JSCX

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

2026
INTERIM REPORT

CONTENTS

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", "Chinese Mainland" 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", "Chinese Mainland" 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
"HKFRS"	Hong Kong Financial Reporting Standards
"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 2026
"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

Conyers Trust Company (Cayman) Limited
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 Company (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.jscxsh.cn

STOCK CODE

2116

MANAGEMENT DISCUSSION AND ANALYSIS

We are principally engaged in the development, manufacture and sale of oil refining agents and fuel additives that are primarily applied to reduce undesirable emissions and comply with the evolving regulatory requirements.

INDUSTRY OVERVIEW

The PRC's national vehicle emission standards are improving continuously year by year. In February 2026, the director of the Atmospheric Environment Department of the Ministry of Ecology and Environment stated at a regular press conference that the formulation of the National VII Emission Standard would be accelerated. The Beijing-Tianjin-Hebei region, the Yangtze River Delta region and the Pearl River Delta region had already started piloting the National VII Emission Standard since June 2025. The 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 (NOx), particulate matter (PM) and ammonia (NH_3) will be significantly reduced.

Along with the improvement of emission standards, the PRC is stepping up its supervision of vehicle emissions and improving its regulatory measures. Since the full implementation of the Standard B of the PRC National VI Emission Standard, both the central and local governments have been further expanding and strengthening the supervision on vehicle exhaust emissions. To strictly enforce compliance with vehicle emission standards, 9 government agencies, including the Ministry of Ecology and Environment, jointly issued Environmental Law Enforcement Document No. [2025] 34, "Opinions on Further Optimizing Environmental Supervision & Regulation of Motor Vehicles" on 2 May 2025, which effectively strengthened the regulation and control of vehicle emissions.

In addition, the scope of supervision and regulation is expanding from on-road vehicles to off-road mobile machinery. On 12 June 2026 and 21 July 2026, respectively, the General Office of the PRC's Ministry of Ecology and Environment issued a notice soliciting public comments on the draft national ecological and environmental standard "Emission Limits and Measurement Methods for Pollutants from Off-Road Mobile Machinery and Their Engines (China Stage V) (Consultation Draft)" and a letter soliciting public comments on the "Notice on Optimizing the Supervision of Emission Compliance for Newly Manufactured Motor Vehicles and Off-Road Mobile Machinery (Consultation Draft)" respectively, with the aim of strengthening the control of pollutant emissions from off-road mobile machinery and optimizing the full-chain regulatory system for ensuring emission compliance of newly manufactured motor vehicles and off-road mobile machinery. Going forward, the regulation on off-road mobile machinery (excavators, loaders, forklifts, and agricultural machinery, etc.) is expected to be formally aligned with that of motor vehicles and uniformly incorporated into a single regulatory framework. This will lay the regulatory groundwork for the full implementation of the National V emission standard for off-road mobile machinery.

The formulation and increasingly stringent implementation of the aforementioned new standards, along with the expanding scope of emission regulation and the intensifying regulatory supervision, are expected to drive the use of higher-quality fuel oils in the PRC's motor vehicles and off-road mobile machinery, thereby continuing to support the demands for the Group's existing products in the PRC market.

On the other hand, under the guidance of the PRC government policy to strictly control the expansion of new oil refining capacity, there have been relatively few domestic large-scale oil refining projects newly put into operation in recent years. The integrated refining and petrochemicals complex of Huajin Aramco Petrochemical Company (HAPCO) is expected to start production in the second half year of 2026, which is likely to be the only new oil-refining project with annual processing capacity over 10 million tons to be put into operation this year in the PRC.

At the same time, new-energy vehicles continue to encroach on the market shares of fuel-oil vehicles. According to data from the China Association of Automobile Manufacturers, in the first half year of 2026, production and sales of new-energy vehicles increased by 6.7% and 7.3%, respectively, compared to that of the same period last year, thereby further driving down gasoline and diesel consumption by fuel-oil vehicles, leading to lower operating rate of oil refining units, as a result, the domestic production of both gasoline and diesel declined in the first half year of 2026. According to a recent indicative announcement by China Petroleum & Chemical Corporation, in the first half year of 2026, its gasoline and diesel production declined by 2% and 3.3%, respectively, compared to that of the same period last year.

It is expected that during the 15th Five-Year Plan* ("**十五五規劃**") period (2026 to 2030) of the PRC, the PRC government will continue to control the total processing capacity of crude oil, further promote the optimization of the refining industry structure, and steadfastly advance the "Less oil and more chemicals and specialties"* ("**減油增化增特**") strategy, aiming to a transition from the traditional refined-oil production towards the manufacture of raw materials for high-end chemicals and specialty materials, with a focus on achieving breakthroughs in key core technologies for high-end polyolefins, special engineering plastics, electronic chemicals and new energy materials, thereby enhancing domestic production rates. It is predicted that by 2030, the annual oil refining capacity of the PRC will be approximately 920 million tons, slightly decreasing by about 20 million tons compared to that of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The aforementioned policies and market situation of the PRC will have a long-term impact on the demand for some of our existing products. However, the PRC Government's support policies for new-energy vehicles may gradually be weakened in the future. In fact, since 1 January 2026, the purchase tax of the PRC for new energy vehicles has been changed from exemption to halving. At the same time, the "Less oil and more chemicals and specialties" development trend of the oil processing industry of the PRC 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.

From a global perspective, the short-term reality is almost the opposite of the situation in the PRC. The conflict in the Middle East involving the United States, Israel and Iran, as well as the ongoing conflict between Russia and Ukraine, have caused shortage of crude oil supply and damage of some refineries in Russia and the Middle East, leading to a tightness of fuel oil supply in the world market. As a result, the operating rate of the refining industry in Europe and the United States rose in the first half year of 2026, and the refining profit margins for gasoline and diesel also increased simultaneously. The long-term trend on a global scale also differs from that of the PRC. In the Asia-Pacific region excluding China, refining capacity and demand for refined oils are still on the rise. For instance, according to the International Energy Agency, by 2030, India's refining capacity will increase by another 15%. European and North American countries have adjusted their policies on new energy vehicles in recent years, slowing down the pace of automotive electrification. In 2025, the US Government issued a series of policies to support the development of traditional fuel vehicle industry. The "2026 World Oil Outlook" report released by the Organization of Petroleum Exporting Countries (OPEC) on 18 June 2026 forecasts that the global oil demand is expected to rise from an average of 105 million barrels per day in 2025 to 113 million barrels per day in 2030, and further increase to 124 million barrels per day by 2050. Therefore, from a global point of view, the refining industry still has long-term prospects for existence and development.

Taking into account the aforesaid circumstances and trends comprehensively, we believe that our existing oil refining agents and fuel additives will still have long-term and continuous market demand, and in particular, the overseas markets have long-term growth potential. At the same time, we have broad potential opportunities in the exploration and development of processing agents and additives required by chemical material production plants. In fact, in recent years, the Group has developed a few ethylene processing agents, which have either passed customer trials or been listed as qualified product for procurement by our major customers.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Due to the continuous efforts of the Group in customer base diversification in recent years, more and more large-scale private oil refining and chemical enterprises have become our long-term customers. At the same time, we have continued achieving good results in the public bidding processes for annual centralized procurement programmes of state-owned group customers, therefore, the number of state-owned users of our products has also increased. With policies of the PRC restricting the expansion of oil refining capacity, there have been relatively few domestic large-scale oil refining projects newly put into operation in the past year. The integrated refining and petrochemicals complex of Huajin Aramco Petrochemical Company is expected to be the only new domestic oil-refining project with annual processing capacity over 10 million tons to be put into operation in 2026. In the first half year of 2026, new-energy vehicles continued to encroach on the market shares of fuel-oil vehicles in the PRC, thereby further driving down gasoline and diesel consumption by fuel-oil vehicles, leading to lower operating rate of oil refining plants, as a result, the domestic production of both gasoline and diesel declined comparing with the same period of last year, which has affected the demands for our products from the domestic market.

To cope with the unfavorable situation, the Group adopted a strategy of strengthening sales force and gaining sales at lower profit margin, striving to maintain our product sales volume and occupy the market, consequently the average selling price of our products slightly decreased. In terms of direct export sales, due to the ongoing civil war in Sudan where our major overseas customers are located, our direct export sales remained sluggish and even declined compared with the same period of last year. In view of the sluggish direct exports, the Group has been actively cooperating with exporting traders in recent years to obtain more overseas end-users, which has expanded our indirect export sales channels and enhanced the influence of our brand in the overseas markets. In the first half year of 2026, the Group once again successfully obtained an overseas end-user through cooperating with a domestic trading company. In the first half year of 2026, the Group continued doing some raw material trading business, but the profit margin was relatively low.

In terms of costs, due to the significant escalation of the conflict in the Middle East involving the United States, Israel and Iran since the end of February 2026, the export of crude oil from the Middle East has been hindered, leading to the increase in the price of crude oil in the global market. The spillover effect of this situation has caused an increase in the prices of some of our raw materials.

As a result of the above factors, the Group recorded a total revenue of approximately RMB84.9 million in the first half year of 2026 (the first half year of 2025: approximately RMB87.7 million), representing a decrease of approximately 3.1% as compared with the same period of last year, and a total net profit of approximately RMB7.3 million (the first half year of 2025: approximately RMB9.8 million), representing a decrease of approximately 25.7% as compared with the same period of last year.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half year of 2026, the Group's ongoing research & development efforts continued to yield abundant fruits, with 4 new national invention patent rights granted to us, and further in July and August, the Group obtained 2 more national invention patent rights, which further strengthens our competitiveness in the market of oil refining agents and fuel additives. In addition, apart from the yellow-oil inhibitor for ethylene processing that had previously passed customer trials, the Group's newly developed corrosion inhibitor for ethylene processing units has been qualified in the annual bidding for PetroChina's procurement, marking a substantial step forward in the Group's research, development and production of processing agents for chemical materials.

The group continues to participate actively in the formulation of industry and national standards. In February 2026, The PRC's State Administration for Market Regulation and National Standardization Administration jointly released the consultation draft of a national standard titled "Application and Evaluation of Corrosion Inhibitors in Oil and Gas Fields"* (《油氣田緩蝕劑的應用和評價》) for public comments, the formulation of which was organised by the China Corrosion Control Technology Association and participated by the Group.

In the first half year of 2026, the Group continued perfecting and enhancing its safety and environmental management. While further adding to our efforts to conserve energy, reduce consumption and cut emissions, the Group established a bulletin board for the "Six Management Principles of Work Safety" ("grid-based management, professionalism, digitalization, full-staff involvement, materialization and handbook guidance"), compiled a "Plant Area Risk Matrix," printed a "Handbook of Typical Accident Cases in Chemical Enterprises", and posted a card specifying "Safety Responsibilities, Major Risks and Emergency Response Measures" beside each production position.

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 Licenses 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 Licenses 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 trading of hazardous chemicals without the License for Trading 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.
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.	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, also taking into account our practical conditions, the Group will adopt the following strategies and plans for its growth and development:

- By constantly strengthening the collaboration between relevant departments of the Group, 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. At the same time, to address the growing complexity of geopolitical situations and military conflicts that affect the supply and pricing of raw and auxiliary materials, we will further optimize our procurement and supplier management, improve our purchasing skills and responsiveness to market changes, and dynamically adjust and optimize our inventory level, so as to lower our product costs.

- Through the continuous efforts of our research, development and technical teams and the cooperation with research institutions and universities, develop more new or better production processes and products of oil-refining agents and fuel additives with lower costs, and meanwhile, obtain more national invention patent rights. This will lay a more solid foundation for the future development of the Group and the protection of our intellectual property rights.

- 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 import and export traders in diversified markets and product ranges, so as to add to the sales channels of our products in both domestic and international markets, and expand the market influence of the Group's brands.

- In view of the ongoing megatrend of "Less oil and more chemicals and specialties" of the domestic oil refining industry, the Group has developed a few processing agents for the production of ethylene. Going forward, we will continue to actively collaborate with research institutions and universities to develop more 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 agents to potential customers.

- We will continue to actively participate in the discussion, drafting and formulation of industry and national standards, contributing our share to the standardization construction of the PRC in respect of energy conservation, consumption reduction, emission reduction 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.

- Based on the current status of our Yixing Plant being identified by the relevant government department as "Specialized, Refined and Innovative Small or Medium- Sized Enterprise of Jiangsu Province", we will further improve our innovation capacity, professional ability, position in the industry and the degree of refinement of products, so that our Yixing Plant may be further identified as national "Specialized, Refined and Innovative Small or Medium-Sized Enterprise" (or "Little Giant Enterprise"), so as to be entitled to more government support in our future development.

- Based on the foundation that our Yixing Plant has been awarded the title of "Green Factory of Jiangsu Province", we will continue to improve and enhance in areas such as energy conservation, consumption reduction, environmental protection, sustainable development, etc., aiming to have our Yixing Plant entitled national-level "Green Factory", thereby laying a more solid foundation for the green development of the group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue

Our revenue has decreased by 3.1% from RMB87.7 million for the six months ended 30 June 2025 to RMB84.9 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	
	2026	2025
	RMB'000	*RMB'000*
Oil refining agents	**50,646**	53,118
Fuel additives	**24,091**	27,402
Other business	**10,182**	7,130
Total revenue	**84,919**	87,650

Revenue derived from oil refining agents has decreased from RMB53.1 million for the six months ended 30 June 2025 to RMB50.6 million for the Reporting Period, which was mainly due to the decrease in the average selling price and the sales volume of oil refining agents in the first half year of 2026 comparing with the same period of last year; due to the same cause, the revenue derived from fuel additives decreased from RMB27.4million for the six months ended 30 June 2025 to RMB24.1 million for the Reporting Period. The revenue derived from other business (raw material trading) increased from RMB7.1 million for the six months ended 30 June 2025 to RMB10.2 million for the Reporting Period.

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Chinese Mainland	**84,314**	86,453
Other countries and regions	**605**	1,197
Total revenue	**84,919**	87,650

The revenue derived from the PRC market decreased from RMB86.5 million for the six months ended 30 June 2025 to RMB84.3 million for the Reporting Period, which was mainly due to the decrease in the average selling price and the sales volume of our products in the PRC market in the first half year of 2026 comparing with the same period of last year. The revenue derived from other countries and regions decreased from RMB1.2 million for the six months ended 30 June 2025 to RMB0.6 million for the Reporting Period, which was mainly due to the decrease in our direct export sales volume in the first half year of 2026 comparing with the same period of last year.

Cost of sales

Our cost of sales has increased from RMB62.8 million for the six months ended 30 June 2025 to RMB63.9 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	
	2026	2025
	RMB'000	*RMB'000*
Oil refining agents	**37,591**	38,540
Fuel additives	**16,177**	17,851
Other business	**10,141**	6,374
Total cost of sales	**63,909**	62,765

The cost of sales of oil refining agents has decreased from RMB38.5 million for the six months ended 30 June 2025 to RMB37.6 million for the Reporting Period, which was mainly due to the decrease in the sales volume of our oil refining agents. The cost of sales of fuel additives has decreased from RMB17.9 million for the six months ended 30 June 2025 to RMB16.2 million for the Reporting Period, which was mainly due to the decrease in the sales volume of our fuel additives. The cost of other business (raw material trading) increased from RMB6.4 million for the six months ended 30 June 2025 to RMB10.1 million for the Reporting Period, which was mainly due to the increase in the volume of our other business.

Gross profit and gross profit margin

For the six months ended 30 June 2025 and 2026, our gross profit amounted to RMB24.9 million and RMB21.0 million, respectively. Our gross profit margin was 28.4% and 24.7%, 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	
	2026	2025
	RMB'000	*RMB'000*
Oil refining agents	**13,055**	14,578
Fuel additives	**7,914**	9,551
Other business	**41**	756
Total gross profit	**21,010**	24,885

Our gross profit of oil refining agents has decreased from RMB14.6 million for the six months ended 30 June 2025 to RMB13.1 million for the Reporting Period, which was mainly due to the decrease in both the sales volume and average selling price of our oil refining agents. Our gross profit margin of oil refining agents has decreased from 27.4% to 25.8% for the same periods, which was mainly due to the decrease in the average selling price of our oil refining agents and the increase of the purchase prices of some raw materials for oil refining agents. Our gross profit of fuel additives has decreased from RMB9.6 million for the six months ended 30 June 2025 to RMB7.9 million for the Reporting Period, which was mainly due to the decrease in both the sales volume and average selling price of our fuel additives. Our gross profit margin of fuel additives has decreased from 34.9% to 32.9% for the same periods, which was mainly due to decrease in the average selling price of our fuel additives and the increase of the purchase price of the main raw material for fuel additives. The gross profit of other business (raw material trading) has decreased from RMB0.76 million for the six months ended 30 June 2025 to RMB0.04 million for the Reporting Period and its gross profit margin decreased from 10.6% to 0.4% correspondingly, which was mainly due to the market price fluctuation of this raw material, affecting the profit margin.

Other income

Our other income has decreased from RMB2.4 million for the six months ended 30 June 2025 to RMB1.5 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 2025 and 2026 was RMB2.6 million and RMB2.2 million, respectively. The decrease in income tax expense was mainly due to the decrease in our profit before taxation.

For the six months ended 30 June 2025 and 2026, our effective tax rate for the same periods was 21.0% and 22.8%, respectively. The increase in effective tax rate was mainly due to a higher under-provision of income tax in respect of prior years during the Reporting Period.

Profit for the period

As a result of the foregoing, our profit has decreased by 25.7% from RMB9.8 million for the six months ended 30 June 2025 to RMB7.3 million for the Reporting Period, which was mainly due to the decrease in 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 RMB114.6 million and RMB104.8 million as of 31 December 2025 and 30 June 2026 respectively, representing a decrease of 8.5%.

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 RMB75.8 million as of 31 December 2025 to RMB73.2 million as of 30 June 2026, which was mainly due to the decrease of trade receivables.

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 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 for 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 RMB31.9 million as of 31 December 2025 to RMB28.4 million as of 30 June 2026, 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 2025 and 30 June 2026, as the Group did not have any borrowings.

Contingent liabilities, guarantees and litigation

As of 30 June 2026 and 2025, 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.

Capital expenditures and Commitment

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	
	2026	2025
	RMB'000	*RMB'000*
Purchase of property, plant and equipment	**21**	267
Total capital expenditures	**21**	267

The Group did not have any capital commitments outstanding at 31 December 2025 and 30 June 2026 not provided in the financial statements.

Off-balance sheet arrangements

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

Significant Investments Held and Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any significant 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 2026.

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 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 on the Listing Date 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.

The company has revised the expected timeline for the full utilization of the remaining Net Proceeds of approximately HK$52.1 million. The remaining balance of the Net Proceeds, consisting approximately HK$23.8 million intended for the upgrading of the Yixing plant and approximately HK$28.3 million for the construction of high-purity oleic acid production facilities, is expected to be fully utilized by 30 June 2028.

There has been no change in the intended use of the Net Proceeds since the Listing Date, yet due to the following factors that 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. As a result, 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.

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

On 21 March 2019, a major explosion occurred in a chemical plant in Jiangsu Province, the PRC, 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 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.

2. The instability and suspension 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 the date of this report, 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.

In view of the frequent unrests and political uncertainty of Sudan and the current United States-Israel war with Iran, the Company has elected to adopt a prudent and conservative approach, exercising caution in the utilization of the Net Proceeds towards the expansion of our production facilities and capacity, so as to mitigate the risk of excess production capacity.

3. The development of electric vehicles

With the support of the government and favorable policies in place, the sales of new energy vehicles in the PRC have grown quickly in the past several years and new energy vehicles have occupied a considerable share of the new vehicle market in the PRC. According to data released by the China Association of Automobile Manufacturers, during the year 2025, the domestic sales of new energy vehicles increased by 19.8% compared to the previous year and the proportion of new energy vehicles in the total domestic new vehicle sales exceeded 50% for the first time, and in the first half year of 2026, the production and sales of new-energy vehicles further increased by 6.7% and 7.3%, respectively. It is likely that the market share of new energy vehicles will continue to grow, further encroaching on the market share of fuel-powered vehicles.

The rapid development of the new energy vehicle industry in the PRC has impacted and will continue to impact the consumption and demand of fuel oil, thereby slowing down the growth of the market demand for oil processing agents and fuel additives, which are the Company's major products. As a result, the Company adopted a cautious approach by delaying its investment in expanding the current production capacity. 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 new energy vehicle industry makes the Company take a cautious approach in building production facilities for manufacturing high-purity oleic acid, too.

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

In October 2021, the president of China Federation of Industrial Economics proposed that the production of fuel oil should be reduced and the chemical industry structure of China 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 the PRC. 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質量發展的指導意見》) 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. Consequently, almost all the oil refining projects newly built in the past 5 years in the PRC are integrated refining and chemical projects, and the PRC government no longer approved oil refining projects producing only fuel oils, as a result, during the past 5 years, the total output of gasoline and diesel of the PRC grew slower than before and even decreased since 2023.

These developments in the oil refining industry of the PRC have adverse impact on the market demands for our major products, oil processing agents and fuel additives, therefore, the Company has been prudent during the past years in the use of the Net Proceeds for further expanding our production capacity of oil refining agents and high purity oleic acid as a major raw material for fuel additives.

5. The international political unrest in recent years

Over the past few years, the geopolitical landscape has evolved rapidly. The deteriorating US-China relations, the ongoing Russian-Ukraine war and the escalating Middle East conflict involving the United States, Israel and Iran have had serious implications for the oil refining industry. In 2023, a coup d'état took place in Niger, where one of our long-term foreign customers is located. Although the unrest in Niger ended after a few months with the establishment of a new government, our business in Niger has become less stable than before due to the coup d'état and the unpredictable attitude of the new Niger government toward Niger enterprises with Chinese investment and Chinese suppliers.

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 United States and other countries, including the PRC has started since April 2025, the global geopolitical and economic environment is becoming more volatile and unpredictable.

The increasingly unstable geopolitical landscape is another factor that the Company considered in delaying its utilization of the Net Proceeds, in addition, maintaining sufficient cash in our bank accounts will enable the Company to better respond to risks, challenges and opportunities possibly coming.

The Board will continue to follow closely the developments of the civil war in Sudan, the international political and economic situations, and the ongoing conflict involving the United States, Israel and Iran, the advancements in the domestic and international electric vehicle markets, the development trend of the domestic oil refining industry and the possible changes in local safety regulatory sentiment, and at the same time, 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. The Board will accelerate the investment of the remaining balance of the Net Proceeds at the right time, so as to finally reach the desired production capacity and realise the intended results.

For more details, please refer to the Company's announcement dated 6 March 2026 with the title "Revision of the Expected Time for Completing the Utilization of the Net Proceeds".

Since the Listing Date and up to 30 June 2026, the utilization of the Net Proceeds and remaining balance (approximately HK$52.1 million) are set out below:

Purposes	Allocation on a pro-rata basis	Actual amount used from the Listing Date to 30 June 2026	Amount unutilized brought forward as of 31 December 2025	Amount utilized during the Reporting Period	Balance of amount unutilized as of 30 June 2026
To upgrade our Yixing plant by Purchasing new sets of machinery, equipment and analytical instruments	Approximately HK$42.8 million (approximately 39%)	Approximately HK$19.0 million	Approximately HK$23.8 million	–	Approximately HK$23.8 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$58.6 million	Approximately HK$52.1 million	Approximately HK$0 million	Approximately HK$52.1 million

* *The remaining balance of the Net Proceeds is expected to be used up by 30 June 2028. Should the Board find it necessary to further revise the expected time for completing the utilization of the Net Proceeds or to change the intended use of the remaining balance of the Net Proceeds, the Company will promptly disclose such information to the Shareholders for the compliance with the relevant requirements under the Listing Rules.*

OTHER INFORMATION

EMPLOYMENT AND EMOLUMENTS

As of 30 June 2026, our Group had 57 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.

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 2026 and 30 June 2026 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 one year 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 2026, 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 2025 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 defined under the Listing Rules) as at 30 June 2026 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 2026, 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 2026.

(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 2026, 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.

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

As of 30 June 2026, 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	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 2026.

Save as disclosed above, as of 30 June 2026, 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 six months ended 30 June 2026 (six months ended 30 June 2025: 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 interests 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 all the applicable code provisions set out in 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, there has been no change in the information of Directors since the publishing date of the 2025 Annual Report up to the date of this report.

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 2026 – unaudited

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**84,919**	87,650
Cost of sales		**(63,909)**	(62,765)
Gross profit		**21,010**	24,885
Other income		**1,545**	2,356
Sales and marketing expenses		**(4,579)**	(5,349)
General and administrative expenses		**(4,453)**	(4,880)
Research and development expenses	*4*	**(4,073)**	(4,579)
Profit before operations and taxation	*4*	**9,450**	12,433
Income tax	*5*	**(2,155)**	(2,616)
Profit for the period		**7,295**	9,817
Earnings per share	*6*		
Basic and diluted (RMB cents)		**1.52**	2.05

The notes on pages 36 to 44 form part of this interim report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit for the period	**7,295**	9,817
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	**(3,607)**	(1,479)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Chinese Mainland	**2,163**	875
Other comprehensive income for the period	**(1,444)**	(604)
Total comprehensive income for the period	**5,851**	9,213

The notes on pages 36 to 44 form part of this interim report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026

(Expressed in Renminbi Yuan)

	Note	At 30 June 2026 (Unaudited) *RMB'000*	At 31 December 2025 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment	*7*	**35,459**	38,120
Right-of-use assets	*8*	**2,654**	2,704
		38,113	40,824
Current assets			
Inventories	*9*	**48,353**	33,607
Trade and other receivables	*10*	**73,226**	75,783
Prepayments		**126**	1,002
Restricted bank deposits		**1,818**	2,068
Bank deposits with original maturity over three months		**19,000**	15,000
Cash and cash equivalents	*11*	**104,844**	114,566
		247,367	242,026
Current liabilities			
Trade and other payables	*12*	**28,445**	31,911
Income tax payable		**3,012**	3,530
		31,457	35,441
Net current assets		**215,910**	206,585
Total assets less current liabilities		**254,023**	247,409
Non-current liabilities			
Deferred tax liabilities		**5,916**	5,153
		5,916	5,153
NET ASSETS		**248,107**	242,256

The notes on pages 36 to 44 form part of this interim report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

at 30 June 2026

(Expressed in Renminbi Yuan)

	Note	At 30 June 2026 (Unaudited) *RMB'000*	At 31 December 2025 (Audited) *RMB'000*
CAPITAL AND RESERVES			
Share capital		**3,873**	3,873
Reserves	*13*	**244,234**	238,383
TOTAL EQUITY		**248,107**	242,256

Approved and authorised for issue by the board of Directors on 26 August 2026.

	)	
Ge Xiaojun	)	
	)	Directors
Gu Jufang	)	
	)	

The notes on pages 36 to 44 form part of this interim report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 – 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 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 36 to 44 form part of this interim report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

for the six months ended 30 June 2026 – 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 2026	3,873	70,798	79,938	31,890	6,852	48,905	242,256
Changes in equity for the six months ended 30 June 2026:							
Profit for the period	–	–	–	–	–	7,295	7,295
Other comprehensive income	–	–	–	–	(1,444)	–	(1,444)
Total comprehensive income	–	–	–	–	(1,444)	7,295	5,851
Balance at 30 June 2026	3,873	70,798	79,938	31,890	5,408	56,200	248,107

The notes on pages 36 to 44 form part of this interim report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2026 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Operating activities:		
Cash (used in)/generated from operations	**(3,632)**	27,777
Income tax paid	**(1,910)**	(2,215)
Net cash (used in)/generated from operating activities	**(5,542)**	25,562
Investing activities:		
Payment for the purchase of property, plant and equipment	**(111)**	(379)
Payment for investments in wealth management products	**–**	(10,000)
Proceeds from investments in wealth management products	**–**	10,061
Payment for investment in time deposits	**(19,000)**	(15,000)
Proceeds from investments in time deposits	**15,000**	10,000
Other cash flows arising from investing activities	**1,187**	1,120
Net cash used in investing activities	**(2,924)**	(4,198)
Financing activities:		
Dividends paid to equity shareholders of the Company	**–**	(4,428)
Net cash used in financing activities	**–**	(4,428)
Net (decrease)/increase in cash and cash equivalents	**(8,466)**	16,936
Cash and cash equivalents at 1 January	**114,566**	85,251
Effect of foreign exchange rates changes	**(1,256)**	(73)
Cash and cash equivalents at 30 June	**104,844**	102,114

The notes on pages 36 to 44 form part of this interim report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

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 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- *Amendments to HKAS 9, Financial instruments and HKFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

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

Revenue from contracts with customers within the scope of HKFRS 15

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Sales of oil refining agents	**50,646**	53,118
Sales of fuel additives	**24,091**	27,402
Others	**10,182**	7,130
Total	**84,919**	87,650

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

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 2026, substantially all specified non-current assets were physically located in the People's Republic of China (the "**PRC**").

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Chinese Mainland	**84,314**	86,453
Other countries and regions	**605**	1,197
Total	**84,919**	87,650

(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.

4 PROFIT BEFORE OPERATIONS AND TAXATION

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Depreciation of right-of-use assets	**50**	51
Depreciation of property, plant and equipment	**2,682**	2,759
Research and development expenses (other than depreciation)	**3,647**	4,046
Reversal of impairment losses of trade receivables	**(346)**	(1,080)
Write-down of inventories *(note 9)*	**–**	22

5 INCOME TAX

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax:		
Provision for current income tax for the period	**1,042**	1,460
Under-provision in respect of prior years	**350**	197
	1,392	1,657
Deferred tax:		
Origination and reversal of temporary differences	**763**	959
	2,155	2,616

(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.

5 INCOME TAX *(continued)*

(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%.

Jiangsu Chuangxin is currently applying for an extension of such preferential income tax treatment for another three years from 2026 to 2028. The directors of the Company believe that Jiangsu Chuangxin will continue to enjoy such preferential tax rate of 15% for another three years pursuant to the current applicable PRC tax laws and regulations.

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

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 2026 of RMB7,295,000 (six months ended 30 June 2025: RMB9,817,000) and 480,000,000 ordinary shares (six months ended 30 June 2025: 480,000,000 ordinary shares) in issue during the period.

There were no dilutive potential ordinary shares for the six months ended 30 June 2026 and 2025, 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 2026, acquisitions of property, plant and equipment amounted to RMB21,000 (six months ended 30 June 2025: RMB267,000). No property, plant and equipment were disposed of during the six months ended 30 June 2025 and 2026.

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.

9 INVENTORIES

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Raw materials	**33,368**	20,535
Work in progress	**4,486**	7,869
Finished goods	**9,947**	4,017
Consignment goods	**552**	1,186
	48,353	33,607

(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	
	2026 *RMB'000*	2025 *RMB'000*
Carrying amount of inventories sold	**63,909**	62,743
Write-down of inventories	**–**	22
Cost of inventories directly recognised as research and development expenses	**2,586**	2,876
	66,495	65,641

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 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 3 months	**54,575**	58,336
After 3 months but within 6 months	**2,297**	3,467
After 6 months but within 1 year	**3,270**	2,752
After 1 year but within 2 years	**5**	–
Trade receivables, net of loss allowance	**60,147**	64,555
Bills receivable *(note (a))*	**9,600**	8,050
Other receivables	**3,479**	3,178
Trade and other receivables, net	**73,226**	75,783

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 2026, the Group endorsed undue bills receivable of RMB348,000 (31 December 2025: RMB3,928,640) 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 2026, 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 RMB348,000 (31 December 2025: RMB3,928,640).

11 CASH AND CASH EQUIVALENTS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Cash and cash equivalents in the condensed consolidated cash flow statement	**104,844**	114,566

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 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 3 months	**12,916**	18,476
Over 3 months but within 6 months	**4,042**	226
Over 6 months but within 1 year	**–**	136
Over 1 year	**–**	4
Total trade payables	**16,958**	18,842
Other payables and accruals	**11,487**	13,069
Trade and other payables	**28,445**	31,911

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 2026 (six months ended 30 June 2025: Nil).

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	
	2026	2025
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$ nil per ordinary share (six months ended 30 June 2025: HK$0.01 per ordinary share)	**–**	4,428

14 MATERIAL RELATED PARTY TRANSACTIONS

As at 30 June 2026, the Group had no balances with related parties (31 December 2025: Nil). During the six months ended 30 June 2026, the Group did not have material related party transactions (six months ended 30 June 2025: 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	
	2026	2025
	RMB'000	*RMB'000*
Short-term employee benefits	**826**	894
Post-employee benefits	**35**	24
	861	918