



J S C X

江蘇創新環保新材料有限公司

Jiangsu Innovative Ecological New Materials Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2116



2025

INTERIM REPORT

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DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“CG Code”	Corporate governance code contained in Appendix C1 to the Listing Rules
“China”, “Mainland China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to “China”, “Mainland China” and “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Company”	Jiangsu Innovative Ecological New Materials Limited (江蘇創新環保新材料有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 6 July 2017, the Shares of which are listed on the Main Board (stock code: 2116)
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Ms. Gu and Innovative Green Holdings
“Director(s)”	the director(s) of the Company
“Euro”	Euro, the lawful currency of the member states of European Union
“Group”, “we”, “us” or “our”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Innovative Green Holdings”	Innovative Green Holdings Limited, incorporated in British Virgin Islands, which is 100% owned by Ms. Gu, and is directly interested in approximately 75% of the issued Shares
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	28 March 2018, being the date on which dealing in the Shares first commenced on the Main Board

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	main board of the Stock Exchange
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Ge”	Mr. Ge Xiaojun (葛曉軍), the chairman, an executive Director and the chief executive officer of the Company and Ms. Gu’s spouse
“Ms. Gu”	Ms. Gu Jufang (顧菊芳), an executive Director, our controlling shareholder and Mr. Ge’s spouse
“Prospectus”	the prospectus of the Company dated 19 March 2018 in connection with the public offering in Hong Kong
“Reporting Period”	the period for the six months ended 30 June 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“US\$” or “USD”	U.S. dollars, the lawful currency of the United States of America
“Yixing”	Yixing City (宜興市), a county under the jurisdiction of Wuxi City, Jiangsu Province, PRC
“Yixing Plant”	our production facilities located in Yixing
“%”	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ge Xiaojun (*Chairman and chief executive officer*)

Ms. Gu Jufang

Mr. Huang Lei

Mr. Jiang Caijun

Mr. Fan Yaqiang

Non-executive Director

Mr. Gu Yao

Independent Non-executive Directors

Mr. Fan Peng

Mr. Guan Dongtao

Ms. Wu Yan

BOARD COMMITTEES

Audit Committee

Mr. Guan Dongtao (*Chairman*)

Mr. Fan Peng

Ms. Wu Yan

Remuneration Committee

Ms. Wu Yan (*Chairwoman*)

Mr. Guan Dongtao

Ms. Gu Jufang

Nomination Committee

Mr. Ge Xiaojun (*Chairman*)

Ms. Wu Yan

Mr. Guan Dongtao

JOINT COMPANY SECRETARIES

Mr. Tan Qian

Ms. Yu Anne

AUTHORISED REPRESENTATIVES FOR THE PURPOSE OF RULE 3.05 OF THE LISTING RULES

Mr. Ge Xiaojun

Ms. Yu Anne

REGISTERED ADDRESS IN THE CAYMAN ISLANDS

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

No. 16 West Kaixuan Road

Economic Development Zone

Yixing, Jiangsu

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor

Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

CORPORATE INFORMATION

AUDITORS

KPMG
Public Interest Entity Auditors
registered in accordance with
the Accounting and Financial Reporting Council Ordinance
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISERS

Stevenson, Wong and Co. (as to Hong Kong law)
Jiangsu Roadxiu Law Firm (as to PRC law)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

PRINCIPAL BANKERS

Bank of China Limited
Yixing Qiting Sub-Branch
Qiting Subdistrict
Yixing City, Jiangsu
PRC

Bank of China Limited
Yixing Branch
No. 106, West Taige Road
Yicheng Subdistrict
Yixing City, Jiangsu
PRC

CMB Wing Lung Bank Limited
45 Des Voeux Road
Central
Hong Kong

COMPANY'S WEBSITE

<http://www.jsctxsh.cn>

STOCK CODE

2116

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 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. Since 2024, some major cities in the PRC strengthened the supervision on vehicle exhaust emissions. 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. 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 Standard for light-duty and heavy-duty vehicles and strengthen the supervision of vehicle emissions, which is expected to be released in 2027 and implemented in 2029. This National VII Emission Standard will no longer focus solely on traditional pollutant emissions control; instead, it will shift from merely paying attention to exhaust emissions to dual control of pollutants and greenhouse gases, and will strengthen the monitoring and control of emissions in real scenarios. In terms of emission limits, this National VII Standard will be even more stringent. It is expected that the emission limits for pollutants such as nitrogen oxides (NO_x), particulate matter (PM) and ammonia (NH₃) will be significantly reduced.

The formulation and 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.

At the same time, we also noticed that the market situation is not very optimistic. Although the PRC’s oil refining capacity and scale have been continually increasing in recent years, due to the weak economic situation and the rapid development of the electric vehicle industry, the domestic demand for gasoline and diesel fuel has not grown simultaneously. In the first half year of 2025, the gasoline market showed weakness in both supply and demand. The terminal consumption of gasoline declined, and the support from the demand side was not robust, as a result, the average gasoline price decreased; the price of diesel also dropped, but the support from the bottom price was relatively strong. Due to the weak demand, the average operating rate of the PRC’s major state-owned refineries was relatively low in the first half year of 2025. Although since the latter half of May 2025, several refineries resumed operation after overhaul and the second phase of Zhenhai Refinery’s new capacity was put into operation, which led to a rebound of operating rate in June 2025. However due to the previous market conditions, the overall operating rate of the PRC’s major state-owned refineries in the first half year of 2025 still slightly declined compared with the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The above market situation, along with the fact that the PRC Government has begun to control the expansion of refining capacity and guide refining enterprises to reduce the proportion of gasoline and diesel in their products and increase the proportion of chemical materials such as ethylene, polyolefins and high-end chemical new materials like electronic chemicals (the so-called “Less oil and more chemicals” and “Less oil and more specialties”), will have a continuous impact on the demand for some of our existing products. At the same time, it also opens up the possibility and potential for the Group to research, develop and manufacture processing agents and additives required by refining enterprises for producing chemical materials such as ethylene, polyolefins and other high-end chemical new materials. There expects to be huge demand for related processing agents and additives from more and more production plants of ethylene, polyolefins and other chemical materials in the PRC.

From a global perspective, European and North American countries have adjusted their policies on new energy vehicles in recent years, slowing down the pace of automotive electrification. In July 2025, the US Government issued a bill, which stipulated that starting from 30 September 2025, the government will no longer provide tax credits for electric vehicles and at the same time, it will support the development of traditional fuel vehicle industries by lowering the related standards of the US Environmental Protection Agency (EPA) and Corporate Average Fuel Economy (CAFE). According to the “2025 World Oil Outlook” report released at the 9th OPEC International Seminar in July 2025, the global oil demand will continue to rise and reach an average of 123 million barrels per day by 2050, with the main growth coming from the industrialization and urbanization of developing countries. Although the demand for fossil energy in Organisation for Economic Co-operation and Development (OECD) countries has slowed down due to the gradual popularization of electric vehicles and energy transition, the report emphasizes that oil is still indispensable in transportation, production industry and medical fields, and its status as a main energy source is unlikely to be shaken in the short term.

Taking into account the aforesaid circumstances and trends, we believe that our existing products will still have long-term and continuous demand in the PRC and global markets. At the same time, we have potential opportunities in the exploration and development of processing agents and additives required by chemical material production plants.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

With the successive commencement of operation of large-scale private oil refining and chemical enterprises in the PRC in recent years, our customer base has been continuously diversified. Compared with the same period of last year, we sold greater quantities of products to private customers during the Reporting Period. In terms of state-owned customers, the number of long-term customers and the total sales volume to them have both increased. 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”). This ranking has been in effect since the middle of last year and remained valid during the Reporting Period, which enabled the Group to sell a greater quantity of products to Sinopec compared to the same period of last year. As a result, despite the fact that the average operating rate of domestic refineries was not high due to the impact from the consumer end in the first half year of 2025, the Group still achieved higher domestic sales than in the same period of last year, consequently, both the total sales and total profit of the Group increased compared to the same period of last year. In terms of export sales, due to the ongoing civil war in Sudan, the country where our major overseas customers are located, our sales to Sudan customers has remained suspended, consequently, our export sales has not improved and remained at the same level as the first half of last year. Due to the fact that the average cost of raw materials of the Group in the first half year of 2025 dropped slightly compared to the same period of last year, the average gross profit margin of our products increased.

As a result of the above factors, the Group recorded a total revenue of approximately RMB87.7 million in the first half year of 2025, representing an increase of approximately 26.8% as compared with the same period of last year, and a total net profit of approximately RMB9.8 million, representing an increase of approximately 42.9% as compared with the same period of last year.

In the first half year of 2025, through the continuous investment of the Group in research and development and the persistent efforts of our research & development team, the Group once again achieved inspiring results, obtaining 3 national invention patent rights. This has enhanced our competitiveness in products, production processes and technologies and added to the potential for future development.

In the first half year of 2025, the Group continued enhancing its environmental protection management level and in terms of hardware, upgraded and renovated the sewage treatment system which has passed the acceptance inspection by relevant departments. To further improve our safety management level, the Group updated the signs and labels of hazardous wastes and completed and improved the QR codes for patrol inspections of our production areas and special equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

Compliance with Key Regulatory Requirements

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

Key requirements

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.

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.

According to the Ordinance for the Administration of Pollutant Discharge* (排污許可管理條例), 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.

Compliance status

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.

Our Group has complied with such requirement for the Reporting Period.

Our Group has complied with such requirement for the Reporting Period

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plan and Prospects

In view of the current international and domestic economic situation, industry development trend and government policies, also taking into account our practical conditions, the Group will adopt the following strategies and plans for its growth and development:

- Through the continuous efforts of our research, development and technical teams, we will continue to improve and optimize the production process, reduce the consumption of raw materials and energy, and further enhance production efficiency, product quality and safety management level.
- While continuing to enhance our abilities in bidding for the procurement of our existing customers, we will further intensify our efforts in customer and business diversification. We will continuously follow the progress of the construction of new refining plants (including gasoline and diesel plants, ethylene plants, polyolefin plants, etc.) in the PRC and overseas, seizing every business opportunity as early as possible. At the same time, we will collaborate with more multinational chemical enterprises and international and domestic traders in diversified markets and product ranges, so as to add to the sales channels of our products in both domestic and international markets.
- We will follow closely the megatrend of “Less oil and more chemicals” and “Less oil and more specialties” of the domestic oil refining industry. While continuing the development of new products in refining agents and fuel additives according to customers’ needs, we will collaborate with research institutions and universities to 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. At the same time, we will actively promote the sale of our existing ethylene processing product to potential customers.
- We will continue to actively participate in the discussion, drafting and formulation of industry standards, contributing our share to the standardization construction of the PRC in respect of energy conservation, consumption reducing, emission reducing and environment protection, etc. At the same time, the Group will pay full attention to the risks and opportunities brought about by climate change, proactively promote 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue

Our revenue has increased by 26.8% from RMB69.1 million for the six months ended 30 June 2024 to RMB87.7 million for the Reporting Period. The following table sets forth our revenue by products and business type for the periods indicated:

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Oil refining agents	53,118	43,999
Fuel additives	27,402	25,138
Others	7,130	–
Total revenue	87,650	69,137

Revenue derived from oil refining agents has increased from RMB44.0 million for the six months ended 30 June 2024 to RMB53.1 million for the Reporting Period, which was mainly due to the increase in the sales volume of oil refining agents in the first half year of 2025; due to the same cause, the revenue derived from fuel additives increased from RMB25.1 million for the six months ended 30 June 2024 to RMB27.4 million for the Reporting Period. The revenue derived from other business (trading of a raw material) for the Reporting Period was RMB7.1 million, and we did not have any revenue derived from other business (trading of a raw material) for the six months ended 30 June 2024.

We sold the majority of our products to customers in the Mainland China. The following table sets forth our revenue by geographical location for the periods indicated:

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Mainland China	86,453	67,765
Other countries and regions	1,197	1,372
Total revenue	87,650	69,137

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue derived from the PRC market increased from RMB67.8 million for the six months ended 30 June 2024 to RMB86.5 million for the Reporting Period, which was mainly due to the increase in our sales in the PRC market. The revenue derived from other countries and regions decreased from RMB1.4 million for the six months ended 30 June 2024 to RMB1.2 million for the Reporting Period, without significant change.

Cost of sales

Our cost of sales has increased from RMB50.1 million for the six months ended 30 June 2024 to RMB62.8 million for the Reporting Period. The following table sets forth our cost of sales by products and business type for the periods indicated:

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Oil refining agents	38,540	33,220
Fuel additives	17,851	16,885
Other business	6,374	–
Total cost of sales	62,765	50,105

The cost of sales of oil refining agents has increased from RMB33.2 million for the six months ended 30 June 2024 to RMB38.5 million for the Reporting Period, which was mainly due to the increase in the sales volume of our oil refining agents. The cost of sales of fuel additives has increased from RMB16.9 million for the six months ended 30 June 2024 to RMB17.9 million for the Reporting Period, which was mainly due to the increase in the sales volume of our fuel additives. The cost of other business (trading of a raw material) for the Reporting Period was RMB6.4 million, and we did not have any cost of other business (trading of a raw material) for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

For the six months ended 30 June 2024 and 2025, our gross profit amounted to RMB19.0 million and RMB24.9 million, respectively. Our gross profit margin was 27.5% and 28.4%, respectively, for the same periods. The table below sets forth our gross profit by products and business type for the periods indicated:

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Oil refining agents	14,578	10,779
Fuel additives	9,551	8,253
Other business	756	–
Total gross profit	24,885	19,032

Our gross profit of oil refining agents has increased from RMB10.8 million for the six months ended 30 June 2024 to RMB14.6 million for the Reporting Period, which was mainly due to the increase in the total sales volume of our oil refining agents. Our gross profit margins of oil refining agents were 24.5% and 27.4% for the same periods, which was mainly due to the drop of the purchase prices of some major raw materials for our oil refining agents. Our gross profit of fuel additives has increased from RMB8.3 million for the six months ended 30 June 2024 to RMB9.6 million for the Reporting Period, which was mainly due to the increase in the total sales volume of our fuel additives. Our gross profit margin of fuel additives has increased from 32.8% to 34.9% for the same periods, which was mainly due to the drop of the purchase prices of some major raw materials for our fuel additives. The gross profit of other business (trading of a new material) for the Reporting Period was RMB0.8 million, with a gross profit margin of 10.6%, and we did not have any gross profit of other business (trading of a new material) for the six months ended 30 June 2024.

Other income

Our other income has decreased from RMB2.9 million for the six months ended 30 June 2024 to RMB2.4 million for the Reporting Period, which was mainly due to the decrease in interest from bank deposits.

Income tax expense

Our income tax expense for the six months ended 30 June 2024 and 2025 was RMB1.8 million and RMB2.6 million, respectively. The increase in income tax expense was mainly due to the increase in our profit before taxation.

For the six months ended 30 June 2024 and 2025, our effective tax rate for the same periods were 20.8% and 21.0%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

As a result of the foregoing, our profit has increased by 42.9% from RMB6.9 million for the six months ended 30 June 2024 to RMB9.8 million for the Reporting Period, which was mainly due to the increase in our total gross profit and the fact that the increase rate of our total expenses was lower than the increase rate of our 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 requirements.

The Company's Shares became listed on the main board of the Stock Exchange on the Listing Date with net proceeds 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**").

We financed our operations primarily by the existing cash and cash equivalents, the Net Proceeds from the Listing and the cash flows from operations. Taking into account the financial resources that are available to us, our Directors believe that our current cash and cash equivalents, together with the 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 statement of financial position

Cash and cash equivalents

Cash and cash equivalents primarily consist of our cash at banks and on hand. We had cash and cash equivalents of RMB85.3 million and RMB102.1 million as of 31 December 2024 and 30 June 2025 respectively, representing an increase of 19.8%.

Trade and other receivables

Our trade receivables primarily represent the credit sales of our products to be paid by our customers. Our bills receivable 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.

Our total trade and other receivables decreased from RMB104.6 million as of 31 December 2024 to RMB79.0 million as of 30 June 2025, which was mainly due to the decrease of trade receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Our trade and other payables decreased from RMB37.4 million as of 31 December 2024 to RMB28.9 million as of 30 June 2025, which was mainly due to our faster settlement and payment during the Reporting Period. All trade payables are expected to be settled within one year.

Gearing Ratio

Our gearing ratio which is calculated by total borrowings divided by total assets was both nil as of 31 December 2024 and 30 June 2025, as the Group did not have any borrowings.

Contingent liabilities, guarantees and litigation

As of 30 June 2025 and 2024, the Group had no contingent liabilities, guarantees or litigation.

Treasury Policy

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditures

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

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Purchase of property, plant and equipment	267	4,597
Total capital expenditures	267	4,597

The Group did not have any capital commitments outstanding as at 30 June 2025 (30 June 2024: Nil) not provided in the financial statements.

Off-balance sheet arrangements

During the Reporting Period, the Group did not have any off-balance sheet arrangements.

Material investments and acquisitions and disposals of subsidiaries, associates and joint ventures

During the Reporting Period, the Group did not have any material investments or any acquisitions and disposals of subsidiaries, associates and joint ventures. Other than bank loans and repurchase financing which we may consider, we do not expect to have any plan for material acquisition and disposals of subsidiaries, associates and joint ventures in the short term as at the date of this report.

Charges on the Group's assets

No asset of the Group was subject to any charges as at 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Currency Exposure

The assets, liabilities and transactions of the Group are primarily denominated in RMB, HKD, Euro and USD, 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 the hedge the risk of exchange rate changes for the Reporting Period.

USE OF THE NET PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date with the Net Proceeds received by the Company from the Listing of approximately HK\$110.7 million. The Net Proceeds have been 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 use of the Net Proceeds, in order to mitigate the risk of excess production capacity and to optimise the intended results of the use of the Net Proceeds.

1. The instability in the business from Sudan

Prior to the Listing, the Sudan business had contributed a considerable part of the revenue and profits of the Company. After the Listing, the Sudan business declined and fluctuated due to various causes, in particular to the turbulent political environment. 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, and we foresee the possibility of a long-term suspension or even termination of our Sudan business.

MANAGEMENT DISCUSSION AND ANALYSIS

2. The development of electric vehicles

In recent years, the PRC government has issued a number of policies to encourage the development of electric vehicle industry and restrict the development of fuel-powered vehicle industry, as a result, electric vehicles have captured a considerable share of the new vehicle market in the PRC, and this trend is still going on.

In view of the above situation, the Company is in the view that the continuing development of the electric vehicle industry in the PRC will impact the consumption of fuel oil, thereby limit the growth of the demand for oil refining agents and fuel additives, which are the Company's existing 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 continuing development of the electric vehicle industry makes the Company take a cautious approach in building more 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 recent years, the PRC government has issued a number of policies and guidelines to encourage refineries to produce less fuel oil and more chemical materials, which has become a megatrend of the oil refining industry of the PRC and will continuously affect the growth of the market demand for our existing major products, oil refining agents and fuel additives.

4. The international political unrest in recent years

Over the past few years, the global geopolitical environment has been deteriorating with wars and military conflicts occurring in many countries and regions. As the oil industry is sensitive to political stability, the Company's results of operations may be affected by the spillover effects of these geopolitical developments. Now that a tariff war between the USA and other countries, including the PRC has started since April 2025, the global geopolitical and economic environment is becoming more volatile and unpredictable.

In view of the above-said unstable global situation, we think it is necessary to delay our utilization of the remaining Net Proceeds and maintain sufficient cash in our bank accounts, which will help the Company better respond to challenges and opportunities possibly coming.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report, 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 continue to follow closely the developments of the civil war in Sudan, the international geopolitical 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 when the time is appropriate, so as to ultimately achieve the desired production capacity.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the Listing Date and up to 30 June 2025, the utilization of the Net Proceeds and remaining balance (approximately HK\$52.3 million) are set out below:

Purposes	Allocation on a pro-rata basis	Actual amount used from the Listing Date to 30 June 2025	Amount unutilized brought forward as of 31 December 2024	Amount utilized during the Reporting Period	Balance of amount unutilized as of 30 June 2025
To upgrade our Yixing plant by Purchasing new sets of machinery, equipment and analytical instruments	Approximately HK\$42.8 million (approximately 39%)	Approximately HK\$18.8 million	Approximately HK\$24.1 million	Approximately 0.1 million	Approximately HK\$24.0 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\$58.4 million	Approximately HK\$52.4 million	Approximately HK\$0.1 million	Approximately HK\$52.3 million

* *The remaining balance of the Net Proceeds is expected to be used up in 12 months from 30 June 2025. 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.*

As at the date of this report, there has been no change in the intended use of the Net Proceeds since the Listing Date and 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 Company has prioritized operational resilience and strategic flexibility, and has therefore adopted a prudent approach to the intended use of the Net Proceeds. The Company will continue to closely monitor market developments and will proactively consider to update the intended use of the Net Proceeds should the circumstance require, in order to safeguard the interests of the Shareholders under the prevailing global market dynamics.

OTHER INFORMATION

EMPLOYMENT AND EMOLUMENTS

As of 30 June 2025, our Group had 62 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 include pension scheme, unemployment insurance and housing allowance, etc.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed and discussed with the management of the Company in relation to the accounting principles and practices adopted by the Company, the internal controls and financial report matters, and the Company's policies and practices on corporate governance, and is of the view that the Interim Results are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made. The Group's interim financial information for the Reporting Period have not been audited or reviewed by the Company's independent auditors, but have been reviewed by the Audit Committee, which comprises three independent non-executive Directors.

SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by Shareholders of the Company at the general meeting held 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 the Group.

Eligible participants of the Share Option Scheme include any Directors (including independent non-executive Directors), any employees, any executives, advisors, shareholders, suppliers, customers and consultants of our Group.

OTHER INFORMATION

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, therefore, this 10% maximum number is 48,000,000 Shares, representing 10% of the issued share capital of the Company as at the date of this report (excluding any treasury shares). The number of option shares available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2025 and 30 June 2025 was 48,000,000 Shares respectively.

According to this Share Option Scheme, the maximum number of Shares issued and to be issued upon exercise of the options granted to any one eligible person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of our Shares in issue (excluding any treasury shares) from time to time.

Despite the terms of the Share Option Scheme, any grant of options by the Company will comply with the Chapter 17 of the Listing Rules (as amended from time to time).

The Share Option Scheme is valid and effective for a period of 10 years commencing on 11 March 2018 and will expire on 10 March 2028. The remaining life of the Share Option Scheme is approximately two years and six months.

No share options have been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme since its adoption. As of 30 June 2025, the Company has no outstanding share option under the Share Option Scheme.

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 and in the section headed “Share Option Scheme” in the 2024 annual report of the Company.

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).

The Company did not have any treasury shares as at 30 June 2025 and as at the date of this report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS OF THE COMPANY

As of 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name	Position	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the same class of Shares (%) ⁽¹⁾
Mr. Ge	Executive Director, chairman and chief executive officer	Interest of spouse ⁽²⁾	360,000,000 (L)	75
Ms. Gu	Executive Director	Interest in controlled corporation ⁽²⁾	360,000,000 (L)	75

Notes:

- (1) The letter "L" denotes an entity's/a person's long position in the Shares. The calculation is based on the total number of 480,000,000 Shares (excluding any treasury shares) in issue as at 30 June 2025.
- (2) Innovative Green Holdings, a beneficial owner of 360,000,000 Shares, is 100% owned by Ms. Gu. Mr. Ge and Ms. Gu are spouses to each other, therefore each of Mr. Ge and Ms. Gu is deemed to be interested in the Shares held by Innovative Green Holdings by virtue of the SFO.

Save as disclosed above, as of 30 June 2025, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2025, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) or corporations who had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding in the same class of Shares (%) ⁽¹⁾
Innovative Green Holdings ⁽²⁾	Beneficial Owner	360,000,000 (L)	75

Notes:

- (1) The letter "L" denotes an entity's/a person's long position in the Shares. The calculation is based on the total number of 480,000,000 shares (excluding any treasury shares) in issue as at 30 June 2025.

Save as disclosed above, as of 30 June 2025, our Directors were not aware of any person (other than a Director or chief executive of the Company) or corporation who had an interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the Reporting Period (six months ended 30 June 2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events after the Reporting Period and up to the date of this report.

OTHER INFORMATION

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 CG Code as its own code of corporate governance. During the Reporting Period, the Company has fully complied with the CG Code except for the following deviation from provision C.2.1 of Part 2 of the CG Code:

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 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. The Board will continue to review the effectiveness of the corporate governance structure of the Group from time to time, in order to assess whether separation of the roles of the chairman and chief executive officer is deemed necessary.

UPDATES ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, except for the following changes in the information of Independent Non-executive Directors Mr. Guan Dongtao ("**Mr. Guan**"), there has been no change in the information of other Directors since the publishing date of the 2024 Annual Report up to the date of this report.

From April 2021 to April 2025, Mr. Guan served as vice general manager of Jiangsu Yixing Tourism Industry Group Co. Ltd.* (江蘇宜興旅遊產業集團有限公司). In the end of April 2025, Mr. Guan resigned as the vice general manager of Jiangsu Yixing Tourism Industry Group Co. Ltd. and at the same time joined Youjie Future (Wuxi) New Materials Co. Ltd.* (優解未來(無錫)新材料有限公司). Since then and up to now, Mr. Guan has served as chief financial officer of Youjie Future (Wuxi) New Materials Co. Ltd.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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.

The Directors have also requested any employee of the Company or director or employee of any subsidiary of the Company who, because of his/her office or employment in the Company or any subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director. The Company is not aware of any incidents of non-compliance with this requirement by any Director or employee of the Company or any director or employee of any subsidiary of the Company during the Reporting Period and up to the date of this report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Revenue	3	87,650	69,137
Cost of sales		(62,765)	(50,105)
Gross profit		24,885	19,032
Other income		2,356	2,894
Sales and marketing expenses		(5,349)	(4,155)
General and administrative expenses		(4,880)	(5,250)
Research and development expenses	4(b)	(4,579)	(3,838)
Profit before operations		12,433	8,683
Finance costs	4(a)	–	(5)
Profit before taxation	4	12,433	8,678
Income tax	5	(2,616)	(1,808)
Profit for the period		9,817	6,870
Earnings per share	6		
Basic and diluted (RMB cents)		2.05	1.43

The notes on pages 33 to 42 form part of this interim report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit for the period	9,817	6,870
Other comprehensive income for the period (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	(1,479)	751
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland China	875	(402)
Other comprehensive income for the period	(604)	349
Total comprehensive income for the period	9,213	7,219

The notes on pages 33 to 42 form part of this interim report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025

(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 (Unaudited) RMB'000	At 31 December 2024 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	7	36,220	38,712
Right-of-use assets	8	2,753	2,804
		38,973	41,516
Current assets			
Inventories	9	36,731	28,877
Trade and other receivables	10	79,044	104,626
Prepayments		1,195	6,103
Restricted bank deposits		250	250
Bank deposits with original maturity over three Months		15,000	10,000
Cash and cash equivalents	11	102,114	85,251
		234,334	235,107
Current liabilities			
Trade and other payables	12	28,854	37,356
Income tax payable		2,988	3,545
		31,842	40,901
Net current assets		202,492	194,206
Total assets less current liabilities		241,465	235,722
Non-current liabilities			
Deferred tax liabilities		4,723	3,765
		4,723	3,765
NET ASSETS		236,742	231,957

The notes on pages 33 to 42 form part of this interim report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

at 30 June 2025
(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 (Unaudited) RMB'000	At 31 December 2024 (Audited) RMB'000
CAPITAL AND RESERVES			
Share capital		3,873	3,873
Reserves	13	232,869	228,084
TOTAL EQUITY		236,742	231,957

Approved and authorised for issue by the board of Directors on 26 August 2025.

)	
Ge Xiaojun)	
)	Directors
Gu Jufang)	
)	

The notes on pages 33 to 42 form part of this interim report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi Yuan)

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2024	3,873	83,937	79,938	28,621	6,886	22,498	225,753
Changes in equity for the six months ended 30 June 2024:							
Profit for the period	–	–	–	–	–	6,870	6,870
Other comprehensive income	–	–	–	–	349	–	349
Total comprehensive income	–	–	–	–	349	6,870	7,219
Dividends approved in respect of the previous year (note 13(a))	–	(8,711)	–	–	–	–	(8,711)
Balance at 30 June 2024	3,873	75,226	79,938	28,621	7,235	29,368	224,261

The notes on pages 33 to 42 form part of this interim report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi Yuan)

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	PRC statutory reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2025	3,873	75,226	79,938	30,157	7,819	34,944	231,957
Changes in equity for the six months ended 30 June 2025:							
Profit for the period	–	–	–	–	–	9,817	9,817
Other comprehensive income	–	–	–	–	(604)	–	(604)
Total comprehensive income	–	–	–	–	(604)	9,817	9,213
Dividends approved in respect of the previous year (note 13(a))	–	(4,428)	–	–	–	–	(4,428)
Balance at 30 June 2025	3,873	70,798	79,938	30,157	7,215	44,761	236,742

The notes on pages 33 to 42 form part of this interim report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Operating activities:		
Cash generated from operations	27,777	17,857
Income tax paid	(2,215)	(2,659)
Net cash generated from operating activities	25,562	15,198
Investing activities:		
Payment for the purchase of property, plant and equipment	(379)	(4,746)
Payment for investments in wealth management products	(10,000)	–
Proceeds from investments in wealth management products	10,061	–
Payment for investment in time deposits	(15,000)	–
Proceeds from investments in time deposits	10,000	–
Other cash flows arising from investing activities	1,120	1,645
Net cash used in investing activities	(4,198)	(3,101)
Financing activities:		
Proceeds from other borrowings	–	470
Repayment of other borrowings	–	(470)
Interest paid	–	(5)
Dividends paid to equity shareholders of the Company	(4,428)	(8,711)
Net cash used in financing activities	(4,428)	(8,716)
Net increase in cash and cash equivalents	16,936	3,381
Cash and cash equivalents at 1 January	85,251	95,204
Effect of foreign exchange rates changes	(73)	309
Cash and cash equivalents at 30 June	102,114	98,894

The notes on pages 33 to 42 form part of this interim report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PRESENTATION

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.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorized for issue on 26 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of oil refining agents	53,118	43,999
Sales of fuel additives	27,402	25,138
Others	7,130	–
Total	87,650	69,137

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE (continued)

(a) Disaggregation of revenue (continued)

(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, and the location of the operation to which they are allocated, in the case of right-of-use assets. During the six months ended 30 June 2025, substantially all specified non-current assets were physically located in the People's Republic of China (the "PRC").

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Chinese Mainland	86,453	67,765
Other countries and regions	1,197	1,372
Total	87,650	69,137

(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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

4 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest on other borrowings	–	5

(b) Other items

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets	51	50
Depreciation of property, plant and equipment	2,759	2,828
Research and development expenses (other than depreciation)	4,046	3,261
(Reversal of)/provision for Impairment losses of trade receivables	(1,080)	131
Write-down/(reversal) of inventories (note 9)	22	(12)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

5 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax:		
Provision for current income tax for the period	1,460	1,036
Under-provision in respect of prior years	197	91
	1,657	1,127
Deferred tax:		
Origination and reversal of temporary differences	959	681
	2,616	1,808

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2025 of RMB9,817,000 (six months ended 30 June 2024: RMB6,870,000) and 480,000,000 ordinary shares (six months ended 30 June 2024: 480,000,000 ordinary shares) in issue during the period.

There were no dilutive potential ordinary shares for the six months ended 30 June 2025 and 2024, therefore, diluted earnings per share are equivalent to basic earnings per share.

7 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2025, acquisitions of property, plant and equipment amounted to RMB267,000 (six months ended 30 June 2024: RMB4,597,000). No property, plant and equipment were disposed of during the six months ended 30 June 2024 and 2025.

8 RIGHT-OF-USE ASSETS

The Group's leasehold land is located in the PRC. The Group was formally granted by the relevant PRC authorities of the right to use the land on which the Group's factories and infrastructures are erected for a period of 49.5 years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

9 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Raw materials	23,779	16,574
Work in progress	8,840	6,595
Finished goods	3,315	5,158
Consignment goods	797	550
	36,731	28,877

(b) The analysis of the amount of inventories recognised as expenses and included in profit or loss is as follows:

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	62,743	50,117
Write-down/(Reversal) of inventories	22	(12)
Cost of inventories directly recognised as research and development expenses	2,876	2,164
	65,641	52,269

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

As at the end of the 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:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	59,079	88,329
After 3 months but within 6 months	9,111	3,398
After 6 months but within 1 year	2,459	1,073
After 1 year but within 2 years	5	254
After 2 years but within 3 years	–	2,919
Trade receivables, net of loss allowance	70,654	95,973
Bills receivable (note (a))	6,928	6,262
Other receivables	1,462	2,391
Trade and other receivables, net	79,044	104,626

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

(a) Bills receivable

Bills receivable represents 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 receivable to suppliers as part of the treasury management.

As at 30 June 2025, the Group endorsed undue bills receivable of RMB1,757,376 (31 December 2024: RMB1,321,196) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety from the 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 30 June 2025, 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 RMB1,757,376 (31 December 2024: RMB1,321,196).

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(Expressed in Renminbi Yuan unless otherwise indicated)

11 CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash and cash equivalents in the condensed consolidated cash flow statement	102,114	85,251

12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	15,293	20,285
Over 3 months but within 6 months	598	47
Over 6 months but within 1 year	4	412
Total trade payables	15,895	20,744
Other payables and accruals	12,959	16,612
Trade and other payables	28,854	37,356

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

13 CAPITAL AND RESERVES

(a) Dividends

(i) *Dividends payable to equity shareholders of the Company attributable to the interim period*

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 CAPITAL AND RESERVES (continued)

(a) Dividends (continued)

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.01 per ordinary share (six months ended 30 June 2024: HK\$0.02 per ordinary share)	4,428	8,711

14 MATERIAL RELATED PARTY TRANSACTIONS

As at 30 June 2025, the Group had no balances with related parties (31 December 2024: Nil). During the six months ended 30 June 2025, the Group did not have material related party transactions (six months ended 30 June 2024: Nil).

(a) Directors and key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	894	968
Post-employee benefits	24	24
	918	992