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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 2024

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 2024 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2023. 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 2024

*(Expressed in Renminbi **(RMB)** Yuan)*

	Note	**2024**	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**182,200**	186,071
Cost of sales		**(140,946)**	(137,375)
Gross profit		**41,254**	48,696
Other income	*3*	**6,002**	9,312
Sales and marketing expenses		**(9,461)**	(9,187)
General and administrative expenses		**(11,849)**	(13,718)
Research and development expenses	*4(c)*	**(7,416)**	(8,545)
Impairment loss on trade receivables	*4(c)*	**(1,059)**	(1,353)
Profit from operations		**17,471**	25,205
Finance costs	*4(a)*	**(5)**	(13)
Profit before taxation	*4*	**17,466**	25,192
Income tax	*5*	**(3,484)**	(4,071)
Profit for the year		**13,982**	21,121
Earnings per share	*6*		
Basic and diluted *(RMB cents)*		**2.91**	4.40

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

*(Expressed in Renminbi **(RMB)** Yuan)*

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**13,982**	21,121
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	**2,166**	1,236
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland China	**(1,233)**	(399)
Other comprehensive income for the year	**933**	837
Total comprehensive income for the year	**14,915**	21,958

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024

*(Expressed in Renminbi **(RMB)** Yuan)*

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	7	**38,712**	39,743
Right-of-use assets		**2,804**	2,904
		41,516	42,647
Current assets			
Inventories		**28,877**	37,099
Trade and other receivables	8	**104,626**	82,907
Prepayments		**6,103**	1,539
Restricted bank deposits		**250**	–
Bank deposits with original maturity over three months		**10,000**	–
Cash and cash equivalents		**85,251**	95,204
		235,107	216,749
Current liabilities			
Trade and other payables	9	**37,356**	24,469
Contract liabilities		**–**	2,210
Income tax payable		**3,545**	4,327
		40,901	31,006
Net current assets		**194,206**	185,743
Total assets less current liabilities		**235,722**	228,390
Non-current liabilities			
Deferred tax liabilities		**3,765**	2,637
		3,765	2,637
NET ASSETS		**231,957**	225,753
CAPITAL AND RESERVES			
Share capital	10	**3,873**	3,873
Reserves	10	**228,084**	221,880
TOTAL EQUITY		**231,957**	225,753

NOTES TO THE FINANCIAL STATEMENTS

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

1 MATERIAL 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**") 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**"). Material 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 2024 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 the 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 new and amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, Presentation of financial statements – Classification of liabilities as current or non-current ("**2020 amendments**") and amendments to HKAS 1, Presentation of financial statements – Non-current liabilities with covenants ("**2022 amendments**")

- Amendments to HKFRS 16, Leases – Lease liability in a sale and leaseback

- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

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

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of oil refining agents	**123,319**	111,571
Sales of fuel additives	**58,881**	74,500
Total	**182,200**	186,071

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

For the years ended 31 December 2024 and 31 December 2023, there was no single customer who contributed 10 percent or more of the Group's revenue.

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

The following table sets out information about the geographical location of the 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 2024, substantially all specified non-current assets were physically located in the People's Republic of China (the "**PRC**").

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**180,827**	185,959
Other countries and regions	**1,373**	112
Total	**182,200**	186,071

(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 the 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 the Group's most senior executive management for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sale of oil refining agents and fuel additives.

3 OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Service income	**45**	147
Government grants	**1,477**	2,215
Net foreign exchange (loss)/gain	**(293)**	1,974
Interest income on financial assets measured at amortised cost	**2,832**	4,736
Income from wealth management products	**–**	155
Scrap sales	**1,943**	423
Net loss on disposal of property, plant and equipment	**–**	(332)
Others	**(2)**	(6)
Total	**6,002**	9,312

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2024	2023
	RMB'000	*RMB'000*
Interest on other borrowings	**5**	13

(b) Staff costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**8,224**	8,053
Contributions to defined contribution retirement plans (i)	**414**	371
	8,638	8,424

(i) Employees of the 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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories (i)	**144,526**	142,552
Depreciation of property, plant and equipment	**5,694**	5,355
Depreciation of right-of-use assets	**100**	100
Impairment losses of trade receivables	**1,059**	1,353
Auditors' remuneration		
– audit services	**1,165**	1,265
– tax services	**29**	29
	1,194	1,294

(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.

	2024	2023
	RMB'000	*RMB'000*
Staff costs	**1,771**	2,147
Depreciation and amortisation	**2,561**	2,532
Research and development expenses	**3,580**	5,177

5 INCOME TAX

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

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
Provision for current income tax for the year	**2,265**	3,050
Under/(over)-provision in prior years	**91**	(329)
	2,356	2,721
Deferred tax:		
Origination and reversal of temporary differences	**1,128**	1,350
	3,484	4,071

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

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation	**17,466**	25,192
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	**4,361**	6,047
Tax effect of preferential tax rate (ii)	**(1,740)**	(2,837)
Under/(over)-provision in prior years	**91**	(329)
Tax effect of non-deductible expenses	**345**	491
Additional deduction for qualified research and development costs (iii)	**(956)**	(1,112)
Withholding tax on distributable profits (iv)	**1,383**	1,811
Actual income tax expense	**3,484**	4,071

(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 6 November 2023 with an effective period of three years from 2023 to 2025, 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 2024 and 2023, the Group has recognised 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 RMB 13,982,000 (2023: RMB21,121,000) and 480,000,000 ordinary shares (2023: 480,000,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2024	2023
Shares in issue on 1 January and 31 December	**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 2024 and 2023; 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*	Total *RMB'000*
Cost:					
At 1 January 2023	31,892	39,792	6,015	10,137	87,836
Additions	4,551	2,815	23	50	7,439
Disposals	–	(899)	(2,551)	(226)	(3,676)
At 31 December 2023 and 1 January 2024	36,443	41,708	3,487	9,961	91,599
Additions	4,552	111	–	–	4,663
At 31 December 2024	40,995	41,819	3,487	9,961	96,262
Accumulated depreciation:					
At 1 January 2023	(18,359)	(19,431)	(5,072)	(6,981)	(49,843)
Charge for the year	(1,424)	(2,784)	(313)	(834)	(5,355)
Written back on disposals	–	814	2,324	204	3,342
At 31 December 2023 and 1 January 2024	(19,783)	(21,401)	(3,061)	(7,611)	(51,856)
Charge for the year	(1,676)	(2,968)	(214)	(836)	(5,694)
At 31 December 2024	(21,459)	(24,369)	(3,275)	(8,447)	(57,550)
Net book value:					
At 31 December 2024	19,536	17,450	212	1,514	38,712
At 31 December 2023	16,660	20,307	426	2,350	39,743

8 TRADE AND OTHER RECEIVABLES

	2024 ***RMB'000***	2023 *RMB'000*
Trade receivables, net of loss allowance *(note (a))*	**95,973**	62,313
Bills receivables *(note (b))*	**6,262**	18,052
Other receivables	**2,391**	2,542
Financial assets measured at amortised cost	**104,626**	82,907
Trade and other receivables, net	**104,626**	82,907

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:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**88,329**	50,317
After 3 months but within 6 months	**3,398**	8,179
After 6 months but within 1 year	**1,073**	663
After 1 year but within 2 years	**254**	3,154
After 2 years but within 3 years	**2,919**	–
Trade receivables, net of loss allowance	**95,973**	62,313

(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.

As at 31 December 2024, the Group endorsed undue bills receivable of RMB1,321,196 (2023: RMB3,070,585) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety from Statement of financial position as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred.

As at 31 December 2024, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB1,321,196 (2023: RMB3,070,585).

9 TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**20,744**	10,186
Other payables and accruals	**16,612**	14,283
Trade and other payables	**37,356**	24,469

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:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**20,285**	9,729
Over 3 months but within 6 months	**47**	304
Over 6 months but within 1 year	**412**	145
Over 1 year	**–**	8
Trade payables	**20,744**	10,186

10 CAPITAL AND RESERVES

(a) Dividends

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

	2024	2023
	RMB'000	*RMB'000*
Interim dividend declared and paid of nil per ordinary share (2023: HK$0.21 per ordinary share)	**–**	92,461
Final dividend proposed after the end of the reporting period of HK$0.01 per ordinary share (2023: HK$0.02 per ordinary share)	**4,428**	8,711
	4,428	101,172

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

	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.02 per share (2023: HK$0.01 per share)	**8,711**	4,223

(b) Share capital

(i) Authorized and issued share capital

	Par value	**No. of shares**	**HK$**
	HK$	*'000*	*'000*
Ordinary shares, issued and fully paid			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	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 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.

Industry Overview

The Standard B of the PRC's National VI Emission Standard has been fully implemented since 1 July 2023, and a ban on the production, importation and sale of vehicles that do not comply with Standard B of the National VI Emission Standard has also been initiated at the same time. In 2024, some major cities in the PRC strengthened the supervision on vehicle exhaust emissions. For example, Shanghai Municipal Bureau of Ecology and Environment issued the "Notice on Strengthening the Supervision of Vehicle Emission Compliance"* (《關於加強機動車達標排放監管的通知》). On 24 February 2025, the Ministry of Ecology and Environment of the PRC revealed at a press conference that it will formulate more stringent National VII emission standards for light-duty and heavy-duty vehicles and strengthen the supervision of vehicle emissions. In addition, in May 2024, the Ministry of Ecology and Environment and the State Administration for Market Regulation jointly issued an amendment note to the "Emission Standard of Pollutants for Petroleum Refining Industry"* (《石油煉製工業污染物排放標準》), which came into effect on 1 July 2024. This amendment note puts forward more stringent requirements for the waste gas emissions of oil refining enterprises, prompting them to increase investment in waste gas treatment.

The implementation of the above-said new regulatory measures and standards will support the long-term demands of the PRC's market for our existing products.

In 2024, with the initial operation of some newly built integrated refining and petrochemical projects, such as the Yulong Island Integrated Refining and Petrochemical Project, the PRC's oil refining capacity continued to grow, reaching approximately 955 million tons per year. In the coming years, the PRC's oil refining capacity will continue to grow. Based on the current status of projects under construction, conversion or expansion as well as the planned projects, it is expected that the PRC's oil refining capacity will peak at around 980 million tons per year in about 2028, and at the same time, the average scale of oil refining enterprises will be further enhanced.

However, although the PRC's oil refining capacity and refinery scale are still rising, due to the influence of the sluggish economic situation and the rapid development of the electric vehicle industry, the domestic demand for gasoline and diesel has not increased synchronously. Therefore, in 2024, the PRC's oil refining enterprises were not highly motivated to increase their production, on the contrary, many of their oil refining units were shut down for overhaul, resulting in a decline in the overall operating rate. As a result, compared with the previous year, the PRC's gasoline production increased by less than 1% in 2024, while diesel production declined by more than 5%. At the same time, with the growth of the PRC's aviation industry, the demand for aviation fuel increased significantly. In 2024, the PRC's kerosene (including aviation kerosene) production increased by nearly 14% year-on-year, and it is expected that there remains substantial potential for further growth in the future.

The PRC government has started to control the expansion of oil refining capacity and guide oil refining enterprises to reduce the proportion of gasoline and diesel in their products and increase the proportion of chemical materials such as ethylene and polyolefins, as well as high-end new chemical materials such as electronic chemicals, which is the so-called "Less oil and more chemicals" and "Less oil and more specialties". This trend will have a certain impact on the demand for some of our existing products. However, it also opens up the possibility and potential for us to research, develop, and produce processing agents and additives required by oil refining enterprises for the production of chemical materials such as ethylene and polyolefins and other high-end new chemical materials. So far, the PRC has already formed a complete industrial chain relating to ethylene and has obtained obvious global advantages in terms of scale, cost, process technologies, key equipment and talent reserve. The ethylene production capacity of the PRC has been expanding rapidly, and currently, many oil refineries are building new ethylene production units or expanding their existing units. The demand for processing agents and additives for ethylene production in the PRC is huge.

Different from the PRC, since the second half of 2023, European and North American countries have adjusted their policies relating to new energy vehicles and slowed down the pace of vehicle electrification. Upon inauguration, the incumbent president of the United States signed a series of executive orders to resume the exploitation of petroleum and natural gas, stop investing in certain green energy sources, and cancel the policies that encourage the purchase of pure electric vehicles. In 2024, the oil and gas production of international major oil companies rebounded, with the average oil and gas production increasing by more than 6% year-on-year, reversing the downward trend since 2019. Therefore, the speed of the energy consumption transformation in the global transportation industry will be lower than previously expected, and until arriving at the peak of global petroleum demand, fuel oil will remain the main energy supply for the transportation industry, the global oil refining capacity is expected to continue to grow until 2030.

By comprehensively studying the above situations and trends, we believe that the overall market demand for the Group's oil refining agents and fuel additives is sustainable in the long term, but in order to adapt to the domestic policy orientation and seek better development, the Group should accelerate the diversification of its products and businesses, and at the same time, continue its endeavor in increasing export channels through all possible means.

Business Overview

Our continuous efforts in customer diversification have yielded good results, with almost all of the large-scale private oil-refining enterprises that have commenced production in recent years becoming long-term customers of the Group. For example, in 2024, we have started large quantities of supply to the newly commissioned Yulong Petrochemical Company. At the same time, through business cooperation with more international and domestic traders, we have obtained a number of new customers and broadened our sales channels. In terms of large state-owned customers, we achieved better ranking than in previous years for most of our key products in the public bidding for the 2024 annual centralized procurement of China Petrochemical Corporation* (中國石油化工集團有限公司) ("**Sinopec**"). As a result, the Group sold a higher volume of products in 2024 compared to the previous year, despite the fact that the refining units of many of our major customers in the PRC were shut down for overhaul for a few months in 2024. However, as the average selling price of our products was lowered in 2024, our total sales amount declined slightly and meanwhile, our profit declined. Besides, as the civil war in Sudan continued and its impacts expanded, our export business generally remained sluggish.

As a result of the above factors, the Group recorded a total revenue of approximately RMB182.2 million in 2024, representing a decrease of approximately 2.1% as compared with the previous year, and a total net profit of approximately RMB14.0 million, representing a decrease of approximately 33.8% as compared with the previous year.

In 2024, our continuous investment in research and development ("**R&D**") as well as the unremitting efforts of our R&D team have achieved unprecedented gratifying results, with a total of 7 national invention patent rights granted, laying a stronger foundation in terms of intellectual property rights for the Group's future development.

In 2024, our first processing agent product for ethylene production has been successfully trial used in a customer's ethylene plant, marking a landmark step in the development and production of ethylene processing agents and additives.

In 2024, as one of the drafting parties, the Group participated in the formulation of two standards, "Requirements for green procurement evaluation - Oil refining auxiliaries" and "Requirements for green procurement evaluation - Fuel oil additives", proposed by Sinopec and approved and published by the China Association for Standardization (CAS), by which we contributed our share to the standardization construction of the PRC in respect of energy-conservation, consumption-reducing, emission-reducing and environment-protection, etc.

On the basis of our Yixing Plant being awarded the honorary title of "Jiangsu Province Green Factory" by relevant government departments at the end of 2023, we further improved our environmental management level and added an online video monitoring system for exhaust gas and wastewater in 2024, and at the same time, in order to further raise our safety management level, we improved our safety risk identification and control system.

Compliance with Key Regulatory Requirements

The following table summarizes the key statutory requirements and our compliance status for the Reporting Period:

Key requirements	Compliance status
According to the Measures for the Implementation of the Permits 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 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 Reporting Period, our Group has satisfied the conditions for exemption of obtaining the said license.
According to the Measures for the Administration of Permits 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 has complied with such requirement for the Reporting Period.

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 has complied with such requirement for the Reporting Period.

Future Plan and Prospects

In view of the current international and domestic economic situation, industry development trend and government policies, the Group will adopt the following strategies and plans for its growth and development:

- We will continuously improve our production efficiency, product quality and safety management level and lower our consumption of raw materials and energy by constantly improving and perfecting our production technologies and continuous exploring the functions of our distributed control system (DCS).

- We will endeavor more in the diversification of customers and businesses and adding to our sales channels. We will continue keeping track of the construction of new refinery units, including the production units for gasoline, diesel, ethylene, polyolefin, etc. in the PRC and overseas, so as to seize the firsthand business opportunities. We will actively seek potential overseas customers, in order to add to our export channels. At the same time, we will cooperate with more multinational chemical enterprises and international and domestic traders in diverse markets and wider product range, so as to expand our market presence.

- We will continuously follow and study the development trend of "Producing less fuel oil and more chemicals and specialties" of the domestic oil refining industry. While continuing the development of new products in refining agents and fuel additives according to customers' needs, in line with the development trend of the oil refining industry, we will collaborate with research institutions and universities to research and develop processing agents and additives required by oil refineries for the production of chemical materials such as ethylene and polyolefin and other high-end new chemical materials, and will study the possibility of developing chemical business in non-oil-refining industries, making use of our high-purity oleic acid production facilities and technologies.

- On the basis of the newly-granted honorary title of "Green Factory", the Group will pay full attention to and manage the risks and opportunities brought about by climate change, proactively promoting advanced and applicable clean production technologies and logistic modes, and continue to explore the path of green, low-carbon and intelligent development, so as to ensure the long-term sustainable development of the Group and make more contributions to the realization of the goal of "Carbon Peak" and "Carbon Neutral" of the PRC.

Financial Overview

Revenue

Our revenue decreased by 2.1% from RMB186.1 million for the year ended 31 December 2023 to RMB182.2 million for the Reporting Period. The following table sets forth our revenue by products for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Oil refining agents	**123,319**	111,571
Fuel additives	**58,881**	74,500
Total revenue	**182,200**	186,071

Revenue derived from oil refining agents increased from RMB111.6 million for the year ended 31 December 2023 to RMB123.3 million for the Reporting Period, which was mainly due to our commencement of delivery of oil refining agents in large quantities to a newly commissioned large-scale private oil-refining enterprise, leading to the increase of the quantity of oil refining agents sold in 2024. Revenue derived from fuel additives decreased from RMB74.5 million for the year ended 31 December 2023 to RMB58.9 million for the year Reporting Period, which was mainly due to lower average selling price and the decrease of the sales volume of our fuel additives in 2024.

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

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Mainland China	**180,827**	185,959
Other countries and regions	**1,373**	112
Total revenue	**182,200**	186,071

Revenue derived from the PRC market decreased from RMB186.0 million for the year ended 31 December 2023 to RMB180.8 million for the Reporting Period, which was mainly due to the decreased average price of our products sold in 2024 in the PRC market. Revenue derived from the overseas market increased from RMB0.1 million for the year ended 31 December 2023 to RMB1.4 million for the Reporting Period, which was mainly due to the fact that our Niger customer reduced its purchases of our products in 2023 as a result of a coup d'état happened in its country, while purchases from this customer began to recover in 2024 when the political conditions in that country have stabilized.

Cost of sales

Our cost of sales increased from RMB137.4 million for the year ended 31 December 2023 to RMB140.9 million for the Reporting Period. The following table sets forth our cost of sales by products for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Oil refining agents	**100,584**	83,621
Fuel additives	**40,362**	53,754
Total cost of sales	**140,946**	137,375

The cost of sales of oil refining agents increased from RMB83.6 million for the year ended 31 December 2023 to RMB100.6 million for the Reporting Period, which was mainly due the increase of the total quantity of our oil refining agents sold in 2024 and the price rise of the main raw materials of some of our oil refining agents. The cost of sales of fuel additives decreased from RMB53.8 million for the year ended 31 December 2023 to RMB40.4 million for the Reporting Period, which was mainly due to the price drop of the main raw materials and the decrease of the sales volume of our fuel additives in 2024.

Profit from operations

Our profit from operations decreased from RMB25.2 million for the year ended 31 December 2023 to RMB17.5 million for the Reporting Period, which was mainly due to the decrease in the average price of our products sold in 2024. The following table sets forth the profit from operations for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Gross profit	**41,254**	48,696
Other income	**6,002**	9,312
Sales and marketing expenses	**(9,461)**	(9,187)
General and administrative expenses	**(11,849)**	(13,718)
Research and development expenses	**(7,416)**	(8,545)
Impairment loss on trade receivables	**(1,059)**	(1,353)
Profit from operations	**17,471**	25,205

Gross profit

For the years ended 31 December 2023 and 2024, our gross profit amounted to RMB48.7 million and RMB41.3 million, respectively. Our gross profit margin was 26.2% and 22.6%, respectively, for the same periods. The table below sets forth our gross profit by product for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Oil refining agents	**22,735**	27,950
Fuel additives	**18,519**	20,746
Total gross profit	**41,254**	48,696

Our gross profit for oil refining agents decreased by 18.7% from RMB28.0 million for the year ended 31 December 2023 to RMB22.7 million for the Reporting Period, which was mainly due to the decrease in the average price of our oil refining agents sold in 2024 and the price rise of the main raw materials of some of our oil refining agents, and due to the same reason, our gross profit margin of oil refining agents decreased from 25.1% to 18.4% for the same periods.

Our gross profit for fuel additives decreased by 10.7% from RMB20.7 million for the year ended 31 December 2023 to RMB18.5 million for the Reporting Period, which was mainly due to the decrease in the average price of our fuel additives sold in 2024, however, due to comparatively greater decrease in the price of our major raw materials for our fuel additives in 2024, our gross profit margin of fuel additives increased from 27.8% to 31.5%.

Other income

Our other income decreased from RMB9.3 million for the year ended 31 December 2023 to RMB6.0 million for the Reporting Period, which was mainly due to the decrease in interest income from financial assets and foreign exchange gain.

Sales and marketing expenses

Our sales and marketing expenses slightly increased from RMB9.2 million for the year ended 31 December 2023 to RMB9.5 million for the Reporting Period, without significant change.

General and administrative expenses

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

Our general and administrative expenses decreased from RMB13.7 million for the year ended 31 December 2023 to RMB11.8 million for the Reporting Period, which was mainly due to the decrease of travel and business entertainment expenses and consulting service charges.

Research and development expenses

Our research and development expenses decreased from RMB8.5 million for the year ended 31 December 2023 to RMB7.4 million for the Reporting Period. 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 2023 and 2024 was RMB4.1 million and RMB3.5 million, respectively. The decrease in income tax expense was mainly due to less profit before taxation realized in 2024. For the years ended 31 December 2023 and 2024, our effective tax rates for the same periods were 16.2% and 19.9%, respectively.

Profit for the year

As a result of the foregoing, our profit decreased by 33.8% from RMB21.1 million for the year ended 31 December 2023 to RMB14.0 million for the Reporting Period, which was mainly due to the decrease in the total gross profit.

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 of the Company ("**Shares**") became listed on the main board (the "**Listing**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 March 2018 (the "**Listing Date**") with net proceeds (the "**Net Proceeds**") from the Listing amounting to approximately HK$110.7 million (after deducting underwriting commissions and other estimated expenses in connection with the Listing).

We financed our operations primarily by existing cash and cash equivalents, Net Proceeds from the Listing and cash flows from operations. Taking into account the financial resources available to us, the Directors believe that our current cash and cash equivalents 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	
	2024	2023
	RMB'000	*RMB'000*
Current assets		
Inventories	**28,877**	37,099
Trade and other receivables	**104,626**	82,907
Prepayments	**6,103**	1,539
Restricted bank deposits	**250**	–
Bank deposits with original maturity over three months	**10,000**	–
Cash and cash equivalents	**85,251**	95,204
Total current assets	**235,107**	216,749
Current liabilities		
Trade and other payables	**37,356**	24,469
Contract liabilities	**–**	2,210
Income tax payable	**3,545**	4,327
Total current liabilities	**40,901**	31,006
Net current assets	**194,206**	185,743

Our current assets increased from RMB216.7 million as of 31 December 2023 to RMB235.1 million as of 31 December 2024, which was mainly due to the increase in trade and other receivables and prepayments. Our current liabilities increased from RMB31.0 million as of 31 December 2023 to RMB40.9 million as of 31 December 2024, 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 and commercial acceptance notes 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	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables, net of loss allowance	**95,973**	62,313
Bills receivables	**6,262**	18,052
Other receivables	**2,391**	2,542
Financial assets measured at amortised cost	**104,626**	82,907
Trade and other receivables, net	**104,626**	82,907

Our net trade and other receivables increased from RMB82.9 million as of 31 December 2023 to RMB104.6 million as of 31 December 2024, which was mainly due to the increase in trade receivables. 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	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**88,329**	50,317
After 3 months but within 6 months	**3,398**	8,179
After 6 months but within 1 year	**1,073**	663
After 1 year but within 2 years	**254**	3,154
After 2 years but within 3 years	**2,919**	–
Trade receivables, net of loss allowance	**95,973**	62,313

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 based on 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	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**20,744**	10,186
Other payables and accruals	**16,612**	14,283
Total trade and other payables	**37,356**	24,469

Our trade and other payables increased from RMB24.5 million as of 31 December 2023 to RMB37.4 million as of 31 December 2024, which was mainly due to the increase in trade payables. 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	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**20,285**	9,729
Over 3 months but within 6 months	**47**	304
Over 6 months but within 1 year	**412**	145
Over 1 year	**–**	8
Total trade payables	**20,744**	10,186

Gearing Ratio

Our gearing ratio which is calculated by total borrowings divided by total assets was both nil as of 31 December 2023 and 31 December 2024 as the Group did not have any borrowings.

Contingent liabilities, guarantees and litigation

As of 31 December 2024 and 2023, we had no contingent liabilities, guarantees or litigation.

Capital Expenditures and Commitment

For the Reporting Period, our capital expenditures were spent on the purchase of property and equipment. The following table sets forth our capital expenditures for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Purchase of property, plant and equipment	**4,761**	7,302
Total capital expenditures	**4,761**	7,302

The Group did not have any capital commitments outstanding at 31 December 2024 and 2023 not provided in the financial statements.

Related Party Transactions

During the Reporting Period, the Group did not have any related party transactions except for key management personnel remuneration.

Connected Transactions

During the Reporting Period, the Group did not have any connected transactions.

Off-balance Sheet Arrangements

As of 31 December 2024, the Group did not have any off-balance sheet arrangements.

Foreign Currency Exposure

The assets, liabilities and transactions of the Group are primarily denominated in Renminbi, Hong Kong dollars, Euros and United States dollars, and therefore exposed to exchange rate fluctuations. During the Reporting Period, the Group did not experience any material negative impacts on its operations due to the fluctuations in currency exchange rates. The Group performs regular reviews on its foreign exchange exposures, and will mitigate the impact of exchange rate fluctuations by entering into currency hedge arrangement when necessary. Our Group did not use any derivative financial instruments to hedge the risk of exchange rate changes for the Reporting Period.

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	
	2024	2023
Return on equity[(1)]	**6.1%**	8.0%
Return on assets[(2)]	**5.2%**	7.0%
Current ratio[(3)]	**5.7**	7.0
Quick ratio[(4)]	**5.0**	5.8
Gross profit margin	**22.6%**	26.2%
Net profit margin	**7.7%**	11.4%

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 8.0% as of 31 December 2023 to 6.1% as of 31 December 2024 primarily because of the decrease of our profit for the Reporting Period.

Return on assets

Our return on assets reflecting our profitability decreased from 7.0% as of 31 December 2023 to 5.2% as of 31 December 2024 primarily because of the decrease of our profit for the Reporting Period.

Current ratio

Our current ratio decreased from 7.0 as of 31 December 2023 to 5.7 as of 31 December 2024 primarily because of the increase in our current liabilities during the Reporting Period. It reflected our ability to pay our obligations which are due within one year.

Quick ratio

Our quick ratio reflecting our liquidity decreased from 5.8 as of 31 December 2023 to 5.0 as of 31 December 2024 primarily because of the increase in our current liabilities during the Reporting Period.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group did not have any 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 investments, acquisitions and disposals in the short term.

USE OF THE NET PROCEEDS FROM THE LISTING

The Shares were listed on the main board of Stock Exchange on 28 March 2018 with the Net Proceeds received by the Company from the Listing of approximately HK$110.7 million. The intended use of the Net Proceeds 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 following factors which have affected or will probably affect our operating results, for the best interest of the Company and its shareholders, we have slowed down the progress of our original plan on the intended use of the Net Proceeds, in order to mitigate the risk of excess production capacity and ensure that the intended results from the use of the Net Proceeds can be achieved.

1. The instability in the business from Sudan

Prior to the listing of the Company, the Sudan business had contributed a considerable part of the revenue and profits of the Company. For the years ended 31 December 2014, 2015, 2016 and 2017, our revenue generated from our Sudan business was RMB17.0 million, RMB17.3 million, RMB29.6 million and RMB21.1 million. After the listing, for the years ended 31 December 2018, 2019, 2020, 2021 and 2022, our revenue generated from our Sudan business was RMB4.9 million, RMB10.5 million, RMB9.6 million, RMB6.6 million and RMB18.0 million, respectively. The fluctuations were due to such various causes as the overhaul of the processing units of our largest customer in Sudan, changes in shipping arrangements and a shortage of shipping containers. In general, the revenue generated from our Sudan business have not returned to the levels we saw before the listing.

Coup d'états occurred repeatedly in Sudan in 2019 and 2021, and in April 2023, a big-scale civil war broke out in Sudan, which led to the complete suspension of the operation of our Sudan customers, since then, we had not generated any revenue from our Sudan business, and up to now, it remains uncertain when this civil war will end.

In view of the frequent unrests and political uncertainty of Sudan, we foresee the possibility of a long-term suspension or even termination of our Sudan business.

2. The development of electric vehicles

In October 2020, the State Council of the PRC issued a Development Plan for the New Energy Vehicle Industry (2021–2035)* (《新能源汽車產業發展規劃(2021–2035年)》), setting a target of about a 20% share for new energy vehicles (the "**NEV(s)**") in new vehicle sales by 2025 and other development targets for the NEV industry. Up to now, the vast majority of the NEVs produced in the PRC are electric vehicles. With the support of the government and favorable policies in place, the sales of NEVs in the PRC have grown quickly in recent years and NEVs have occupied a considerable share of the new vehicle market in the PRC, and it is likely that the market share of NEVs will continue to grow, further encroaching on the market share of fuel-powered vehicles.

In view of the above situation, the Company is in the view that the rapid development of NEVs in China in the following few years will impact the consumption and demand of fuel oil, thereby slowing down the growth of oil processing agents and fuel additives, which are the Company's major products. As high-purity oleic acid is the main raw material for the production of lubricity improver, which is our most important fuel additive used in diesel fuel vehicles, the fast development of the NEV industry makes the Company take a cautious approach in building production facilities for manufacturing high-purity oleic acid.

3. The "Producing less fuel oil and more chemicals" trend of the domestic oil refining industry

In October 2021, president of China Federation of Industrial Economics proposed that the production of fuel oil should be reduced and the chemical industry structure of the PRC should be adjusted. Since 2021, the trend of "Producing less fuel oil and more chemicals" in the domestic oil refining industry has become increasingly prominent. In 2022, the Guiding Opinions on Promoting High-Quality Development of the Petrochemical and Chemical Industry during the 14th Five-Year Plan Period* (《關於「十四五」推動石化化工行業高品質發展的指導意見》) was issued by the Ministry of Industry and Information Technology and the National Development and Reform Commission along with four other ministries to promote refining and production practices aimed at reducing the output of refined oil products and increasing the production of chemical products to extend the petrochemical industry chain.

The demands for our major products, oil processing agents and fuel additives will be adversely impacted if the oil refineries produce less fuel oil and more chemical materials like ethylene and resin.

4. The international political unrest in recent years

Over the past few years, the geopolitical landscape has evolved rapidly. The deteriorating US-China relations and the ongoing Russian-Ukraine war have had serious implications for the oil refining industry. As the oil industry is particularly sensitive to political stability, these geopolitical tensions have led to increased volatility, disrupted supply chains, and fluctuating oil prices, further complicating market dynamics. Consequently, the Company's results of operations may be affected by the spillover effects of these geopolitical developments. In fact, our Niger business in 2023 was significantly affected by a coup d'état that took place in Niger.

The increasingly instable geopolitical landscape is another factor considered by us in delaying our utilization of the remaining Net Proceeds.

5. The impact of a chemical incident towards the Company's expansion

On 21 March 2019, a major explosion occurred at a chemical plant in Jiangsu Province, which caused 78 deaths and more than 600 injuries. After the accident, the local safety administration department has tightened its scrutiny on approving the production of new chemical products and the expansion of chemical plants. Additionally, there has also been a general regulatory shift towards a more conservative attitude regarding expansion of industrial plants within the region. This change in the local regulatory sentiment has caused some difficulties and challenges for the Company in utilizing the Net Proceeds for building and expanding production facilities for our products as well as high-purity oleic acid as the major raw material for our most important fuel additive, lubricity improver.

Up to the date of this announcement, we have only completed 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.

The Board will follow closely the developments of the civil war in Sudan, the international political and economic situations, the advancements in the domestic electric vehicle market, the development trend of the domestic oil refining industry and the possible changes in local safety regulatory sentiment, and simultaneously, explore the possibility of manufacturing processing agents and additives for oil refineries to produce plastic materials like ethylene and resin and also study the possibility of developing chemical business in non-oil-refining industries, making use of our high-purity oleic acid production facilities and technologies. We will accelerate the investment of the remaining Net 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 2024, the utilization of the Net Proceeds and remaining balance (approximately HK$52.4 million) are set out below:

Purposes	Allocation on pro-rata basis	Amount actually used from the Listing Date to 31 December 2024	Amount unutilised brought forward as of 31 December 2023	Amount utilised during the Reporting Period	Balance of amount unutilised as of 31 December 2024
To upgrade our Yixing plant by purchasing new sets of machinery, equipment and analytical instruments	Approximately HK$42.8 million (approximately 39%)	Approximately HK$18.7 million	Approximately HK$24.2 million	Approximately 0.1 million	Approximately HK$24.1 million
To build production facilities for the manufacturing of a 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	–	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$58.3 million**	**Approximately HK$52.5 million**	**Approximately HK$0.1 million**	**Approximately HK$52.4 million**

* *As at the date of this announcement, the Board has no intention to change the intended use of the Net Proceeds as disclosed above. The expected time for using the unutilised Net Proceeds was based on the best estimation made by the Group and is subject to change based on the market conditions. The remaining balance of the Net Proceeds is expected to be used up in 18 months from 31 December 2024. The Company remains committed to using the remaining Net Proceeds in a timely manner to support its business operations. We are actively monitoring the changes in our actual business operation and actual market conditions to minimize any potential delays. Should there be a need to revise the expected timeline for completing the utilization of the Net Proceeds, the company will promptly disclose such information to the Shareholders.*

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 and the annual report of the Company for the year ended 31 December 2023.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 31 December 2024, the Company has no outstanding share option under the Share Option Scheme.

EMPLOYMENT AND EMOLUMENTS

As of 31 December 2024, our Group had 64 (2023: 58) 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**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 code provision C.2.1 of part 2 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 C3 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 (including any sale or transfer of treasury shares (as defined under the Listing Rules)).

The Company did not have any treasury shares (as defined under the Listing Rules) as at 31 December 2024 and as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Board proposed a final dividend of HK$0.01 per share for the year ended 31 December 2024 (for the year ended 31 December 2023: HK$0.02 per share).

Save as mentioned above and disclosed in note 11 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 2024 (for the year ended 31 December 2023: HK$0.02 per share) to shareholders whose names appear on the Company's register of members on Tuesday, 3 June 2025 (the "**Proposed Final Dividend**"). Subject to the approval of the shareholders at the Company's forthcoming annual general meeting to be held on Friday, 23 May 2025 (the "**AGM**"), the Proposed Final Dividend is expected to be paid on or around Thursday, 12 June 2025.

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 Friday, 23 May 2025. The notice of the AGM will be published 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 Tuesday, 20 May 2025 to Friday, 23 May 2025, 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 Monday, 19 May 2025.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025, 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, 28 May 2025.

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.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of our Group's audited consolidated statement of financial position, audited consolidated statement of profit or loss, audited 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 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 2024 will be available on the same websites and dispatched to the Company's shareholders who request the printed copy in April 2025 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, 26 March 2025

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

* *For identification purpose only*