attract and retain or otherwise maintain ongoing relationships with such participants who are significant to and whose contributions are or will be beneficial to the performance, growth or success of our Group. Eligible participants of the Share Option Scheme include any employees, any Directors (including independent non-executive Directors), advisors, shareholders, suppliers, customers and consultants of our Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 11 March 2018 and will expire on 10 March 2028. Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information – Share Option Scheme" in Appendix V to the prospectus of the Company dated 19 March 2018.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 31 December 2022, the Company has no outstanding share option under the Share Option Scheme.

EMPLOYMENT AND EMOLUMENTS

As of 31 December 2022, our Group had 59 employees. All of our employees are based in the PRC. Our employees' remuneration has been paid in accordance with relevant laws and regulations in the PRC. Appropriate salaries and bonuses were paid with reference to the actual practices of the Company. Other corresponding benefits included pension scheme, unemployment insurance and housing allowance, etc.

CORPORATE GOVERNANCE

Our Group is committed to maintaining high standards of corporate governance to protect the interest of our shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") as its own code of corporate governance. During the Reporting Period, the Company has complied with the CG Code except for the following deviation from provision C.2.1 of the CG Code which is explained below:

According to provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ge Xiaojun ("**Mr. Ge**") is the chairman of the Board and the chief executive officer of the Company. The Board is of the view that vesting the roles of both chairman and chief executive officer in Mr. Ge has the benefit of providing consistent and continuous planning and execution of our Group's strategies. The Board also believes that the current arrangement is in the interest of the Company and its shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its rules governing dealings by the Directors in the listed securities of the Company. During the Reporting Period, having made specific enquiry to each Director, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

The Board proposed a final dividend of HK$0.01 per Share for the year ended 31 December 2022 (for the year ended 31 December 2021: HK$0.01 per share).

Save as mentioned above and disclosed in note 12 to the consolidated financial statements of this Annual Results, there are no significant subsequent events after the Reporting Period and up to the date of this announcement.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.01 per share for the year ended 31 December 2022 (for the year ended 31 December 2021: HK$0.01 per share) to shareholders whose names appear on the Company's register of members on Monday, 5 June 2023 (the "**Proposed Final Dividend**"). Subject to the approval of the shareholders at the Company's forthcoming annual general meeting to be held on Thursday, 25 May 2023 (the "**AGM**"), the Proposed Final Dividend is expected to be paid on or around Wednesday, 21 June 2023.

AGM

The AGM will be held at the Company's headquarters and principal place of business in the PRC at No. 16 West Kaixuan Road, Economic Development Zone, Yixing, Jiangsu, the PRC on Thursday, 25 May 2023. Notice of the AGM will be issued and disseminated by the Company to shareholders in due course as required under the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholder's entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 19 May 2023.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Thursday, 1 June 2023 to Monday, 5 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 31 May 2023.

AUDIT COMMITTEE AND REVIEW OF THE ANNUAL RESULTS

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Company, auditing, internal controls and financial report matters, and the Company's policies and practices on corporate governance. The Annual Results has been reviewed and confirmed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

The financial figures in respect of our Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary result announcement have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in our Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditors.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The Annual Results announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jscxsh.cn). The annual report for the year ended 31 December 2022 will be dispatched to shareholders of the Company and available on the same websites in April 2023 as required under the Listing Rules.

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

Hong Kong, 28 March 2023

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.

* *For identification purpose only*