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China Treasures New Materials Group Ltd.

中寶新材集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2439)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Treasures New Materials Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce the audited financial results of the Group for the year ended 31 December 2023 together with the comparative figures in 2022 as follows:

**CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Year ended 31 December 2023

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Revenue	3	365,811	299,789
Cost of sales		<u>(220,357)</u>	<u>(179,545)</u>
Gross profit		145,454	120,244
Other income	4	7,345	747
Selling and distribution expenses		(5,845)	(5,242)
Administrative and other operating expenses		(40,520)	(25,382)
Finance costs	5	(4,015)	(3,392)
Listing expenses		<u>(2,289)</u>	<u>(17,146)</u>
Profit before tax	5	100,130	69,829
Income tax expenses	6	<u>(15,523)</u>	<u>(12,842)</u>
Profit for the year		<u>84,607</u>	<u>56,987</u>
Other comprehensive income (loss):			
<i>Item that will not be reclassified to profit or loss</i>			
Translation of the Company's financial statements into presentation currency		3,707	(2)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation/ combinations		<u>2,609</u>	<u>(295)</u>
Total other comprehensive income (loss)		<u>6,316</u>	<u>(297)</u>
Total comprehensive income for the year		<u>90,923</u>	<u>56,690</u>

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		83,970	56,508
Non-controlling interests		637	479
		<u>84,607</u>	<u>56,987</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		90,286	56,211
Non-controlling interests		637	479
		<u>90,923</u>	<u>56,690</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share attributable to owners of the Company			
Basic and diluted	7	<u>8.80</u>	<u>6.98</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		99,772	63,641
Right-of-use assets		11,655	27,960
Intangible assets		82	91
Deposits paid for acquisition of property, plant and equipment	14	823	336
Deferred tax assets		147	428
		<u>112,479</u>	<u>92,456</u>
Current assets			
Inventories		21,187	37,799
Trade and other receivables	9	108,683	75,360
Bank balances and cash		315,696	99,230
		<u>445,566</u>	<u>212,389</u>
Current liabilities			
Trade and other payables	10	44,533	38,101
Interest-bearing borrowings	11	40,158	39,844
Lease liabilities		3,280	6,867
Deferred income		489	489
Income tax payables		1,379	2,691
		<u>89,839</u>	<u>87,992</u>
Net current assets		<u>355,727</u>	<u>124,397</u>
Total assets less current liabilities		<u>468,206</u>	<u>216,853</u>

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		8,231	16,009
Interest-bearing borrowings	<i>11</i>	9,500	–
Deferred income		2,351	2,840
		<u>20,082</u>	<u>18,849</u>
NET ASSETS		<u>448,124</u>	<u>198,004</u>
Capital and reserves			
Share capital	<i>12</i>	8,800	8
Reserves		436,522	195,831
Equity attributable to owners of the Company		445,322	195,839
Non-controlling interests		2,802	2,165
TOTAL EQUITY		<u>448,124</u>	<u>198,004</u>

NOTES

1. CORPORATE INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

China Treasures New Materials Group Ltd. (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 21 January 2022, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2023 (the “**Listing**”). The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The Company’s principal place of business is situated at Room 1910, 19/F., C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 3, Jing’Er Road, Kalun Industrial South Region, Jiutai Economics Development Zone, Changchun City, Jilin Province, the People’s Republic of China (the “**PRC**”).

The principal activity of the Company is investment holding and the Group is principally engaged in development and manufacture of biodegradable plastic products and non-biodegradable automobile plastic parts in the PRC.

At the date of this announcement, in the opinion of the directors of the Company, the ultimate controlling parties are Ms. Zhang Yuqiu and Mr. Shan Yuzhu (together the “**Ultimate Controlling Parties**”).

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise stated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standards that are relevant to the Group and effective from the current year.

Adoption of new/revised IFRS Accounting Standards

The Group has applied, for the first time, the following new/revised IFRS Accounting Standards:

Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform– Pillar Two Model Rules

Amendments to IAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable operating segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- 1) development and manufacture of biodegradable plastic products; and
- 2) development and manufacture of non-biodegradable automobile plastic parts.

Segment revenue and results

Segment revenue represents revenue derived from development and manufacture of biodegradable plastic products and non-biodegradable automobile plastic parts.

Segment results represent the gross profit reported by each segment without allocation of other income, selling and distribution expenses, administrative and other operating expenses, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable operating segments for the reporting period is as follows:

	Development and manufacture of biodegradable plastic products <i>RMB'000</i>	Development and manufacture of non-biodegradable automobile plastic parts <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023			
Segment revenue	346,936	18,875	365,811
Segment cost of sales	<u>(209,269)</u>	<u>(11,088)</u>	<u>(220,357)</u>
Segment results	<u>137,667</u>	<u>7,787</u>	145,454
Other income			7,345
Selling and distribution expenses			(5,845)
Administrative and other operating expenses			(40,520)
Finance costs			(4,015)
Listing expenses			<u>(2,289)</u>
Profit before tax			100,130
Income tax expenses			<u>(15,523)</u>
Profit for the year			<u>84,607</u>
<i>Other information</i>			
Research and development costs	17,443	–	17,443
Amortisation of intangible assets	9	–	9
Depreciation (<i>Note</i>)			
– Property, plant and equipment	1,156	967	2,123
– Right-of-use assets	69	–	69
Provision for loss allowances on trade receivables, net	<u>128</u>	<u>17</u>	<u>145</u>

	Development and manufacture of biodegradable plastic products <i>RMB'000</i>	Development and manufacture of non-biodegradable automobile plastic parts <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022			
Segment revenue	280,484	19,305	299,789
Segment cost of sales	<u>(168,887)</u>	<u>(10,658)</u>	<u>(179,545)</u>
Segment results	<u>111,597</u>	<u>8,647</u>	120,244
Other income			747
Selling and distribution expenses			(5,242)
Administrative and other operating expenses			(25,382)
Finance costs			(3,392)
Listing expenses			<u>(17,146)</u>
Profit before tax			69,829
Income tax expenses			<u>(12,842)</u>
Profit for the year			<u>56,987</u>
<i>Other information</i>			
Research and development costs	12,210	–	12,210
Amortisation of intangible assets	9	–	9
Depreciation (<i>Note</i>)			
– Property, plant and equipment	1,108	836	1,944
– Right-of-use assets	69	–	69
Reversal of loss allowances on trade receivables, net	<u>(1)</u>	<u>–</u>	<u>(1)</u>

Note: Unallocated depreciation of property, plant and equipment of approximately RMB4,740,000 (2022: RMB3,531,000) and right-of-use assets of approximately RMB8,118,000 (2022: RMB6,999,000) were not included in other information for the year ended 31 December 2023.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Development and manufacture of biodegradable plastic products <i>RMB'000</i>	Development and manufacture of non-biodegradable automobile plastic parts <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023				
Assets				
Reportable segment assets	<u>125,965</u>	<u>37,539</u>	<u>395,137</u>	<u>558,045</u>
Liabilities				
Reportable segment liabilities	<u>36,305</u>	<u>345</u>	<u>73,271</u>	<u>109,921</u>
Other information				
Capital expenditures	<u>7,996</u>	<u>25,545</u>	<u>20,127</u>	<u>53,668</u>
At 31 December 2022				
Assets				
Reportable segment assets	<u>111,122</u>	<u>10,288</u>	<u>183,435</u>	<u>304,845</u>
Liabilities				
Reportable segment liabilities	<u>10,200</u>	<u>–</u>	<u>96,641</u>	<u>106,841</u>
Other information				
Capital expenditures	<u>870</u>	<u>1,150</u>	<u>55,828</u>	<u>57,848</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include deposits for acquisition of property, plant and equipment, inventories, trade receivables, certain property, plant and equipment, certain right-of-use assets, intangible assets and certain other receivables. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade payables and certain other payables. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. All of the Group's revenue from external customers during the years ended 31 December 2023 and 2022 is derived from the PRC and almost all of the Group's assets and liabilities are located in the PRC.

Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of total revenue of the Group during the reporting period are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Development and manufacture of biodegradable plastic products		
Customer A	<u>42,629</u>	<u>41,201</u>

3. REVENUE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within IFRS 15		
<i>At a point in time</i>		
Development and manufacture of biodegradable plastic products	346,936	280,484
Development and manufacture of non-biodegradable automobile plastic parts	<u>18,875</u>	<u>19,305</u>
	<u>365,811</u>	<u>299,789</u>

The amounts of revenue recognised for the years ended 31 December 2023 and 2022 that were included in the contract liabilities in relation to refundable receipts in advance at the beginning of the reporting period were Nil and approximately RMB386,000, respectively (*Note 10(b)*).

4. OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income	2,496	257
Government grants (<i>Note</i>)	2,889	489
Gain on disposal of property, plant and equipment	–	1
Gain on early termination of lease	1,867	–
Net exchange gain	93	–
	<u>7,345</u>	<u>747</u>

Note: Government grants represent various form of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred and investments made by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group also received government grants in respect of its investments in the PRC. During the year ended 31 December 2023, amortisation of assets related grants was approximately RMB489,000 (2022: RMB489,000).

There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Finance costs		
Interest on bank loans	3,165	2,406
Interest on lease liabilities	850	986
	<u>4,015</u>	<u>3,392</u>
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	11,372	9,585
Contributions to defined contribution plans	1,726	2,278
	<u>13,098</u>	<u>11,863</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other items		
Cost of inventories (<i>Note i</i>)	217,534	177,860
Auditor's remuneration	1,982	1,459
Amortisation of intangible assets (charged to "administrative and other operating expenses")	9	9
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	6,863	5,475
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	8,187	7,068
Listing expenses	2,289	17,146
Loss (Gain) on disposal of property, plant and equipment, net	369	(1)
Research and development expenses (charged to "cost of sales" and "administrative and other operating expenses", as appropriate) (<i>Note ii</i>)	17,443	12,210
Expenses recognised under short-term leases	91	147
Provision for (Reversal of) loss allowance of trade receivables, net	145	(1)
	<u>145</u>	<u>(1)</u>

Notes:

- (i) Cost of inventories included the following items which were included in the respective amounts as disclosed above.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Staff costs	7,361	8,305
Depreciation on:		
– Property, plant and equipment	5,270	4,542
– Right-of-use assets	2,389	2,242
	<u>15,020</u>	<u>15,089</u>

- (ii) Research and development expenses included the following items which were included in the respective amounts as disclosed above.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Staff costs	1,162	772
Depreciation on property, plant and equipment	390	442
	<u>1,552</u>	<u>1,214</u>

6. TAXATION

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
PRC enterprise income tax (“ PRC EIT ”)	15,242	12,538
Deferred tax		
Changes in temporary differences	<u>281</u>	<u>304</u>
Total income tax expenses for the year	<u><u>15,523</u></u>	<u><u>12,842</u></u>

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 December 2023 and 2022.

The Group’s entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% except for Jilin Province Kaishun New Material Co., Ltd* (吉林開順新材料有限公司) (“**Jilin Kaishun**”) which was recognised as High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the years ended 31 December 2023 and 2022. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Jilin Kaishun enjoying this tax benefit was obtained in September 2021 for the three years ending 31 December 2024.

* *English name for identification purpose only.*

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit:		
Profit attributable to owners of the Company used for the purpose of basic earnings per share	<u>83,970</u>	<u>56,508</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>953,671</u>	<u>810,000</u>

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year. For the years ended 31 December 2023 and 2022, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share was on the basis as if the reorganisation (the “**Reorganisation**”), as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Group Structure” of the prospectus dated 21 March 2023 in connection with the Listing and the Capitalisation Issue had been effective on 1 January 2022.

There were no dilutive potential ordinary shares during the years ended 31 December 2023 and 2022, and therefore, diluted earnings per share is the same as the basic earnings per share.

8. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: Nil).

9. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Trade receivables			
From third parties		101,546	72,968
Less: Loss allowances		<u>(508)</u>	<u>(363)</u>
	<i>9(a)</i>	101,038	72,605
Other receivables			
Prepayments	<i>9(b)</i>	2,473	2,421
Prepaid listing expenses		–	152
Other deposits and receivables	<i>9(c)</i>	1,871	181
Value-added tax and other tax recoverable		<u>3,301</u>	<u>1</u>
		<u>7,645</u>	<u>2,755</u>
		108,683	75,360

9(a) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 30 days	34,946	29,566
31 to 60 days	34,903	33,275
61 to 90 days	31,189	9,764
	101,038	72,605

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Not yet due	101,038	72,605

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

- 9(b)** The amount at 31 December 2023 mainly represents prepayment for purchase of raw materials (2022: *prepaid research and development expenses and prepaid repair and maintenance expenses*).
- 9(c)** The amount at 31 December 2023 mainly represents prepaid lease payment of RMB1,000,000 to be returned to the Group by the lessor upon termination of a lease. It was subsequently settled in March 2024.

10. TRADE AND OTHER PAYABLES

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Trade payables			
To third parties	<i>10(a)</i>	<u>36,650</u>	<u>10,200</u>
Other payables			
Salary payables		1,426	1,126
Value-added tax and other tax payables		35	1,359
Amount due to a director	<i>10(c)</i>	353	–
Due to Pre-IPO Investors		–	10,003
Accruals and other payables	<i>10(d)</i>	<u>6,069</u>	<u>15,413</u>
		<u>7,883</u>	<u>27,901</u>
		<u>44,533</u>	<u>38,101</u>

10(a) Trade payables

The trade payables are unsecured, interest-free and with normal credit terms up to 60 days.

At the end of reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2023 RMB'000	2022 <i>RMB'000</i>
Within 30 days	17,601	10,200
31 to 60 days	<u>19,049</u>	–
	<u>36,650</u>	<u>10,200</u>

10(b) Contract liabilities – refundable receipts in advance

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of refundable receipts in advance with customers within IFRS 15 during the reporting period are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the reporting period	–	386
Revenue recognised (<i>Note 3</i>)	–	(386)
	<hr/>	<hr/>
At the end of the reporting period	<u>–</u>	<u>–</u>

The contract liabilities of Nil and approximately RMB386,000 at 31 December 2023 and 2022, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period.

10(c) Amount due to a director

The amount due is unsecured, interest-free and repayable on demand.

10(d) Accruals and other payables

The amount at 31 December 2023 included provision for legal and professional fee of approximately RMB2,027,000 (*2022: RMB3,200,000*) and accrued listing expenses of Nil (*2022: approximately RMB7,879,000*).

11. INTEREST-BEARING BORROWINGS

At the end of the reporting period, the interest-bearing borrowings were repayable as follows:

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Secured borrowings	<i>(a), (d)</i>		
– Entrusted loan	<i>(b)</i>	16,000	16,000
– Other loan		29,000	22,000
		<u>45,000</u>	<u>38,000</u>
Unsecured borrowings	<i>(c)</i>		
– Other loan		4,658	1,844
		<u>49,658</u>	<u>39,844</u>
Current portion		40,158	39,844
Non-current portion		9,500	–
		<u>49,658</u>	<u>39,844</u>

The carrying amounts of the interest-bearing borrowings are denominated in the following currencies:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	45,000	38,000
HK\$	4,658	1,844
	<u>49,658</u>	<u>39,844</u>

Notes:

- 11(a) At 31 December 2023, the secured borrowings carry weighted average effective interest rate of approximately 6.39% (2022: 6.92%) per annum.
- 11(b) During the years ended 31 December 2023 and 2022, Jilin Kaishun entered into entrusted loan agreements with 長春新投工業發展投資中心(有限合夥) (Changchun Xintou Industrial Development Investment Center (Limited Partnership)*) (the “**Changchun Xintou**”), and 長春南關惠民村鎮銀行有限責任公司 (Changchun Nanguan Huimin Village Bank Co., Ltd.*) (“**Changchun Nanguan**”), whereby the Changchun Xintou agreed to provide loans through Changchun Nanguan to the Group.
- 11(c) The unsecured borrowings as at 31 December 2023 carry effective interest rate of 12% (2022: 12%) per annum.
- 11(d) The secured borrowings are secured by:
- (i) patents held by Jilin Kaishun with net carrying amount of approximately RMB82,000 and RMB91,000 at 31 December 2023 and 2022, respectively;
 - (ii) a leasehold land of the Group with aggregate net carrying amounts of approximately RMB792,000 and RMB816,000 at 31 December 2023 and 2022, respectively; and
 - (iii) buildings of the Group with aggregate net carrying amounts of approximately RMB20,561,000 and RMB22,088,000 at 31 December 2023 and 2022, respectively.

In addition, the secured borrowings are guaranteed by a non-wholly owned subsidiary, 儀徵市聚鑫源生物科技有限公司 Yizheng City Juxinyuan Biotechnology Co., Ltd.* (“**Yizheng Juxinyuan**”), Changchun Guangke and the Company.

All facilities obtained from banks and other financial institutions are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

During the year ended 31 December 2023, the guarantees and pledged assets provided by the Ultimate Controlling Parties and their son against the Group’s certain outstanding loans were released upon settlement of those loans or replaced by corporate guarantees given by the Group’s entities and/or certain assets held by Jilin Kaishun as detailed above.

* *The English name of this entity represents the best effort made by the directors of the Company to translate the Chinese name as its name has not been registered officially in English.*

12. SHARE CAPITAL

	<i>Note</i>	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 21 January 2022 (date of incorporation) and 31 December 2022			
		38,000,000	380
Increase	(i)	<u>9,962,000,000</u>	<u>99,620</u>
At 31 December 2023		<u>10,000,000,000</u>	<u>100,000</u>

	<i>Note</i>	Number of shares	Amount HK\$'000	Equivalent to RMB'000
Issued and fully paid:				
At date of incorporation				
		1	_*	_*
Issue of share capital		<u>999,999</u>	<u>10</u>	<u>8</u>
At 31 December 2022		1,000,000	10	8
Issue of shares pursuant to the Capitalisation Issue	(ii)	809,000,000	8,090	7,119
Issue of shares pursuant to the Global Offering	(iii)	<u>190,000,000</u>	<u>1,900</u>	<u>1,673</u>
At 31 December 2023		<u>1,000,000,000</u>	<u>10,000</u>	<u>8,800</u>

* Represent amounts less than RMB1,000.

Notes:

- (i) Pursuant to the resolution in writing of the Company's shareholders passed on 9 March 2023, inter-alia, the authorised share capital of the Company was increased from 38,000,000 to 10,000,000,000 by the creation of an additional 9,962,000,000 shares of HK\$0.01 each.
- (ii) Pursuant to the resolution in writing of the Company's shareholders passed on 9 March 2023, subject to the share premium account of the Company being credited as a result of the Global Offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 809,000,000 shares of HK\$0.01 each to the then shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$8,090,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue") and the shares allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was completed on 31 March 2023.

- (iii) On 31 March 2023, 250,000,000 ordinary shares with par value of HK\$0.01 of the Company were offered to sell at a price of HK\$1.05 per share by way of share offer (the “**Global Offering**”). Under the Global Offering, 190,000,000 new shares were issued and 60,000,000 sale shares (the “**Sale Shares**”) were offered by a selling shareholder, Lvsesenlin Technology Holdings Limited (the “**Selling Shareholder**”) which is directly owned by Mr. Shan Yuzhu.

The net proceeds of HK\$59,220,000 were received by the Selling Shareholder from the sale of Sale Shares (after deduction of the proportionate share of underwriting commissions of HK\$3,780,000 borne by the Selling Shareholder in relation to the Global Offering). The Company would not receive any of the proceeds from sale of Sale Shares.

Also, the gross proceeds from the sale of 190,000,000 new shares amounted to HK\$199,500,000 (equivalent to approximately RMB175,560,000). The expenses directly attributable to the issue of 190,000,000 new shares in relation to the Global Offering of approximately RMB16,363,000 have been recognised in the share premium account of the Company.

13. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in this announcement, during the year ended 31 December 2023, further information of the related party transactions is set out below.

- (a) Transactions between the group entities have been eliminated on consolidation and are not disclosed. During the years ended 31 December 2023 and 2022, the Group had no significant transactions with other related parties.

- (b) Balance with related parties:

At 31 December 2023, there was no significant balance with related parties except for the amount due to a director with carrying amount of approximately RMB353,000 (2022: Nil) as further detailed in Note 10(c).

- (c) Remuneration for key management personnel (including the Company’s directors) of the Group:

	2023	2022
	RMB’000	RMB’000
Salaries, discretionary bonus, allowances and other benefits in kind	1,484	699
Contributions to defined contribution plans	262	141
	1,746	840

14. COMMITMENTS

(a) Capital expenditure commitments

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	<u>3,503</u>	<u>3,024</u>

During the year ended 31 December 2022, the Group entered into purchase agreements with two independent third party machinery suppliers to purchase plant and machineries for the establishment of the new plant and production lines at new production base at a total consideration of RMB3,360,000, of which a deposit of RMB336,000 was made to the machinery suppliers in November 2022 and the balance of RMB3,024,000 will be paid upon the delivery of the plant and machineries to the Group and the completion of installation and testing works.

During the year ended 31 December 2023, the Group further entered into purchase agreements with several independent third party machinery suppliers to purchase plant and machineries for the establishment of the new plant and production lines at new production bases at a total consideration of RMB966,000, of which a deposit of approximately RMB487,000 was made to the machinery suppliers and the balance of approximately RMB479,000 will be paid upon the delivery of the plant and machineries to the Group and the completion of installation and testing works.

(b) Commitments under leases

The Group as lessee

At 31 December 2023 and 2022, the Group was committed to approximately RMB110,000 and RMB179,000 for short-term leases, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was established in March 2014 primarily engaging in the development and manufacturing of non-biodegradable automobile plastic parts. In response to the PRC Government's environmental protection policies and regulations relating to restriction and prohibition of the use of non-biodegradable plastic bags and controlled plastic pollution, we, since 2015, had gradually diversified our business into the development and manufacturing of biodegradable plastic products while maintaining the operation for non-biodegradable automobile plastic parts which accounted for approximately 5.2% of the Group's total revenue for the year ended 31 December 2023 (the "Year" or "FY2023").

As such, the Group is now principally engaged in developing and manufacture of biodegradable plastic products in the Northeast China with its main production base located in Changchun, Jilin province, the PRC. During the second half of 2022, the Group initially leased a factory site in Huizhou, Guangdong province, the PRC with a view to capturing the business opportunities in the Southeast China. However, upon a review of the progress of the Huizhou factory site, the Group has modified its expansion plan by terminating the lease of the Huizhou factory site during the Year and relocating the factory site to Dongguan, also in Guangdong province, the PRC. The new Dongguan factory has already commenced its trial run in operation during the second half of 2023 and current phase 1 is anticipated to be in full scale operation in first half of 2024. Phase 1 of the Dongguan factory was financed by internal resources of the Company. In order to cope with the anticipated growing demand of biodegradable plastic products in the Southeast region, the Group has utilized its internal funding to lease another factory site located at Anji, Zhejiang province, the PRC during the Year as its third production base. Initial set up including installation of machineries and application for requisite licenses from the relevant government authorities are now being arranged, it is expected that the Anji factory will commence operation during the second quarter of 2024.

Our biodegradable products mainly comprise (i) biodegradable produce bag rolls; (ii) biodegradable shopping bags; and (iii) biodegradable stretch wraps. During the Year, all our biodegradable products were sold to customers in the PRC, mainly in the Northeast China, which accounted for approximately 80.5% of the Group's total revenue, whilst the sales to other cities in the PRC accounted for the remaining approximately 19.5%.

In recent years, the PRC Government has strongly committed to advocate environmental protection and control plastic pollution by implementing a number of reforms and regulations, including but not limited to, strict prohibition of the use of non-degradable plastic bags in various marketplaces by end of 2025; deployment of various goals and tasks to achieve plastic pollution control plans; and promulgation of the management standards for prohibition and restriction of related plastic products.

In light of the Group's expertise in the development and manufacturing of biodegradable plastic products for the last decade, we had contributed the discussion and formulation of the national standard for biodegradable plastic shopping bags, namely, "GB/T 38082-2019", which was issued by The State Administration for Market Regulation of the PRC and The Standardization Administration of the PRC in October 2019. The "GB/T 38082-2019" has remained as the sole and only national standard in the PRC for biodegradable plastic shopping bags since then. In view of our expertise in the industry and the recognition earned from the PRC Government, we have possessed the competitive strength in the areas of production capabilities, technology level and quality control, which positioned us as the market leader in this policy-driven market.

During the Year, we continued to devote resources to further strengthen our production capacity and deepen our cooperation with major research organizations, including the research and development ("R&D") of biodegradable plastic products through collaboration with The Changchun Institute of Applied Chemistry Chinese Academy of Science ("CIAC"), a third-party research institute, in which we owned the rights to the R&D results. The Group also joined as members of those plastic production related industry associations in the PRC, including the Degradable Plastics Committee of China Plastic Processing Industry Association and The Changchun Die & Mold Industry Association so as to embrace the changing market trends and bring new growth momentum to the Group's business development.

The Group has been qualified as a High and New Technology Enterprise since 2018, we, therefore, entitled to enjoy a preferential PRC enterprise tax rate of 15% instead of the current prevailing rate of 25% as well as additional deduction allowances for qualified R&D expenses granted under the Enterprise Income Tax Law and the relevant regulations in the PRC.

In FY2023, although the stringent pandemic measures as well as travel and transportation restrictions were removed, the COVID-19 pandemic had brought fundamental change to the dining and consumption habits of the local residents in the PRC from dining in to preparing meals at home and/or ordering takeaway, which, contributed to the increase of sale of perishable food and fruits, and thus, in turn, stimulated the use of biodegradable shopping bags and biodegradable produce bag rolls. Such change led to an increase in revenue derived from the demand and sales of the biodegradable plastic products of the Group during the Year.

Following the listing of the Company's shares (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 31 March 2023 (the "**Listing**"), the Company had successfully raised the net proceeds of approximately HK\$155.4 million. With such strong financial backup, we are able to pursue our strategic imperatives for further expansion of the Group's operations and extend our footprint to other regions in the PRC. During FY2023, we had taken positive steps to (i) expand and establish new production lines in our Changchun production base to enhance the existing productivity in the Northeast region; (ii) set up a new production base in Dongguan, Guangdong province to capture the growing demand and potential business opportunities in the Southeast region; (iii) strengthen our R&D capabilities by upgrading the existing R&D equipment and engaging further collaborations with CIAC; (iv) finance our R&D projects; and (v) strengthen our IT system to enhance our overall operation efficiency and day-to-day management.

PROSPECTS

Despite the persistent geopolitical tensions and volatile global economic conditions, such as, soaring interest rates, inflationary pressures, economic malaise and the lasting effects of the COVID-19 pandemic, we are confident that the business opportunities and potential growth for the biodegradable plastic products market in the PRC remain optimistic given the improved economy and increasing commitment of the PRC Government in advocating environmental protection and reducing the treats of White Pollution. We will keep abreast of the market trends and continue to sharpen our competitive edges and enhance our production capabilities as well as technology level to accommodate our next phase of development and expansion.

FINANCIAL REVIEW

Revenue

For FY2023, the Group's revenue recorded an increase of 22.0% to approximately RMB365.8 million, as compared with approximately RMB299.8 million recorded for the year ended 31 December 2022 (the "**Preceding Year**" or "**FY2022**"). This strong performance was attributed by the post-pandemic economic rebound and lifting of stringent anti-pandemic measures during the Year. Following the full resumption of economic activities in the PRC and removal of travel restrictions, the market sentiments and consumer spendings have greatly improved, which led to the increase in sales of the biodegradable plastic products of the Group.

Cost of Sales

During the Year, the Group's cost of sales amounted to approximately RMB220.4 million, representing a significant increase of 22.7%, as compared with approximately RMB179.5 million for the Preceding Year. This increase was primarily due to the increase in production costs and raw material costs in line with the increased sales during the Year.

Gross Profit and Gross Profit Margin

During FY2023, thanks to the strong business performance of the Group, the gross profit amounted to approximately RMB145.5 million, versus approximately RMB120.2 million recorded for the Preceding Year, representing an increase of 21.0%, whilst the gross profit margin for the Year was 39.8%, against 40.1% for FY2022. The slight decline in gross profit margin was resulted from the increment in the raw material costs contributed by the inflationary impact brought by the post-pandemic during the Year.

Other Income

During the Year, the Group's other income amounted to approximately RMB7.3 million, against approximately RMB0.7 million recorded for the Preceding Year, representing an increase of 883.3%. Such substantial increase was mainly attributable to (i) the increase in the Government grants, which amounted to a total of approximately RMB2.9 million, due to the increase in the expenses incurred for the production of biodegradable plastic products of the Group; (ii) the increase in bank interest income amounting to a total of approximately RMB2.5 million, which was derived mainly from the deposit of the net proceeds raised from the Listing with the banks in Hong Kong and the PRC; and (iii) the gain on termination of the lease of the Huizhou factory site during the Year in the amount of approximately RMB1.9 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Year amounted to RMB5.8 million, representing an increase of 11.5%, as compared with approximately RMB5.2 million recorded for FY2022, such increase was mainly due to the increase in logistics costs incurred for products deliveries resulting from the strong sales of biodegradable plastic products during the Year.

Administrative and Other Operating Expenses

During FY2023, the Group's administrative and other operating expenses increased significantly to approximately RMB40.5 million from approximately RMB25.4 million recorded for the Preceding Year. Such significant increase of 59.6% was contributed by the following factors: (i) the increase in depreciation of the Group in the amount of approximately RMB2.5 million, which was primarily attributable to the increase in depreciation of the right-of-use assets relating to the Dongguan factory and Anji factory as well as leasehold improvements for factories in Changchun; (ii) the increase in the R&D costs of approximately RMB5.2 million incurred for the R&D projects collaborated with CIAC; and (iii) the increase in office expenses resulted from the expansion of the Group's operation during the Year.

Finance Costs

During the Year, the Group's finance costs amounted to approximately RMB4.0 million, as compared with the amount of approximately RMB3.4 million for the Preceding Year, representing an increase of 18.4%, such increase was mainly due to the increase in interest-bearing borrowings utilized by the Group to cope with its business expansion during the Year.

Listing Expenses

The listing expenses for the Group incurred during the Year was approximately RMB2.3 million, versus the amount of approximately RMB17.1 million for the Preceding Year. Such substantial decrease was due to the completion of the Listing on 31 March 2023. These expenses were non-recurring in nature and treated as one-off expenses.

Taxation

The Group's income tax expenses increased from approximately RMB12.8 million for the Preceding Year to approximately RMB15.5 million for the Year, representing an increase of 20.9%, which was mainly attributable to the increase of profit before tax as a result of the strong business performance achieved by the Group for the Year.

Profit for the Year

The Group recorded a profit for the Year of approximately RMB84.6 million, whilst the profit for FY2022 stood at approximately RMB57.0 million. The increase in profit by 48.5% for the Year was mainly resulted from (i) the increase in gross profit derived from the increase in revenue for the Year; and (ii) the decrease in listing expenses during the Year.

Liquidity and Financial Resources and Capital Structure

The Group exercised high level of prudence through stringent review of liquidity, risk exposure and market conditions and reacted swiftly to identify and mitigate risks.

As at 31 December 2023, the Group had maintained adequate liquidity with bank balances and cash in a total of approximately RMB315.7 million (including bank balances of approximately HK\$119.2 million (equivalent to approximately RMB108.0 million), being the unutilized net proceeds raised from the Listing), as compared with approximately RMB99.2 million as at 31 December 2022.

As at 31 December 2023, the Group had interest-bearing borrowings of approximately RMB49.7 million, against approximately RMB39.8 million as at 31 December 2022.

The Group's gearing ratio as at 31 December 2023 was 13.7%, compared to 31.7% as at 31 December 2022. The gearing ratio equals to total debts divided by total equity, whereby total debts include interest-bearing borrowings and lease liabilities. The significant improvement in gearing ratio was due to the substantial increase in total equity as a result of the Listing during FY2023.

During FY2023, the Group financed its operations with borrowings from banks and financial institutions and internal cash flows. The Directors considered that the Group maintained at a healthy liquidity position for its business operations with sufficient buffer for contingencies.

Treasury Policies

The Group implemented prudent treasury policies to maintain strong flexibility and capability to fund its business operations and manage unexpected contingencies. During the Year, the management performed credit assessments and evaluation of financial status of its customers to mitigate the Group's credit risk exposure while closely monitored the Group's liquidity position to ensure availability of sufficient financial resources to meet with the Group's funding requirements and commitments.

Exchange Rate Exposure

The majority of the Group's transactions, assets and liabilities were denominated in RMB. Since the exchange rate risk was not significant, the Group did not commit to any financial instruments to hedge against its foreign exchange exposure during the Year. The Directors and senior management closely monitor the foreign exchange exposure of the Group and will consider applicable financial derivatives as and when necessary.

Charge on Group Assets

As at 31 December 2023, the Group's interest-bearing borrowings and lease liabilities were secured by charges over the following assets of the Group:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Buildings	20,561	22,088
Leasehold Land	792	816
Patents	82	91
	<u>21,435</u>	<u>22,995</u>

The secured interest-bearing borrowings for the both financial years were maintained at a constant position whilst there was a slight increase in unsecured borrowings of approximately RMB2.8 million during the Year.

Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities (*2022: Nil*).

Commitments

As at 31 December 2023, the Group had capital expenditure commitments of approximately RMB3.5 million (*2022: approximately RMB3.0 million*), details of which are set out in note 14 to the consolidated financial statements in this announcement.

Significant Investments, Material Acquisitions and Disposals

Save for those reorganization activities took place for the purpose of the Listing as set out in the section headed “History, Reorganization and Group Structure” in the prospectus dated 21 March 2023 (the “**Prospectus**”), 2022 annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”) and 2023 interim report for the six months ended 30 June 2023 (the “**2023 Interim Report**”) of the Company, the Group did not have any significant investments, material acquisitions and disposals during the Year.

Final Dividend

The Directors do not recommend the payment of a final dividend for the Year (*FY 2022: Nil*).

Significant Events After the Reporting Period

The Group did not have any significant events after the reporting period and up to the date of this announcement.

Human Resources

As at 31 December 2023, the Group had a total of 182 employees (As at 31 December 2022: 159) serving its business in the PRC, all our employees stationed in the PRC. Total staff cost including Directors’ emoluments and retirement benefit costs for FY2023 amounted to approximately RMB13.1 million, against approximately RMB11.9 million as recorded in the Preceding Year.

The Group remunerated its employees and Directors in line with the prevailing market practices after taking into account their experience, responsibilities and scope of works. The Group has established a share option scheme and share options will be granted to the employees and Directors in accordance with the Group's remuneration policy with reference to the performance of the respective employees and Directors under the terms and conditions of the share option scheme.

FUTURE PLAN AND USE OF PROCEEDS

The Shares were listed on the Stock Exchange on 31 March 2023, the date of Listing, a total of 190,000,000 offer Shares were allotted and issued based on the final offer price of HK\$1.05 per offer Share and the net proceeds from the global offering amounted to approximately HK\$155.4 million.

There were no material changes in the intended use of net proceeds as disclosed previously in the Prospectus, 2022 Annual Report and 2023 Interim Report. Up to 31 December 2023, the net proceeds had been utilized as follows:

	Adjusted net proceeds HK\$'000	Amount utilized HK\$'000	Amount unutilized HK\$'000
Expand biodegradable plastic products production lines at the Changchun Production Base	51,743	18,548	33,195
Establish the Huizhou Production Base in the Southeast China ⁽¹⁾	51,588	–	51,588
Strengthen R&D capabilities and upgrade existing R&D equipment of the Group	6,682	–	6,682
Finance R&D projects of the Group	33,253	14,320	18,933
Strengthen IT system of the Group	4,662	–	4,662
General working capital	7,458	3,349	4,109
	<u>155,386</u>	<u>36,218</u>	<u>119,168</u>

As at 31 December 2023, the unutilized net proceeds of approximately HK\$119.2 million were deposited into licensed banks in the PRC.

The business objectives, future plans and intended use of net proceeds were based on the best estimation and assumption of future market conditions by the Group at the time of preparing the Prospectus whilst the application of the net proceeds was based on the actual development of the Group's businesses and the industry.

Note:

- (1) As (i) Dongguan factory site is less than 100 kilometers from our original site in Huizhou and within same province; (ii) with local Government's support; and (iii) lower rental payment, we have adjusted our expansion plan by relocated our new factory to Dongguan. Phase 1 (trial run operation) was settled by our Group by internal resources.

AGM AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the annual general meeting to be held on Friday, 28 June 2024 (the “**2024 AGM**”), the register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024 (both days inclusive) during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 24 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “**CG code**”) as set out in Appendix C1 to the Listing Rules on the Stock Exchange since 31 March 2023. The Board considered that the Company has complied with all applicable code provisions set out in the CG Code since the Listing Date and up to the date of this announcement.

CONNECTED/RELATED PARTIES TRANSACTIONS

The Company had not entered into any connected transaction during the Year, which is required to be disclosed under the Listing Rules. Save for the related party transactions as disclosed in note 13 to the consolidated financial statements in this announcement, there were no other related party transactions, connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions as the Listing Date. Based on specific enquiry made to the Directors, all of the Directors have confirmed that they had complied with the Model Code since the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group’s financial results for FY2023 including the accounting principles and practices adopted by the Group. There is no disagreement between the Board and the Audit Committee on the Group’s financial results for FY2023.

SCOPE OF WORK OF THE COMPANY’S AUDITOR ON THE RESULTS ANNOUNCEMENT

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position of the Group and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Company’s auditor, Mazars CPA Limited (“**Mazars**”), Certified Public Accountants, to the amounts set out in the audited consolidated financial statements of the Group for the year ended 31 December 2023. The work performed by Mazars in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on this announcement.

PUBLICATION OF THE FINANCIAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.jl-ks.cn**. The Company’s annual report for FY2023 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

For and on behalf of the Board
China Treasures New Materials Group Ltd.
ZHANG Yuqiu
Chair and Executive Director

Changchun, Jilin, the PRC, 28 March 2024

As at the date of this announcement, the executive Directors are Ms. ZHANG Yuqiu, Mr. SHAN Yuzhu, Mr. LI Xiquan and Mr. LI Peng; and the independent non-executive Directors are Mr. NG Tat Fung, Dr. SUN Shulin and Dr. LAI King Yin.