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JIANGSU INNOVATIVE ECOLOGICAL NEW MATERIALS LTD:

TO SLEEP IN A SOFT BED OF MOSS, UNDER HEAVENLY STARS,

IS FAR SUPERIOR TO TRYING TO REST ON A GRAVELLED STREAM BED

Three corporate entities, all being owned and controlled by the Government of the People's Republic of China (PRC), have been, for the past 13 years, responsible for up to and more than 90 percent of the Annual Revenues of Jiangsu Innovative Ecological New Materials Ltd() (Code: 2116, Main Board, The Stock Exchange of Hongkong Ltd).

This is made very apparent on scanning the Share Offer Prospectus of this Company, trading in the shares of which commenced on Wednesday, March 28, 2018.

Jiangsu Innovative Ecological New Materials Ltd is in the business of developing and manufacturing oil refining agents and fuel additives.

The Company published and disseminated its Share Offer Prospectus on March 19, 2018.

Investors of the Hongkong Special Administrative Region (HKSAR) of the PRC were Offered the opportunity to subscribe to 12 million, one-cent Shares (designated as the Public Offer tranche) while International Investors were Offered 108 million Shares via select Share Placements (designated as the Placing tranche).

The Indicative Offer Price Range of the Shares was a minimum of $HK1.00, rising to a maximum of $HK1.25.

On March 27, 2018, exactly eight days after the ink had dried on the Share Offer Prospectus, it was announced that the Offer Price Per Share had been struck at $HK1.25, the highest level of the Indicative Offer Price Range.

Management stated that it anticipated, having netted about $HK117.60 million from the **I**nitial **P**ublic **O**ffering (**IPO**).

Management, also, stated that the Public Offer tranche had been 226.42 times oversubscribed and that the Placing tranche had been '*moderately over-subscribed* (sic)' by approximately three times.

At Pages eight and nine of the Allotment Results Announcement of March 27, new shareholders were informed how Management anticipated, utilising the net proceeds of the IPO as follows:

1) Approximately, 36.40 percent, that is about $HK42.80 million, '*will be used to upgrade the Yixing Plant by purchasing new sets of machinery, equipment and analytical instruments, thereby expanding our production capacity, as well as meeting evermore stringent mandatory emissions regulations*';

2) Approximately, 45.80 percent, that is about $HK53.90 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*';

3) Approximately, 10.30 percent, that is about $HK12.10 million, '*will be used to repay the bank borrowings*'; and,

4) Approximately, 7.50 percent, that is about $HK8.80 million, '*will be used for general business operations and working capital.*'

Point Number Three of the Allotment Results Announcement is interesting because, inter alia, at Page 208 of the Share Offer Prospectus, it is stated:

> '*As of 31 January, 2018… we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities. Since 30 September 2017 and up to the date of this Prospectus, there has not been any material adverse change in our indebtedness.*'

Point **...**

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