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**Tsaker New Energy Tech Co., Limited**  
**彩客新能源科技有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1986)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

- For the year ended 31 December 2022, revenue of the Group amounted to approximately RMB2,122.3 million, representing an increase of approximately RMB341.2 million or approximately 19.2% comparing with that in the same period of 2021.
- For the year ended 31 December 2022, gross profit of the Group amounted to approximately RMB568.5 million, representing an increase of approximately RMB28.2 million or approximately 5.2% comparing with that in the same period of 2021.
- For the year ended 31 December 2022, net profit of the Group amounted to approximately RMB254.2 million, representing an increase of approximately RMB27.0 million or approximately 11.9% comparing with that in the same period of 2021.
- For the year ended 31 December 2022, basic and diluted earnings per share attributable to ordinary equity owners of the parent amounted to approximately RMB0.24, representing an increase of approximately RMB0.02 or approximately 9.1% comparing with that in the same period of 2021.
- The Board recommended the declaration of a final dividend of RMB0.059 per ordinary share for the year ended 31 December 2022, subject to the Shareholders' approval at the AGM. Assuming the final dividend is approved at the AGM, together with the interim dividend of RMB0.036 per ordinary share for the six months ended 30 June 2022, the dividends in aggregate for the year ended 31 December 2022 will amount to RMB0.095 per ordinary share.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Tsaker New Energy Tech Co., Limited (the “**Company**” or “**We**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**” or the “**Review Year**”) together with the comparative figures for the year ended 31 December 2021 as follows.

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

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>REVENUE</b>	4	2,122,318	1,781,106
Cost of sales		<u>(1,553,865)</u>	<u>(1,240,810)</u>
Gross profit		568,453	540,296
Other income and gains	4	9,725	27,675
Selling and distribution expenses		(50,578)	(58,235)
Administrative expenses		(133,925)	(143,847)
Other expenses		(7,983)	(25,473)
Impairment losses on property, plant, and equipment and intangible assets		(16,166)	(6,283)
Finance costs	5	(15,885)	(28,276)
Share of loss of an associate		(119)	(513)
Exchange (losses)/gains, net		<u>(18,788)</u>	<u>2,265</u>
<b>PROFIT BEFORE TAX</b>	6	334,734	307,609
Income tax expense	7	<u>(80,502)</u>	<u>(80,371)</u>
<b>PROFIT FOR THE YEAR</b>		<u>254,232</u>	<u>227,238</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		24,302	(7,711)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Equity investments designated at fair value through other comprehensive income (“FVOCI”)		<u>(5,844)</u>	<u>15,773</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>18,458</u>	<u>8,062</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>272,690</u>	<u>235,300</u>

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
Profit attributable to:			
Owners of the parent		<b>242,035</b>	226,239
Non-controlling interests		<b>12,197</b>	999
		<u><b>254,232</b></u>	<u>227,238</u>
Total comprehensive income attributable to:			
Owners of the parent		<b>260,493</b>	234,301
Non-controlling interests		<b>12,197</b>	999
		<u><b>272,690</b></u>	<u>235,300</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (expressed in RMB per share)	<i>9</i>	<u><b>0.24</b></u>	<u>0.22</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2022*

		<b>31 December 2022</b>	31 December
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>1,761,973</b>	1,454,285
Right-of-use assets	<i>11(a)</i>	<b>89,806</b>	87,447
Investment in an associate		<b>868</b>	987
Equity investments designated at FVOCI	<i>12</i>	<b>30,855</b>	50,135
Financial assets at fair value through profit or loss ("FVPL")		<b>37,119</b>	–
Intangible assets	<i>13</i>	<b>7,571</b>	17,319
Deferred tax assets		<b>28,311</b>	33,692
Other non-current assets		<b>50,826</b>	12,122
		<hr/>	<hr/>
Total non-current assets		<b>2,007,329</b>	1,655,987
<b>CURRENT ASSETS</b>			
Inventories	<i>14</i>	<b>272,759</b>	260,863
Trade receivables	<i>15</i>	<b>233,739</b>	216,086
Notes receivable	<i>16</i>	<b>421,045</b>	85,802
Prepayments and other receivables		<b>59,596</b>	139,069
Financial assets at FVPL		<b>4,621</b>	28,613
Restricted cash	<i>17</i>	<b>7,081</b>	1,986
Cash and cash equivalents	<i>17</i>	<b>189,069</b>	180,075
		<hr/>	<hr/>
Total current assets		<b>1,187,910</b>	912,494
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>18</i>	<b>384,084</b>	195,713
Other payables and accruals		<b>363,347</b>	84,586
Contract liabilities		<b>4,458</b>	6,485
Interest-bearing bank and other borrowings	<i>19</i>	<b>247,094</b>	278,000
Income tax payable		<b>20,792</b>	48,180
Current portion of long-term borrowings	<i>19</i>	<b>14,693</b>	24,109
		<hr/>	<hr/>
Total current liabilities		<b>1,034,468</b>	637,073
<b>NET CURRENT ASSETS</b>			
		<hr/>	<hr/>
		<b>153,442</b>	275,421
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<hr/>	<hr/>
		<b>2,160,771</b>	1,931,408

		<b>31 December 2022</b>	31 December 2021
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		<b>10,449</b>	20,473
Deferred tax liabilities		<b>11,570</b>	5,699
Interest-bearing bank and other borrowings	<i>19</i>	<b>38,793</b>	13,622
Lease liabilities	<i>11(b)</i>	<b>–</b>	188
		<hr/>	<hr/>
Total non-current liabilities		<b>60,812</b>	39,982
		<hr/>	<hr/>
Net assets		<b>2,099,959</b>	1,891,426
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>20</i>	<b>65,807</b>	66,269
Treasury shares		<b>(4,467)</b>	(5,893)
Reserves		<b>1,976,131</b>	1,815,114
		<hr/>	<hr/>
		<b>2,037,471</b>	1,875,490
		<hr/>	<hr/>
Non-controlling interests		<b>62,488</b>	15,936
		<hr/>	<hr/>
Total equity		<b>2,099,959</b>	1,891,426
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>334,734</b>	307,609
Adjustments for:			
Finance costs	<i>5</i>	<b>15,885</b>	28,276
Exchange gains, net		<b>(2,154)</b>	(592)
Interest income	<i>4</i>	<b>(613)</b>	(500)
Dividend income from equity investments at FVOCI and FVPL	<i>4</i>	<b>(118)</b>	(2,837)
Loss on disposal of items of property, plant and equipment	<i>6</i>	<b>1,545</b>	12,834
Loss on termination of a lease		–	611
Fair value losses of financial assets at FVPL		<b>18,443</b>	6,012
Depreciation of property, plant and equipment	<i>10</i>	<b>100,251</b>	97,989
Depreciation of right-of-use assets	<i>11(a)</i>	<b>4,701</b>	4,480
Amortisation of intangible assets	<i>13</i>	<b>1,824</b>	2,321
Amortisation of deferred income		<b>(10,304)</b>	(2,684)
Share of loss of an associate		<b>119</b>	513
Impairment of trade receivables	<i>6</i>	<b>1,410</b>	4,229
Impairment of property, plant and equipment	<i>10</i>	<b>7,163</b>	6,283
Impairment of intangible assets	<i>13</i>	<b>9,003</b>	–
Write-down of inventories to net realisable value	<i>6</i>	<b>1,969</b>	–
		<b>483,858</b>	464,544
Increase in inventories		<b>(13,865)</b>	(83,076)
Increase in trade receivables		<b>(91,224)</b>	(160,337)
Decrease in prepayments and other receivables		<b>41,842</b>	23,186
Increase in trade payables		<b>81,580</b>	57,509
(Decrease)/Increase in other payables and accruals		<b>(1,042)</b>	693
Decrease in contract liabilities		<b>(2,027)</b>	(5,029)
Increase in restricted cash		<b>(5,095)</b>	(1,226)
Short-term loan to an associate		–	(204)
Cash generated from operations		<b>494,027</b>	296,060
Interest received		<b>613</b>	500
Interest paid		<b>(18,656)</b>	(28,040)
Income tax paid		<b>(104,487)</b>	(33,082)
Net cash flows from operating activities		<b>371,497</b>	235,438

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received from equity investments at FVOCI and FVPL	4	<b>118</b>	2,837
Proceeds from disposal of financial assets at FVPL		<b>165,026</b>	51,587
Proceeds from disposal of financial assets at FVOCI		<b>38,282</b>	22,589
Purchases of items of property, plant and equipment		<b>(279,380)</b>	(64,074)
Purchases of intangible assets		<b>(310)</b>	(257)
Proceeds from disposal of items of property, plant and equipment		<b>1,775</b>	2,025
Purchases of equity investments designated at FVOCI		<b>(7,371)</b>	(7,364)
Proceeds from government grants		<b>280</b>	1,982
Prepaid land lease payment		<b>(7,060)</b>	(809)
Purchase of financial assets at FVPL		<b>(196,596)</b>	(84,783)
Investment in an associate		<b>–</b>	(1,500)
		<hr/>	<hr/>
Net cash flows used in investing activities		<b>(285,236)</b>	(77,767)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans and other borrowings		<b>414,103</b>	314,065
Repurchase of own shares		<b>(6,871)</b>	(13,142)
Repayment of bank loans and other borrowings		<b>(428,918)</b>	(368,827)
Principal portion of lease liabilities		<b>(449)</b>	(1,500)
Dividend paid		<b>(108,286)</b>	(40,024)
Deemed disposal of partial interest in a subsidiary		<b>51,000</b>	30,000
		<hr/>	<hr/>
Net cash flows used in financing activities		<b>(79,421)</b>	(79,428)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year	17	<b>6,840</b>	78,243
Effect of foreign exchange rate changes, net		<b>180,075</b>	101,240
		<b>2,154</b>	592
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	17	<b>189,069</b>	180,075
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## **NOTES TO FINANCIAL STATEMENTS**

*31 December 2022*

### **1. CORPORATE AND GROUP INFORMATION**

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- manufacture and sale of battery materials
- manufacture and sale of dye and agricultural chemical intermediates
- manufacture and sale of pigment intermediates and new materials
- others

In the opinion of the Directors, the controller of the Company is Mr. GE Yi.



## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for certain financial assets and notes receivable which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements;
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group's accounting treatment of proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management as well as the corresponding cost in both of current and prior periods is consistent with the amendments. No retrospective effect on the opening balance of retained profits as at 1 January 2021.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>2</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>1</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>1, 5</sup>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> <sup>6</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>2, 4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>1</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>1</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>1</sup>

- 1 Effective for annual periods beginning on or after 1 January 2023
- 2 Effective for annual periods beginning on or after 1 January 2024
- 3 No mandatory effective date yet determined but available for adoption
- 4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
- 5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
- 6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to HKAS 12. The amendments are not expected to have any significant impact on the Group's financial statements.

### **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and has four (2021: four) reportable operating segments as follows:

- (a) the battery materials segment engages in the manufacture and sale of battery materials;
- (b) the dye and agricultural chemical intermediates segment produces dye intermediate products for use in the production of dye related products and products for use in the production of agricultural chemicals;
- (c) the pigment intermediates and new materials segment produces pigment intermediate products for the use in the production of pigments and monomer for production of new material products;
- (d) the "others" segment comprises, principally, the Group's environmental technology consultancy services which engages in environmental protection.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated mainly based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs and other unallocated expenses of the Company and corporate expenses are excluded from such measurement.

The measurement of segment assets and liabilities is the same as that of the total assets and total liabilities for the consolidated statement of financial position, excluding unallocated corporate assets and liabilities, as these assets and liabilities are managed on a group basis.

Year ended 31 December 2022	Battery materials RMB'000	Dye and agricultural chemical intermediates RMB'000	Pigment intermediates and new materials RMB'000	Others RMB'000	Total segments RMB'000
<b>Segment revenue (Note 4):</b>					
Revenues from external customers	689,512	1,072,240	360,566	–	2,122,318
Intersegment sales	–	14,075	–	–	14,075
Total revenue	689,512	1,086,315	360,566	–	2,136,393
<i>Reconciliation</i>					
Elimination of intersegment sales					(14,075)
Revenue					<u>2,122,318</u>
<b>Segment results</b>	<b>185,505</b>	<b>99,209</b>	<b>89,367</b>	<b>–</b>	<b>374,081</b>
Including:					
Interest income	22	163	193	–	378
Finance costs	(1,940)	(20,840)	(2,493)	–	(25,273)
<i>Reconciliation</i>					
Interest income					235
Finance costs***					9,388
Realisation/(elimination) of intersegment results					159
Corporate and other unallocated expenses					(49,129)
Profit before tax					<u>334,734</u>
<b>Segment assets</b>	<b>1,523,322</b>	<b>1,592,427</b>	<b>371,803</b>	<b>–</b>	<b>3,487,552</b>
<i>Reconciliation</i>					
Elimination of intersegment receivables					(585,103)
Corporate and other unallocated assets					291,636
Realisation/(elimination) of inventories due to unrealised gains					1,154
Total assets					<u>3,195,239</u>
<b>Segment liabilities</b>	<b>990,207</b>	<b>572,924</b>	<b>90,726</b>	<b>–</b>	<b>1,653,857</b>
<i>Reconciliation</i>					
Elimination of intersegment payables					(585,103)
Corporate and other unallocated liabilities					26,526
Total liabilities					<u>1,095,280</u>
<b>Other segment information</b>					
Impairment losses recognised in profit or loss	16,519	2,348	678	–	19,545
Depreciation and amortisation*	23,602	62,422	17,517	–	103,541
Capital expenditure**	300,349	86,585	82,210	–	469,144

Year ended 31 December 2021	Battery materials RMB'000	Dye and agricultural chemical intermediates RMB'000	Pigment intermediates and new materials RMB'000	Others RMB'000	Total segments RMB'000
<b>Segment revenue (Note 4):</b>					
Revenues from external customers	173,486	1,252,422	353,566	1,632	1,781,106
Intersegment sales	–	11,521	–	–	11,521
<b>Total revenue</b>	<b>173,486</b>	<b>1,263,943</b>	<b>353,566</b>	<b>1,632</b>	<b>1,792,627</b>
<i>Reconciliation</i>					
Elimination of intersegment sales					(11,521)
Revenue					<u>1,781,106</u>
<b>Segment results</b>	(2,366)	276,655	56,920	(6,396)	324,813
Including:					
Interest income	4	133	35	68	240
Finance costs	(13)	(24,513)	(5,167)	(349)	(30,042)
<i>Reconciliation</i>					
Interest income					260
Finance costs***					1,766
Realisation/(elimination) of intersegment results					(1,442)
Corporate and other unallocated expenses					(17,788)
<b>Profit before tax</b>					<u>307,609</u>
<b>Segment assets</b>	401,082	2,053,536	286,790	93,520	2,834,928
<i>Reconciliation</i>					
Elimination of intersegment receivables					(578,448)
Corporate and other unallocated assets					317,005
Realisation/(elimination) of inventories due to unrealised gains					(5,004)
<b>Total assets</b>					<u>2,568,481</u>
<b>Segment liabilities</b>	482,786	562,084	120,919	4,149	1,169,938
<i>Reconciliation</i>					
Elimination of intersegment payables					(578,448)
Corporate and other unallocated liabilities					85,565
<b>Total liabilities</b>					<u>677,055</u>
<b>Other segment information</b>					
Share of loss of an associate	–	–	–	513	513
Impairment losses recognised in profit or loss	6,333	2,974	1,205	–	10,512
Depreciation and amortisation*	22,700	63,488	15,075	3,527	104,790
Capital expenditure**	27,176	63,256	6,094	–	96,526
Investment in an associate	–	–	–	987	987

\* Partial depreciation and amortisation of the Group are included in corporate and other unallocated expenses.

\*\* Capital expenditure consists of additions to property, plant and equipment, intangible assets and right-of-use assets.

\*\*\* Finance costs under reconciliation includes interest costs from corporate and unallocated parts from segments.



## Geographical information

### (a) Revenue from external customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	1,720,796	1,209,785
India	126,928	161,030
Brazil	51,154	74,569
Germany	46,915	73,998
Indonesia	42,540	94,476
United States	42,196	58,100
Spain	31,830	28,654
Taiwan, China	26,846	30,975
Japan	20,373	31,709
Turkey	4,617	5,710
Pakistan	1,800	4,978
The Netherlands	1,140	–
Korea	–	2,109
Other countries/regions	5,183	5,013
	<u>2,122,318</u>	<u>1,781,106</u>

The revenue information above is based on the locations of the customers.

The Group's non-current assets are substantially located in Mainland China.

### Information about major customers

In 2022, revenue of RMB269,438,000 was derived from sales from the battery materials segment to a single customer.

In 2021, revenue of RMB224,803,000 was derived from sales from the dye and agricultural chemical intermediates segment to a single customer.



#### 4. REVENUE, OTHER INCOME AND GAINS

##### Revenue from contracts with customers

##### (a) Disaggregated revenue information

For the year ended 31 December 2022

Segments	Battery materials RMB'000	Dye and agricultural chemical intermediates RMB'000	Pigment intermediates and new materials RMB'000	Others RMB'000	Total RMB'000
<b>Types of goods or services</b>					
Sale of goods	689,512	1,072,240	360,566	–	2,122,318
Total revenue from contracts with customers	<u>689,512</u>	<u>1,072,240</u>	<u>360,566</u>	<u>–</u>	<u>2,122,318</u>
<b>Geographical markets</b>					
Mainland China	689,512	835,874	195,410	–	1,720,796
India	–	27,621	99,307	–	126,928
Brazil	–	51,154	–	–	51,154
Germany	–	46,915	–	–	46,915
Indonesia	–	42,540	–	–	42,540
United States	–	–	42,196	–	42,196
Spain	–	31,830	–	–	31,830
Taiwan, China	–	26,846	–	–	26,846
Japan	–	–	20,373	–	20,373
Turkey	–	4,617	–	–	4,617
Pakistan	–	1,325	475	–	1,800
The Netherlands	–	–	1,140	–	1,140
Other countries/regions	–	3,518	1,665	–	5,183
Total revenue from contracts with customers	<u>689,512</u>	<u>1,072,240</u>	<u>360,566</u>	<u>–</u>	<u>2,122,318</u>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	689,512	1,072,240	360,566	–	2,122,318
Total revenue from contracts with customers	<u>689,512</u>	<u>1,072,240</u>	<u>360,566</u>	<u>–</u>	<u>2,122,318</u>

For the year ended 31 December 2021

Segments	Battery materials <i>RMB'000</i>	Dye and agricultural chemical intermediates <i>RMB'000</i>	Pigment intermediates and new materials <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>					
Sale of goods	173,486	1,252,422	353,566	–	1,779,474
Provision of consultancy and maintenance services	–	–	–	1,632	1,632
Total revenue from contracts with customers	<u>173,486</u>	<u>1,252,422</u>	<u>353,566</u>	<u>1,632</u>	<u>1,781,106</u>
<b>Geographical markets</b>					
Mainland China	173,486	836,795	197,872	1,632	1,209,785
India	–	80,712	80,318	–	161,030
Indonesia	–	94,476	–	–	94,476
Brazil	–	74,569	–	–	74,569
Germany	–	73,656	342	–	73,998
United States	–	18,200	39,900	–	58,100
Japan	–	–	31,709	–	31,709
Taiwan, China	–	30,975	–	–	30,975
Spain	–	28,654	–	–	28,654
Turkey	–	5,710	–	–	5,710
Pakistan	–	4,978	–	–	4,978
Korea	–	2,109	–	–	2,109
Other countries/regions	–	1,588	3,425	–	5,013
Total revenue from contracts with customers	<u>173,486</u>	<u>1,252,422</u>	<u>353,566</u>	<u>1,632</u>	<u>1,781,106</u>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	173,486	1,252,422	353,566	–	1,779,474
Services transferred over time	–	–	–	1,632	1,632
Total revenue from contracts with customers	<u>173,486</u>	<u>1,252,422</u>	<u>353,566</u>	<u>1,632</u>	<u>1,781,106</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>5,687</u>	<u>9,083</u>
	<u><b>5,687</b></u>	<u><b>9,083</b></u>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of goods, including chemical intermediates, battery materials and environmental technology equipment*

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers and small-sized customers, where payment in advance is normally required.

*Provision of consultancy and maintenance services*

Revenue from the provision of consultancy and maintenance services is recognised over time and on a straight-line basis throughout the year.

The amounts of transaction prices allocated to the remaining performance obligations (partially unsatisfied) as at 31 December are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>-</u>	<u>151</u>

## Other income and gains

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	<b>613</b>	500
Dividend income from equity investments at FVOCI and financial assets at FVPL	<b>118</b>	2,837
Fair value (losses), net:		
Financial assets at FVPL	<b>(18,443)</b>	(6,012)
Government grants*	<b>15,266</b>	7,915
Sale of materials and scrap	<b>7,893</b>	21,434
Others	<b>4,278</b>	1,001
	<b>9,725</b>	27,675

\* For the year ended 31 December 2022, government grants amounting to RMB15,266,000 (2021: RMB7,915,000) were recognised as income for the year necessary to compensate the costs and facilitate the Group's development. There are no unfulfilled conditions or contingencies attached to the grants.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank loans and other borrowings	<b>15,389</b>	24,690
Interest on lease liabilities	<b>25</b>	139
Other finance costs	<b>3,994</b>	3,447
Less: Interest capitalised	<b>(3,523)</b>	—
	<b>15,885</b>	28,276

The weighted average interest rate of capitalisation for the year ended 31 December 2022 was 5.44% (2021 : Nil).

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Cost of inventories sold****		<b>1,553,865</b>	1,240,226
Cost of services provided		–	584
Depreciation of property, plant and equipment	<i>10</i>	<b>100,251</b>	97,989
Depreciation of right-of-use assets	<i>11(a)</i>	<b>4,701</b>	4,480
Amortisation of intangible assets		<b>1,824</b>	2,321
Research and development costs		<b>25,495</b>	26,392
Lease payments not included in the measurement of lease liabilities	<i>11(c)</i>	<b>2,485</b>	2,840
Auditor's remuneration		<b>2,100</b>	2,180
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages, salaries and welfare		<b>149,844</b>	109,457
Pension and other social insurances**		<b>39,500</b>	25,190
Exchange losses/(gains), net		<b>18,788</b>	(2,265)
Dividend income from equity investments at FVOCI and financial assets at FVPL		<b>(118)</b>	(2,837)
Impairment losses on property, plant and equipment	<i>10</i>	<b>7,163</b>	6,283
Impairment losses on intangible assets		<b>9,003</b>	–
Loss on disposal of items of property, plant and equipment*		<b>1,545</b>	12,834
Impairment of trade receivables*	<i>15</i>	<b>1,410</b>	4,229
Write-down of inventories to net realisable value		<b>1,969</b>	–
Fair value losses:			
Financial assets at FVPL		<b>18,443</b>	6,012
Share of loss of an associate		<b>119</b>	513
Bank interest income		<b>(613)</b>	(500)
Proceeds from sale of items produced while testing machinery and equipment***		<b>(17,307)</b>	(1,158)
Direct cost of sales of items produced while testing machinery and equipment****		<b>12,261</b>	1,671
		<b><u>12,261</u></b>	<b><u>1,671</u></b>

\* These losses and expenses were recorded as other expenses to the consolidated financial statements.

\*\* There were no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. No forfeited contributions were also available at 31 December 2022 and 2021 for the Group to reduce contribution payables in future years, if applicable.

\*\*\* Proceeds from sale of items produced while testing machinery and equipment are included in "Revenue" in the consolidated statement of profit and loss and other comprehensive income.

\*\*\*\* Direct cost of sales of items produced while testing machinery and equipment are included in Cost of inventories sold above and "Cost of sales" in the consolidated statement of profit and loss and other comprehensive income.

## 7. INCOME TAX

### Cayman Islands

Under the current income tax laws of the Cayman Islands, the Company is not subject to tax on any income or capital gain.

### Hong Kong

Under the current income tax laws of Hong Kong, companies are subject to Hong Kong profits tax at 16.5% on assessable profits arising in or derived from Hong Kong. One subsidiary of the Group is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

### Singapore

Under the current income tax laws of Singapore, companies are subject to Singapore profits tax at 17.0% on assessable profits arising in or derived from Singapore.

### Mainland China

The Company's subsidiaries in Mainland China are subject to income tax at 25% unless otherwise specified as follows:

- (a) Hebei Tsaker New Materials Technology Company Limited, a non-wholly owned subsidiary of the Company, is subject to corporate income tax at the rate of 15% from 2022 to 2024, after being assessed as a high and new technology enterprise.
- (b) Hainan Yangshuo Technology Co., Limited, a wholly-owned subsidiary of the Company, is qualified as a small-scale enterprise and is subject to the applicable enterprise income tax rate of 20%.

Under the prevailing PRC Corporate Income Tax Law and the relevant regulations, any dividends paid by the Company's PRC subsidiaries from their earnings derived after 1 January 2008 to the Company's Hong Kong subsidiary are subject to a 5% or 10% PRC dividend withholding tax, depending on the applicability of the Sino-Hong Kong tax treaty. For the Group, the historical applicable rate is 5%. The Group is therefore liable for withholding taxes on retained earnings distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	70,725	61,591
(Overprovision)/Underprovision in prior years	(2,858)	622
Current – Elsewhere	1,383	8,385
Deferred	11,252	9,773
	<hr/>	<hr/>
Total tax charge for the year	<b>80,502</b>	<b>80,371</b>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for Mainland China, in which the majority of the Company's subsidiaries are domiciled, to the tax expense at the effective tax rate is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit before tax	<b>334,734</b>	307,609
Tax at the statutory income tax rate (25%)	<b>83,684</b>	76,902
Tax effect of different tax rates	<b>(143)</b>	(381)
Effect of preferential income tax rates applicable to certain subsidiaries	<b>(8,221)</b>	–
Non-deductible expenses	<b>12,462</b>	5,992
Income not subject to tax	<b>(2,601)</b>	(2,353)
Additional deduction of research and development costs	<b>(10,017)</b>	(7,128)
Adjustments in respect of current tax of previous periods	<b>(2,858)</b>	622
Temporary differences (including tax losses) not recognised	<b>6,408</b>	133
Withholding tax	<b>1,788</b>	6,584
Total income tax expense	<b>80,502</b>	80,371

## 8. DIVIDENDS

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Interim dividend approved and paid of RMB0.036 per ordinary share (2021: RMB0.039)	<i>(a)</i>	<b>36,689</b>	40,024
Final dividend proposed after the end of the reporting period of RMB0.059 per ordinary share (2021: RMB0.068)	<i>(b)</i>	<b>60,129</b>	69,785
		<b>96,818</b>	109,809

- (a) On 19 August 2022, the Board declared an interim dividend of RMB0.036 per ordinary share (six months ended 30 June 2021: RMB0.039 per ordinary share), amounting to a total of approximately RMB36,689,000 (six months ended 30 June 2021: RMB40,024,000).
- (b) The Directors recommend a final dividend of RMB0.059 (2021: RMB0.068) per ordinary share in respect of the year ended 31 December 2022, amounting to a total of approximately RMB60,129,000 (2021: RMB69,785,000). The proposed dividend was not recognised as a liability as at the end of the reporting period, since it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The final dividend proposed amount was calculated based on the issued and fully paid shares of the Company as at 31 December. If taken the subsequent cancellation after 31 December 2022 of 3,871,000 shares into consideration, the total amount of final dividend amounted to approximately RMB59,900,000.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,019,073,000 (2021: 1,027,925,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculations of basic and diluted earnings per share are based on:

	2022	2021
<b>Earnings</b>		
Profit for the year attributable to ordinary equity holders of the parent ( <i>RMB'000</i> )	<u>242,035</u>	<u>226,239</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation ( <i>'000</i> )	<u>1,019,073</u>	<u>1,027,925</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2021 and 1 January 2022:</b>						
Cost	560,585	884,647	16,931	4,754	592,725	2,059,642
Accumulated depreciation and impairment	<u>(152,847)</u>	<u>(427,995)</u>	<u>(14,912)</u>	<u>(2,988)</u>	<u>(6,615)</u>	<u>(605,357)</u>
Net carrying amount	<u>407,738</u>	<u>456,652</u>	<u>2,019</u>	<u>1,766</u>	<u>586,110</u>	<u>1,454,285</u>
At 1 January 2022, net of accumulated depreciation and impairment	407,738	456,652	2,019	1,766	586,110	1,454,285
Additions	4,053	9,027	1,843	2,739	400,760	418,422
Disposals	(366)	(2,928)	(15)	(11)	-	(3,320)
Depreciation provided during the year	(28,945)	(67,213)	(3,179)	(914)	-	(100,251)
Impairment	-	-	-	-	(7,163)	(7,163)
Transfers	482,743	440,816	-	-	(923,559)	-
At 31 December 2022, net of accumulated depreciation and impairment	<u>865,223</u>	<u>836,354</u>	<u>668</u>	<u>3,580</u>	<u>56,148</u>	<u>1,761,973</u>
<b>At 31 December 2022:</b>						
Cost	1,044,462	1,305,447	18,596	7,271	69,926	2,445,702
Accumulated depreciation and impairment	<u>(179,239)</u>	<u>(469,093)</u>	<u>(17,928)</u>	<u>(3,691)</u>	<u>(13,778)</u>	<u>(683,729)</u>
Net carrying amount	<u>865,223</u>	<u>836,354</u>	<u>668</u>	<u>3,580</u>	<u>56,148</u>	<u>1,761,973</u>



## Impairment assessment in 2022

As at 31 December 2022, certain equipment of the Mononitrotoluene separation and crystallization process test project (the “**Test Project**”) would be no longer used. An impairment provision of RMB487,000 was made based on fair values less costs to sell. The fair value was derived from market quotations. The fair values less costs to sell, carrying amount and impairment provision as at 31 December 2022 are as follows:

	<b>Recoverable amounts RMB'000</b>	<b>Carrying amounts RMB'000</b>	<b>Impairment provision RMB'000</b>
Certain equipment of Test Project	3,343	3,830	487

As at 31 December 2022, since the equipment of the sulfonation workshop (a workshop of the battery materials segment) would be no longer used, an impairment provision of RMB6,676,000 was made based on the carrying amount. The carrying amount and impairment provision as at 31 December 2022 are as follows:

	<b>Carrying amounts RMB'000</b>	<b>Impairment provision RMB'000</b>
Equipment of sulfonation workshop	6,676	6,676

	Buildings RMB'000	Machinery and equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 31 December 2020 and 1 January 2021:</b>						
Cost	510,590	844,203	17,268	4,441	627,954	2,004,456
Accumulated depreciation and impairment	(126,131)	(377,518)	(14,700)	(2,345)	(6,615)	(527,309)
Net carrying amount	<u>384,459</u>	<u>466,685</u>	<u>2,568</u>	<u>2,096</u>	<u>621,339</u>	<u>1,477,147</u>
At 1 January 2021, net of accumulated depreciation and impairment	384,459	466,685	2,568	2,096	621,339	1,477,147
Additions	4,861	11,378	620	622	78,788	96,269
Disposals	(1,585)	(4,279)	(78)	(223)	(8,694)	(14,859)
Depreciation provided during the year	(27,943)	(68,177)	(1,140)	(729)	–	(97,989)
Impairment	–	(6,283)	–	–	–	(6,283)
Transfers	47,946	57,328	49	–	(105,323)	–
At 31 December 2021, net of accumulated depreciation and impairment	<u>407,738</u>	<u>456,652</u>	<u>2,019</u>	<u>1,766</u>	<u>586,110</u>	<u>1,454,285</u>
<b>At 31 December 2021:</b>						
Cost	560,585	884,647	16,931	4,754	592,725	2,059,642
Accumulated depreciation and impairment	(152,847)	(427,995)	(14,912)	(2,988)	(6,615)	(605,357)
Net carrying amount	<u>407,738</u>	<u>456,652</u>	<u>2,019</u>	<u>1,766</u>	<u>586,110</u>	<u>1,454,285</u>

## Impairment assessment in 2021

As at 31 December 2021, attributed to a sluggish market demand and a continuously insufficient capacity utilisation rate in the Carbon Nanotube Conductive Paste (“CNT”) cash-generating unit (“CGU”) (a production line in the dye and agricultural chemical intermediates segment manufacturing CNT), management has performed impairment assessments by comparing the carrying values of the assets of this CGU with its recoverable amount. The recoverable amount was estimated based on its value in use (“VIU”) as determined by discounting the future cash flows to be generated from the continuing use of this CGU with a pre-tax discount rate of approximately 14%. Key assumptions used for the VIU calculations are unit selling price, production volumes, unit cost as well as residual values. Based on the above-mentioned impairment assessments, the recoverable amounts, carrying amounts and impairment provision for the CNT CGU as at 31 December 2021 are as follows:

	<b>Recoverable amounts</b> <i>RMB'000</i>	<b>Carrying amounts</b> <i>RMB'000</i>	<b>Impairment provision</b> <i>RMB'000</i>
CNT CGU	8,166	13,244	5,078

As at 31 December 2021, since certain equipment of the TCCBM production line (a production line in pigment intermediates and new materials segment manufacturing TCCBM) would be no longer used, an impairment provision of RMB1,205,000 was made based on the carrying amount. The carrying amount and impairment provision as at 31 December 2021 are as follows:

	<b>Carrying amount</b> <i>RMB'000</i>	<b>Impairment provision</b> <i>RMB'000</i>
Certain equipment of the TCCBM production line	1,205	1,205

## 11. LEASES

### The Group as a lessee

The Group has lease contracts for various items of plant and machinery, office premises, apartments for employees and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 13 to 50 years, and no ongoing payments will be made under the terms of these land leases. The leases of plant and machinery, office premises, apartments for employees and other equipment have lease terms of 2 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Leasehold land</b>	<b>Office premises and apartments for employees</b>	<b>Plant and machinery</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2021	89,635	574	3,634	93,843
Addition	–	809	–	809
Lease termination	–	–	(2,725)	(2,725)
Depreciation charge	(2,801)	(770)	(909)	(4,480)
As at 31 December 2021 and 1 January 2022	<u>86,834</u>	<u>613</u>	<u>–</u>	<u>87,447</u>
Addition	<b>7,060</b>	–	–	<b>7,060</b>
Depreciation charge	<b>(4,256)</b>	<b>(445)</b>	–	<b>(4,701)</b>
As at 31 December 2022	<u><b>89,638</b></u>	<u><b>168</b></u>	<u>–</u>	<u><b>89,806</b></u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	<b>627</b>	4,242
New leases	–	809
Accretion of interest recognised during the year	<b>25</b>	139
Payments	<b>(474)</b>	(1,639)
Lease termination	–	(2,924)
Carrying amount at 31 December	<u><b>178</b></u>	<u>627</u>
Analysed into:		
Current portion	<b>178</b>	439
Non-current portion	<u>–</u>	<u>188</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	<b>25</b>	139
Depreciation charge of right-of-use assets	<b>4,701</b>	4,480
Expense relating to short-term leases	<b>2,485</b>	2,840
Total amount recognised in profit or loss	<u><b>7,211</b></u>	<u>7,459</u>

## 12. EQUITY INVESTMENTS DESIGNATED AT FVOCI

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Equity investments designated at FVOCI:		
Quoted equity investment, at fair value		
Equity investment in a listed company	–	24,352
Unquoted equity investment, at fair value	<u>30,855</u>	<u>25,783</u>
<b>Total</b>	<b><u>30,855</u></b>	<b><u>50,135</u></b>

The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

The Group disposed of the equity investment in a listed company, which was designated at FVOCI, with a consideration of RMB20,807,000 due to strategic consideration. The accumulative gain of RMB5,756,000 recorded in fair value reserve was transferred to retained profits accordingly.

In 2022, the Group recognised a loss of RMB5,844,000 in other comprehensive income in relation to the fair value change of equity investments designated at FVOCI (2021: a gain of RMB15,773,000).

## 13. INTANGIBLE ASSETS

	Software <i>RMB'000</i>	Technological know-how <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 1 January 2021:</b>			
Cost	3,333	19,763	23,096
Accumulated amortisation	<u>(733)</u>	<u>(2,738)</u>	<u>(3,471)</u>
Net carrying amount	<u>2,600</u>	<u>17,025</u>	<u>19,625</u>
Cost at 1 January 2021, net of accumulated amortisation	2,600	17,025	19,625
Additions	257	–	257
Amortisation provided during the year	(378)	(1,943)	(2,321)
Exchange realignment	<u>–</u>	<u>(242)</u>	<u>(242)</u>
At 31 December 2021	<u>2,479</u>	<u>14,840</u>	<u>17,319</u>
<b>At 31 December 2021:</b>			
Cost	3,590	19,494	23,084
Accumulated depreciation and impairment	<u>(1,111)</u>	<u>(4,654)</u>	<u>(5,765)</u>
Net carrying amount	<u>2,479</u>	<u>14,840</u>	<u>17,319</u>
Cost at 1 January 2022, net of accumulated amortisation	<b>2,479</b>	<b>14,840</b>	<b>17,319</b>
Additions	<b>310</b>	–	<b>310</b>
Amortisation provided during the year	<b>(362)</b>	<b>(1,462)</b>	<b>(1,824)</b>
Impairment during the year	–	<b>(9,003)</b>	<b>(9,003)</b>
Exchange realignment	<u>–</u>	<u>769</u>	<u>769</u>
At 31 December 2022	<u>2,427</u>	<u>5,144</u>	<u>7,571</u>

	Software <i>RMB'000</i>	Technological know-how <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2022:</b>			
Cost	3,900	20,554	24,454
Accumulated depreciation and impairment	<u>(1,473)</u>	<u>(15,410)</u>	<u>(16,883)</u>
Net carrying amount	<u><u>2,427</u></u>	<u><u>5,144</u></u>	<u><u>7,571</u></u>

#### **Impairment assessment in 2022**

Full impairment provision of RMB9,003,000 upon the carrying amount was made on a technology know how acquired in prior years for CNT production due to management's plan on ceasing production of CNT.

#### **14. INVENTORIES**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Raw materials	46,381	20,527
Work in progress	55,195	33,124
Finished goods	<u>171,183</u>	<u>207,212</u>
	<u><u>272,759</u></u>	<u><u>260,863</u></u>

#### **15. TRADE RECEIVABLES**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	241,443	222,380
Impairment	<u>(7,704)</u>	<u>(6,294)</u>
	<u><u>233,739</u></u>	<u><u>216,086</u></u>

The Group's trading terms with its customers are mainly on credit, except for new customers and small-sized customers, where payment in advance is normally required. The credit period is generally one month for domestic customers, extending up to three months for overseas customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over certain of its outstanding receivables.

Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

A subsidiary of the Company has pledged trade receivables of approximately RMB36,972,000 to secure a bank loan amounted to RMB41,347,000.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	<b>163,099</b>	116,842
1 month to 2 months	<b>33,379</b>	63,304
2 months to 3 months	<b>7,391</b>	16,858
3 months to 4 months	<b>16,147</b>	3,741
Over 4 months	<b>13,723</b>	15,341
	<b>233,739</b>	216,086

The movement in the loss allowance for impairment of trade receivables is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of year	<b>6,294</b>	2,065
Impairment provided ( <i>note 6</i> )	<b>1,410</b>	4,229
At end of year	<b>7,704</b>	6,294

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group recognises that recovery of the amount is remote.

The Group applies the simplified approach to the provision for expected credit losses prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit loss on trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2022**

	<b>Within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Expected credit loss rate	<b>0.08%</b>	<b>2.32%</b>	<b>4.55%</b>	<b>100.00%</b>	–
Gross carrying amount ( <i>RMB'000</i> )	<b>222,408</b>	<b>9,105</b>	<b>2,728</b>	<b>7,202</b>	<b>241,443</b>
Expected credit losses ( <i>RMB'000</i> )	<b>167</b>	<b>211</b>	<b>124</b>	<b>7,202</b>	<b>7,704</b>

**As at 31 December 2021**

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	0.01%	0.24%	30.90%	100.00%	–
Gross carrying amount ( <i>RMB'000</i> )	208,879	4,419	4,076	5,006	222,380
Expected credit losses ( <i>RMB'000</i> )	19	10	1,259	5,006	6,294

## 16. NOTES RECEIVABLE

Notes receivable of the Group are bank acceptance notes and commercial acceptance notes and are usually settled within six months from their respective dates of issue. None of the notes receivable as at the end of the years ended 31 December 2022 and 2021 was past due or impaired.

Transferred financial assets that are not derecognised: The Group endorsed certain notes receivable accepted by banks in Mainland China (the “**Endorsed Notes**”) with aggregate carrying amounts of RMB291,610,000 and RMB10,254,000 as at 31 December 2022 and 2021, respectively, to certain of its suppliers in order to settle trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated other payables. Subsequent to the Endorsement, the Group did not retain any rights to the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. None of the Endorsed Notes settled during the year have been recouped as at the end of the year.

Transferred financial assets that are derecognised: The Group endorsed certain notes receivable accepted by banks in Mainland China (the “**Derecognised Notes**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with aggregate carrying amounts of RMB325,965,000 and RMB335,339,000 as at 31 December 2022 and 2021, respectively. The Derecognised Notes have a maturity from one to six months at the end of the respective reporting periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

Since the business model of notes receivables with similar credit exposures with the Derecognised Notes is both holding to collect contractual cash flows and selling, the Group classifies and measures notes receivables with similar credit exposures with the Derecognised Notes at fair value through other comprehensive income. The fair value of notes receivable approximated to their carrying amount largely due to the short term maturities of these instruments. No fair value changes were recorded for the years ended 31 December 2022 and 2021 for notes receivable.

For the years ended 31 December 2022 and 2021, the Group has not recognised any gain or loss on the dates of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the years ended 31 December 2022 and 2021 or cumulatively.

## 17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Cash and bank balances		<b>196,150</b>	182,061
Less: Restricted cash – current	(a)	<u><b>(7,081)</b></u>	<u>(1,986)</u>
Cash and cash equivalents		<u><b>189,069</b></u>	<u>180,075</u>
Denominated in RMB		<b>173,604</b>	147,638
Denominated in other currencies		<u><b>15,465</b></u>	<u>32,437</u>
Cash and cash equivalents		<u><b>189,069</b></u>	<u>180,075</u>

*Note:*

(a) As at 31 December 2022, restricted cash mainly represented deposits held for use in issued notes payable.

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the restricted bank deposits approximate to their fair values.

## 18. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Within 1 month	<b>255,671</b>	94,495
1 month to 2 months	<b>44,232</b>	18,824
2 months to 3 months	<b>22,527</b>	4,659
Over 3 months	<u><b>61,654</b></u>	<u>77,735</u>
	<u><b>384,084</b></u>	<u>195,713</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.



## 19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Short-term</b>						
Bank loans – secured	3.20-6.80	2023	196,568	4.50-6.80	2022	273,000
Bank loans – unsecured	4.50-5.80	2023	50,526	6.00	2022	5,000
			<u>247,094</u>			<u>278,000</u>
<b>Long-term</b>						
Bank loans – secured	5.00	2025	10,000	7.20	2022	18,000
Bank loans – unsecured	5.00-7.20	2023-2025	4,900	–	–	–
Other borrowings – secured	8.32-9.22	2023-2025	38,586	9.22	2022-2024	19,731
			<u>53,486</u>			<u>37,731</u>
<b>Less: current portion of long-term bank and other borrowings</b>			(14,693)			(24,109)
			<u>38,793</u>			<u>13,622</u>
<b>Total bank and other borrowings</b>			<u><b>300,580</b></u>			<u><b>315,731</b></u>
<b>Analysed into:</b>						
Bank loans repayable:						
Within one year			247,584			296,000
In the second year			10,490			–
In the third to fifth years, inclusive			3,920			–
			<u>261,994</u>			<u>296,000</u>
Other borrowings repayable:						
Within one year			14,203			6,109
In the second year			15,288			6,526
In the third to fifth years, inclusive			9,095			7,096
			<u>38,586</u>			<u>19,731</u>
<b>Total</b>			<u><b>300,580</b></u>			<u><b>315,731</b></u>

- (a) The Group had unutilised banking facilities of RMB110,653,000 as at 31 December 2022 (2021: RMB59,263,000).

- (b) Certain of the Group's interest-bearing bank and other borrowings as at 31 December 2022 were secured by:
- (i) mortgages over certain of the Group's property, plant and equipment of RMB30,255,000 as at 31 December 2022 (2021: RMB55,119,000);
  - (ii) mortgages over certain of the Group's right-of-use assets of RMB3,572,000 as at 31 December 2022 (2021: RMB45,937,000);
  - (iii) mortgages over certain of the Group's trade receivables of RMB36,972,000 as at 31 December 2022 (2021: RMB14,957,000).
- (c) All the outstanding interest-bearing bank and other borrowings are denominated in RMB.

## 20. SHARE CAPITAL

The movements in share capital of the Company are as follows:

Shares	Number of shares	Share capital US\$	Issued share capital equivalent of RMB'000
Authorised:			
As at 31 December 2021 at US\$0.01 each	<u>2,000,000,000</u>	<u>20,000,000</u>	
As at 31 December 2022 at US\$0.01 each	<u>2,000,000,000</u>	<u>20,000,000</u>	
Issued and fully paid:			
At 1 January 2022 at US\$0.01 each	<u>1,026,255,000</u>	<u>10,262,550</u>	<u>66,269</u>
Shares cancelled	<u>(7,122,500)</u>	<u>(71,225)</u>	<u>(462)</u>
As at 31 December 2022 at US\$0.01 each	<u>1,019,132,500</u>	<u>10,191,325</u>	<u>65,807</u>

*Note:*

The Company repurchased 5,966,000 and 11,876,500 of its shares in 2022 and 2021, respectively, on the Hong Kong Stock Exchange for considerations of RMB6,871,000 and RMB13,142,000 respectively. 7,122,500 shares were cancelled during the year.

## 21. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2022 (2021: Nil).

## 22. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contracted, but not provided for:		
Plant and machinery	93,098	152,429
Capital contribution payable to an equity investment	—	2,200
	<u>93,098</u>	<u>154,629</u>

## 23. EVENTS AFTER THE REPORTING PERIOD

On 10 March 2023, Shandong Tsaker New Materials Co., Ltd.\* (山東彩客新材料有限公司) (“**Shandong TNM**”), Cangzhou Tsaker Lithium Energy Co., Ltd.\* (滄州彩客鋰能有限公司), Shandong Tsaker New Materials Co., Ltd. Beijing Branch\* (山東彩客新材料有限公司北京分公司), Mr. GE Yi and Tsaker Huayu Chemical Co., Ltd.\* (彩客華煜化學有限公司) entered into a capital increase agreement with 8 independent investors, pursuant to which the independent investors agreed to inject an aggregate amount of RMB149,000,000 into Shandong TNM by way of cash contribution in return for approximately 6.62% equity interest in aggregate in the enlarged registered capital of Shandong TNM.

On 24 March 2023, the directors recommend a final dividend of RMB0.059 per ordinary share in respect of the year ended 31 December 2022 and the proposal is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting as set out in note 8.

As of the date of this announcement, except for the above events, the Group had no other significant events after the reporting period that are required to be disclosed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### *Operating segment results*

##### For the year ended 31 December 2022

	Battery materials	Dye and agricultural chemical intermediates	Pigment intermediates and new materials	Others	Total
Revenue (RMB'000)	689,512	1,072,240	360,566	–	2,122,318
Cost of sales (RMB'000)	438,746	867,484	247,635	–	1,553,865
Sales volume (tons)	33,722	61,679	9,675	–	105,076
Gross profit margin	36.4%	19.1%	31.3%	–	26.8%
Average unit selling price (RMB/ton)	<u>20,447</u>	<u>17,384</u>	<u>37,268</u>	<u>–</u>	<u>N/A</u>

##### For the year ended 31 December 2021

	Battery materials	Dye and agricultural chemical intermediates	Pigment intermediates and new materials	Others	Total
Revenue (RMB'000)	173,486	1,252,422	353,566	1,632	1,781,106
Cost of sales (RMB'000)	163,043	846,661	230,496	610	1,240,810
Sales volume (tons)	11,573	69,948	11,013	N/A	92,534
Gross profit margin	6.0%	32.4%	34.8%	62.6%	30.3%
Average unit selling price (RMB/ton)	<u>14,991</u>	<u>17,905</u>	<u>32,104</u>	<u>N/A</u>	<u>N/A</u>

The Group is mainly engaged in the production and sales of products such as battery materials, dye and agricultural chemical intermediates, pigment intermediates and new materials.

The existing main operations of the Group remain stable. The traditional business segments continue to enjoy a prominent position in the market. During the Review Year, revenue from the top five largest customers of the Group accounted for approximately 38.6% of the Group's revenue for the year (2021: approximately 33.8%).

The Group has a well-established sales network, which covers areas including Asia, Europe, North America and South America. For the Review Year, by regional distribution, revenue derived from the Group's sales in Mainland China accounted for approximately 81.1%; India accounted for approximately 6.0%; Brazil, Germany, Indonesia, the United States of America and other regions accounted for approximately 2.4%, 2.2%, 2.0%, 2.0% and 4.3%, respectively, of the Group's total revenue.

## PERFORMANCE REVIEW

During the Review Year, total revenue of the Group increased by approximately 19.2% to approximately RMB2,122.3 million (2021: approximately RMB1,781.1 million) as compared with that in the same period of 2021. The increase in revenue was mainly due to the increase in the sales volume and average sales unit price of iron phosphate, the major product of the Group's battery materials segment, driven by the growth in market demand for lithium battery products and upstream lithium battery materials.

In 2022, due to the combined effect of the significant increase in the sales volume and average sales price of iron phosphate, the battery material product of the Group, and the decrease in the sales volume of 4,4'-diaminostilbene-2,2' disulfonic acid ("DSD Acid"), a dye intermediate product of the Group, the gross profit of the Group increased by approximately 5.2% to approximately RMB568.5 million (2021: approximately RMB540.3 million) as compared with that in 2021. The overall gross profit margin of the Group decreased to approximately 26.8% in 2022 from approximately 30.3% in 2021. The net profit of the Group for the year 2022 increased by approximately 11.9% to approximately RMB254.2 million (2021: approximately RMB227.2 million); net profit margin was approximately 12.0% (2021: approximately 12.8%); and basic earnings per share was approximately RMB0.24 (2021: approximately RMB0.22).

### **Battery materials – accounting for approximately 32.5% of total revenue (2021: approximately 9.7%)**

In 2022, the domestic and overseas market demand for lithium battery products and upstream lithium battery materials grew rapidly with the rapid development of new energy vehicle and electrochemical energy storage industries, which, resulted in a tight supply of battery materials and provided strong support for the sales price of iron phosphate. During the Review Year, the unit sales price of the iron phosphate products of the Group maintained at a high level.

During the Review Year, the Group maintained close cooperation with lithium iron phosphate manufacturers such as Hefei Guoxuan Battery Materials Co., Ltd.\* (合肥國軒電池材料有限公司), Changzhou Liyuan New Energy Technology Co., Ltd.\* (常州鋰源新能源科技有限公司), Hefei Rongjie Energy Materials Co., Ltd.\* (合肥融捷能源材料有限公司) and Jiangxi Zhili Technology Co., Ltd.\* (江西智鋰科技股份有限公司), which provided strong support in securing the supply chain for the Group's lithium iron phosphate customers.

During the Review Year, benefiting from the increase in the sales volume and average unit sales price of battery material products, the revenue from the battery materials segment of the Group increased by approximately 297.4% over that in 2021 to approximately RMB689.5 million (2021: approximately RMB173.5 million), representing approximately 32.5% (2021: approximately 9.7%) of the Group's total revenue.

During the Review Year, the gross profit of this segment increased by approximately 2,311.5% to approximately RMB250.8 million (2021: approximately RMB10.4 million), and the gross profit margin increased by approximately 30.4 percentage points to approximately 36.4% (2021: approximately 6.0%).

**Dye and agricultural chemical intermediates – accounting for approximately 50.5% of total revenue (2021: approximately 70.3%)**

During the Review Year, as the dye intermediate products of the Group were greatly affected by the sluggish end-user demand, its product sales had declined, and revenue had decreased by approximately 51.4% over that in 2021 to approximately RMB383.4 million (2021: approximately RMB789.3 million), representing approximately 18.1% (2021: approximately 44.3%) of the Group's total revenue.

During the Review Year, the dominant market position of the Group's agricultural chemical intermediates products was further consolidated, the sales volume and average unit sales price of the products increased, resulting in an increase in product revenue by approximately 48.7% over that in 2021 to approximately RMB688.8 million (2021: approximately RMB463.1 million), representing approximately 32.4% (2021: approximately 26.0%) of the Group's total revenue.

During the Review Year, in general, the total revenue of this segment decreased by approximately RMB180.2 million or approximately 14.4% as compared with that in 2021, representing approximately 50.5% (2021: approximately 70.3%) of the Group's total revenue.

During the Review Year, the gross profit of this segment decreased by approximately 49.5% to approximately RMB204.8 million (2021: approximately RMB405.8 million), and the gross profit margin decreased by 13.3 percentage points to approximately 19.1% (2021: approximately 32.4%). Among which, the gross profit margin of dye intermediates decreased by approximately 24.7 percentage points to approximately 14.8% (2021: approximately 39.5%). The gross profit margin of agricultural chemical intermediates increased by approximately 1.2 percentage points to approximately 21.5% (2021: approximately 20.3%).

**Pigment intermediates and new materials – accounting for approximately 17.0% of total revenue (2021: approximately 19.9%)**

During the Review Year, the Group made huge progress in the industrialization of the new monomer 3,3',4,4'-biphenyltetracarboxylic dianhydride ("BPDA") products. The first phase construction of the BPDA production line with annual production capacity of 300 tons was completed and successfully put into trial operation. Given the gradual launch of the BPDA products and its contribution to revenue, and the BPDA and pigment intermediate products being managed by the same operating team, the Group decided to rename the pigment intermediates segment as the pigment intermediates and new materials segment, to present the operating results of Dimethyl succinate (DMS), Dimethyl 1,4-Cylohexanedione-2,5-dicarboxylate (DMSS), 2,5-Dianilinoterephthalic acid (DATA), Dimethyl acetyl succinate (DMAS) and other intermediate products, as well as new material monomer BPDA. The scope of presentation remains the same as that prior to the renaming.

During the Review Year, the market prices of bulk raw materials fluctuated significantly, which affected the production costs of products in the pigment intermediates and new materials segment. In response to market changes, the Group made flexible adjustments to the selling prices of its products based on the purchase prices of raw materials and market demand. The selling prices of products in this segment rose in the first half of the year and then fell back in the second half of the year. During the Review Year, the average selling prices of products in this segment had rose as compared with that in 2021. However, the sales volume of products in this segment was lower than that of 2021 due to the fluctuation in market demand. The combined effect of the

above factors led to an increase in segment revenue by approximately 2.0% over that in 2021 to approximately RMB360.6 million (2021: approximately RMB353.6 million).

During the Review Year, the gross profit of this segment decreased by approximately 8.3% to approximately RMB112.9 million (2021: approximately RMB123.1 million), and the gross profit margin decreased by approximately 3.5 percentage points to approximately 31.3% (2021: approximately 34.8%).

## **Others**

Taking into account the overall economic environment, the Group no longer focuses on environmental technology consultancy services. The operating results of environmental technology consultancy services were included in “Others”. In 2022, this segment did not contribute any revenue to the Group (2021: approximately RMB1.6 million).

## **EXPORT**

In 2022, the export revenue of the Group amounted to approximately RMB401.5 million, representing a decrease of approximately RMB169.8 million or approximately 29.7% as compared with the export revenue of approximately RMB571.3 million in 2021. The decrease in export revenue of the Group was mainly due to the decrease in export sales volume for dye intermediate products.

In 2022, the export revenue accounted for approximately 18.9% of the total revenue of the Group (2021: approximately 32.1%).

## **RESEARCH AND DEVELOPMENT**

The Group has always regarded research and development and technological innovation as the fundamental source of power for the Group’s development. We continue to research and develop new products, improve and enhance the production process and product quality of existing products, and enhance the overall competitiveness of our products in the market.

During the Review Year, we continuously optimised our production process for iron phosphate battery materials, completed the upgrade and transformation of the existing iron phosphate production line, improved the production capacity of the existing production line and reduced the production cost per unit of product. In reliance on the industry-leading “one-step” process, we continued to expand our production scale of iron phosphate to meet the growing market demand. We have completed the research and development of recycling technology for lithium iron phosphate, and will commence industrialization in due course. We kept up with the developing trend of cutting-edge technology in the new energy market, and carried out research and development of lithium iron manganese phosphate and sodium ion battery materials to seize market opportunities and expand our business categories.

During the Review Year, we continuously optimised our production process for the new material polymerised monomer BPDA, completed the construction of the first phase of the BPDA production line, and successfully put the production line into trial operation. During the Review Year, Hebei Tsaker New Materials Technology Company Limited (“**Tsaker Technology**”, a non-wholly owned subsidiary of the Company primarily engaging in the production and sales of pigment intermediate and new material products) invested in a new research and development



centre and established a technological innovation base to continuously incubating new technologies and new processes, and constantly injecting new momentum into the innovation and development of Tsaker Technology.

During the Review Year, we successfully realised the stable and large-scale mass production of the new process of co-production of iron oxide red with DSD Acid. By converting the scrap iron sludge generated during the original production process into a co-product iron oxide red, we have achieved zero discharge of solid waste from the production process of DSD Acid. Moreover, through the sale of co-product iron oxide red, we have further expanded the Group's existing product range.

Adhering to the belief that technology is our core competence, we will continue to invest in research and development and make unremitting efforts to maintain the competitive edge of our existing products in the market and actively explore new business growth opportunities and direction.

## **REVIEW AND OUTLOOK**

2022 was an extraordinary year. Inflation in developed countries remained high. The geopolitical situation was turbulent and volatile. A series of intertwining factors have seriously impacted the operation of the world's major economies. China's economic growth rate has fallen to a historically low level. The growth momentum of developed economies, such as the United States and the European Union, has weakened significantly. Other economies have also been severely affected. Hence, there was a noticeable negative impact on the international terminal consumer market and the development of the upstream related industries. Meanwhile, with the announcement and implementation of carbon neutrality policies by the world's major economies, the deep-rooted global consensus on combating climate change has had a profound impact on energy structure and industrial layout, creating historical development opportunities for the development of the new energy industry. Markets and technologies such as power lithium batteries, energy storage lithium batteries, advanced energy saving and lithium resource recycling have ushered in rapid development. Under the complex economic situation where opportunities and challenges coexisted, we have adhered to a proactive and prudent development strategy, actively responding to market fluctuations and changes with diversified product mix and flexible sales strategy.

During the Review Year, through continuous improvement of the production process of the iron phosphate products, we have successfully increased the production capacity of our existing iron phosphate production line at the Dongguang production plant from 20,000 tons per year to 30,000 tons per year, which was put into full operation in the second quarter of 2022. At the same time, the construction of our new iron phosphate production line at the Dongying production plants with a production capacity of 50,000 tons per year was completed. In October 2022, the production line has commenced its trial production and achieved a successful trial run. As of the end of October 2022, we had two production bases with a total production capacity of iron phosphate products of 80,000 tons per year. In order to meet the rapid development needs of the downstream market continuously, the Company is considering an addition of production capacity of iron phosphate of 30,000 tons per year and 80,000 tons per year at the Dongguang and Dongying production plants by the end of 2023, respectively. By then, the total production capacity of the Group's iron phosphate



products will reach 190,000 tons per year, laying a solid foundation for the Group's long-term development in the new energy field. During the Review Year, due to the drastic increase in market demand for lithium battery products and the shortage of upstream battery material supplies, the sales price of iron phosphate products rose considerably and remained high during the year. In the meantime, the purchase price of raw materials demonstrated a steady downward trend, while the expansion of production scale also had a positive impact on the reduction of unit production cost. The above favourable factors together have significantly improved the profitability of the Group's battery materials business segment during the Review Year. In view of the vigorous development of new energy markets at home and abroad, as well as our first-mover advantage and technology advantage in the field of battery materials, we are confident in the prospect of the long-term development of the battery material segment.

During the Review Year, we considered a spin-off and separate listing of Shandong Tsaker New Materials Co., Ltd.\* (山東彩客新材料有限公司) (“**Shandong TNM**”, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, primarily engaging in the production and sales of battery material products) and its subsidiaries (the “**Shandong TNM Group**”) on a stock exchange recognised by the PRC. In preparation of the proposed spin-off, on 10 March 2023, Shandong TNM Group entered into a capital increase agreement with 8 independent investors. The independent investors will make a cash capital contribution of RMB149 million in aggregate to Shandong TNM in exchange for approximately 6.62% equity interest in the enlarged registered capital of Shandong TNM in aggregate. Please refer to the announcement of the Company dated 10 March 2023 for details. We will continue to pursue opportunities to introduce suitable investors to the Shandong TNM Group prior to the completion of the spin-off. We believe that introducing investors and a spin-off and separate listing are conducive to diversifying the shareholder structure of the Shandong TNM Group and expanding its capital strength, promoting the expansion of the Group's battery material business on an independent platform and increasing the Group's popularity in the capital market, which is in line with the Company's overall development strategy. We will make further announcement(s) as and when appropriate in accordance with the relevant requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the Review Year, affected by fluctuations in the bulk raw material market and changes in domestic and foreign end-user demand, sales volume of the Group's pigment intermediates and new materials segment declined as compared with that in 2021. However, benefiting from our reasonable market and pricing strategies, sales revenue and profit of the segment achieved a positive growth. At the end of the Review Year, we completed the construction of the first phase of the BPDA production line with a production capacity of 300 tons per year, and successfully put the production line into trial operation, injecting new momentum into Tsaker Technology.

During the Review Year, to further enhance the financing ability of the Group in the capital market, we fully facilitated and successfully completed the private placing of shares of Tsaker Technology and the quotation of its shares on the National Equities Exchange and Quotations (“NEEQ”). A total of 8,571,427 shares of Tsaker Technology were issued to 15 investors pursuant to the private placing, raising proceeds of approximately RMB51.0 million in aggregate. The shares of Tsaker Technology have been quoted on the NEEQ for public transfer since 31 August 2022. Meanwhile, the Company considered a transfer of the listing of Tsaker Technology to the Beijing Stock Exchange (the “BSE”). The application for a pre-listing tutoring process in connection with the listing of Tsaker Technology on the BSE was accepted by the Hebei Securities Regulatory Bureau of China Securities Regulatory Commission on 30 September 2022. We believe that the transfer of listing of Tsaker Technology to the BSE is conducive to strengthening the liquidity of the shares of Tsaker Technology, further enhancing the popularity of Tsaker Technology in the capital market, improving Tsaker Technology’s efficiency in capital market financing, and supporting the long-term and stable development of the Group. We will make further announcement(s) in connection with the listing progress of Tsaker Technology on the BSE as and when appropriate in accordance with the relevant Listing Rules requirements.

During the Review Year, our traditional dye chemical intermediates segment was greatly affected by the sluggish end demand. The sales volume, sales revenue and profit of the segment declined as compared with that in the same period in 2021. We had been adjusting our market and pricing strategies in response to market changes. In the second half of 2022, the sales volume of dye intermediates products has recovered as compared with that in the first half of the year but yet to return to the normal levels. We believe that such fluctuation was mainly attributable to the global economic situation and geopolitics, and remain optimistic about the long-term market development. Relying on the reduction of DSD Acid unit production cost brought about by the process of co-production of iron oxide red with DSD Acid, as well as the revenue contribution of the co-produced iron oxide red products, we believe that the sales volume and profit of the dye intermediates segment will also recover to normal levels along with economic recovery and geopolitical stability.

During the Review Year, the battery materials segment has become the core business segment with the highest profit contribution ratio of the Group. With the new iron phosphate project and lithium iron phosphate resource recycling project being put into production and expanding in scale, we believe that the battery materials segment will further occupy a larger proportion in the Group’s overall business and become the major driving force for the Group’s future development. To enable the Company’s name to better reflect the future development direction of the Group, subsequent to the approval of the shareholders of the Company (the “Shareholders”) by passing a special resolution at the annual general meeting of the Company held on 10 May 2022, the English name of the Company has been changed from “Tsaker Chemical Group Limited” to “Tsaker New Energy Tech Co., Limited”, the Chinese name has been changed from “彩客化学集团有限公司” to “彩客新能源科技有限公司”, and the change of the Company’s name took effect on 8 June 2022. The English stock short name of the Company was changed from “TSAKER CHEM” to “TSAKER NE” and the Chinese stock short name was changed from “彩客化學” to “彩客新能源” for trading in the Company’s issued shares on the Stock Exchange, with effect from 12 July 2022.

Looking ahead, we will maintain an active and stable overall strategy, actively adapt to market changes and maintain a sound financial strategy. We will further invest in research and development to develop new products and processes. We will continue to expand product categories in the fields of new energy and new materials as directions for the future development of the Group. We will also continue to maintain and expand our industry-leading technological advantages, cost advantages and market competitive advantages in the traditional business segment. We are confident in seizing opportunities, overcoming challenges, and embracing a better future amid the complex and ever-changing international political and economic situations.

## **FINANCIAL REVIEW**

### **REVENUE AND GROSS PROFIT**

In 2022, the revenue and gross profit of the Group amounted to approximately RMB2,122.3 million and approximately RMB568.5 million, respectively, representing an increase of approximately RMB341.2 million and approximately RMB28.2 million or approximately 19.2% and approximately 5.2% as compared with approximately RMB1,781.1 million and approximately RMB540.3 million, respectively, in 2021. The increase in the revenue was mainly due to the increase in the sales volume and average unit sales price of iron phosphate, the major product of the Group's battery materials segment. In 2022, the Group's gross profit margin was approximately 26.8%, as compared with that of approximately 30.3% in 2021. The decrease in gross profit margin was mainly due to the combined effect of the decline in the average unit selling price of dye intermediate products resulting in the decline in gross profit margin, as well as the increase in the average unit selling price of battery material products resulting in the increase in gross profit margin.

### **NET PROFIT AND NET PROFIT MARGIN**

In 2022, the net profit of the Group was approximately RMB254.2 million, representing an increase of approximately RMB27.0 million or approximately 11.9% as compared with approximately RMB227.2 million in 2021. In 2022, the Group's net profit margin was approximately 12.0%, as compared with that of approximately 12.8% in 2021.

### **SELLING AND DISTRIBUTION EXPENSES**

In 2022, selling and distribution expenses amounted to approximately RMB50.6 million, representing a decrease of approximately RMB7.6 million as compared with approximately RMB58.2 million in 2021. The decrease in selling and distribution expenses was mainly due to the combined effect of the decrease in export sales volume and the decrease in the per average unit freight cost.

In 2022, selling and distribution expenses represented approximately 2.4% of the Group's revenue (2021: approximately 3.3%).

### **ADMINISTRATIVE EXPENSES**

In 2022, administrative expenses were approximately RMB133.9 million, representing a decrease of approximately RMB9.9 million as compared with approximately RMB143.8 million in 2021. The decrease in administrative expenses was mainly due to the proper cost control measures exercised by the Group during the Review Year.

In 2022, administrative expenses represented approximately 6.3% of the Group's revenue (2021: approximately 8.1%).

### **IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

In 2022, the Group provided impairment losses on property, plants and equipment of approximately RMB7.2 million (2021: approximately RMB6.3 million) and impairment losses on intangible assets of approximately RMB9.0 million (2021: nil). The impairment losses on property, plants and equipment for the year were mainly attributed to the impairment provision for the proposed removal of equipment in the sulfonation workshop under the battery material segment. The impairment losses on intangible assets were mainly attributed to the impairment provision for discontinuation of the use of carbon nanotube paste technology acquired in prior years. For more details, please refer to notes 10 and 13 to financial statements of this announcement.

## **FINANCE COSTS**

In 2022, finance costs amounted to approximately RMB15.9 million, representing a decrease of approximately RMB12.4 million as compared with approximately RMB28.3 million in 2021. The decrease was mainly due to the decrease in interest in bank loans and discounted bills as compared with that in 2021.

## **EXCHANGE (LOSSES)/GAINS, NET**

In 2022, exchange loss amounted to approximately RMB18.8 million, as compared with exchange gains of approximately RMB2.3 million in 2021, which was mainly attributable to the fluctuation in the exchange rate of RMB against USD during the Review Year.

## **INCOME TAX EXPENSE**

The PRC subsidiaries of the Company are generally subject to the Enterprise Income Tax at a rate of 25%. Tsaker Technology is subject to the enterprise income tax at a preferential rate of 15% due to the possession of a high-tech enterprise certificate. One of the subsidiaries of the Company in Hong Kong is subject to the two-tier tax regime, i.e., the first HK\$2.0 million of assessable profits earned will be taxed at half the current Hong Kong profits tax rate (i.e., 8.25%), and the remaining assessable profits will continue to be taxed at 16.5%. Other Hong Kong subsidiaries of the Company are generally subject to the Hong Kong profits tax at a rate of 16.5%. The Singapore subsidiary of the Company is generally subject to the Singapore Enterprise Income Tax at a rate of 17.0%. In 2022, income tax expense amounted to approximately RMB80.5 million, which remained basically stable as compared with approximately RMB80.4 million in 2021.

## **CASH FLOWS**

In 2022, net cash inflows from operating activities of the Group amounted to approximately RMB371.5 million, representing an increase of approximately RMB136.1 million as compared with approximately RMB235.4 million in 2021, which was mainly attributable to the increase in sales volume of iron phosphate, the battery material product of the Group, resulting in the increase in revenue.

In 2022, net cash outflows used in investing activities of the Group amounted to approximately RMB285.2 million, representing an increase of approximately RMB207.4 million as compared with approximately RMB77.8 million in 2021, which was mainly due to the increase in capital expenses as a result of the investment made by the Dongying production factories for the construction of the new iron phosphate production line with an annual production capacity of 50,000 tons during the Review Year.

In 2022, the Group's net cash outflows used in financing activities remained basically stable at approximately RMB79.4 million.

## **LIQUIDITY AND CAPITAL STRUCTURE**

In 2022, the daily working capital of the Group was primarily derived from cash flow from operations and bank borrowings. As at 31 December 2022, the Group had (i) cash and cash equivalents of approximately RMB189.1 million, in which approximately RMB173.6 million was denominated in RMB and approximately RMB15.5 million in other currencies (USD, HKD and SGD) (2021: approximately RMB180.1 million, in which approximately RMB147.7 million was denominated in RMB and approximately RMB32.4 million in other currencies (USD, HKD and SGD)); (ii) restricted cash of approximately RMB7.1 million denominated in RMB (2021: approximately RMB2.0 million denominated in RMB); and (iii) interest-bearing bank and other borrowings of approximately RMB300.6 million with interest rate of 3.2%-9.22% per annum, all denominated in RMB (2021: approximately RMB315.7 million with interest rate of 4.5%-9.22% per annum, all denominated in RMB), of which (a) approximately RMB261.8 million shall be repayable within one year, approximately RMB25.8 million shall be repayable in the second year, and approximately RMB13.0 million shall be repayable in the third to fifth years, inclusive (2021: approximately RMB302.1 million shall be repayable within one year, approximately RMB6.5 million shall be repayable in the second year, and approximately RMB7.1 million shall be repayable in the third to fifth years, inclusive); and (b) all bore fixed interest rates (2021: all bore fixed interest rates). The Group's unutilised banking facilities amounted to approximately RMB110.7 million as at 31 December 2022 (2021: approximately RMB59.3 million).

In 2022, the Group did not use any risk hedging instrument or have any borrowing or hedge in its foreign currency investment.

## **TREASURY POLICY**

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended 31 December 2022. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **GEARING RATIO**

As at 31 December 2022, the Group's gearing ratio was approximately 14.3% as compared with approximately 16.7% as at 31 December 2021, which is calculated at interest-bearing bank and other borrowings at the end of the year divided by the total equity. The decrease was primarily due to the combined effect of the decrease in interest-bearing bank and other borrowings and the increase in total equity of the Group.

## **CURRENT ASSETS**

As at 31 December 2022, the total current assets of the Group amounted to approximately RMB1,187.9 million (2021: approximately RMB912.5 million), primarily consisting of inventories of approximately RMB272.8 million (2021: approximately RMB260.9 million), trade receivables and notes receivable of approximately RMB654.8 million (2021: approximately RMB301.9 million), prepayments and other receivables of approximately RMB59.6 million (2021: approximately RMB139.1 million), cash and cash equivalents of approximately RMB189.1 million (2021: approximately RMB180.1 million) and restricted cash of approximately RMB7.1 million (2021: approximately RMB2.0 million).



## INVENTORIES

Inventories of the Group mainly consisted of raw materials, work-in-progress and finished products. The inventory turnover days in 2022 remained basically stable at 62 days as compared with 64 days in 2021.

## TRADE RECEIVABLES AND NOTES RECEIVABLE

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Trade receivables	<b>233,739</b>	216,086
Notes receivable	<b>421,045</b>	85,802
	<b><u>654,784</u></b>	<b><u>301,888</u></b>

As at 31 December 2022, trade receivables and notes receivable of the Group increased by approximately RMB352.9 million as compared with that of 2021.

The turnover days for trade receivables and notes receivables increased to 81 days for 2022 from 52 days for 2021, which was mainly due to the significant increase in notes receivable as at the end of the year as the payments for battery material segment, which recorded a significant increase in sales revenue, was mainly settled with bank acceptance notes.

## PREPAYMENTS AND OTHER RECEIVABLES

As at 31 December 2022, prepayments and other receivables of the Group decreased by approximately RMB79.5 million from approximately RMB139.1 million in aggregate as at 31 December 2021 to approximately RMB59.6 million in aggregate, which was mainly due to the decrease in prepayments for equipment and construction and raw materials.

## CURRENT LIABILITIES

As at 31 December 2022, the total current liabilities of the Group amounted to approximately RMB1,034.5 million (2021: approximately RMB637.1 million), primarily consisting of trade and bills payables of approximately RMB384.1 million (2021: approximately RMB195.7 million), other payables and accruals of approximately RMB363.3 million (2021: approximately RMB84.6 million) and interest-bearing bank and other borrowings of approximately RMB261.8 million (2021: approximately RMB302.1 million).

## TRADE AND BILLS PAYABLES

The turnover days for trade and bills payables increased to 67 days in 2022 from 54 days in 2021. The increase in the turnover days was mainly due to the decrease in the purchase of some raw materials with shorter credit periods by the Group during the Review Year.

## **OTHER PAYABLES AND ACCRUALS**

As at 31 December 2022, other payables and accruals of the Group increased by approximately RMB278.7 million from approximately RMB84.6 million in aggregate as at 31 December 2021 to approximately RMB363.3 million in aggregate, which was mainly due to the increase in payables under the outstanding endorsed notes.

## **PLEDGE OF ASSETS**

As at 31 December 2022, certain of the Group's property, plant and equipment, right-of-use assets and trade receivables with a net carrying amount of approximately RMB70.8 million (2021: approximately RMB116.0 million) were pledged to secure bank loans and other borrowings granted to the Group.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND SIGNIFICANT INVESTMENT**

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures, or significant investment of the Group for the year ended 31 December 2022.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Apart from the iron phosphate product expansion plan as disclosed in the section headed "REVIEW AND OUTLOOK" in this announcement which the Company will consider funding by the Group's internal resources, bank loan or equity financing, the Group did not have other plans for material investments or capital assets acquisition as at 31 December 2022 and the date of this announcement.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group did not have any significant contingent liabilities.

## **FOREIGN EXCHANGE RISK**

Foreign exchange risk refers to the risk of loss caused by fluctuation in the exchange rate. The foreign exchange risk of the Group is mainly related to its operating activities. Along with the continuous expansion of the scale of its export business, the Group's operations may be affected by the future fluctuation in exchange rates. The Group is closely monitoring the impact of fluctuation in currency exchange rates on the foreign exchange risk of the Group.

The Group currently does not have any hedging policy for foreign currencies in place. The Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group has established human resources policies and systems with a view to achieving effective management in all aspects and building a learning-oriented organisation by providing motivational rewards through a proper reward system and offering employees various training programs including internal/external training and public courses.

The remuneration package offered to the employees (including the Directors) was in line with their duties and the prevailing market terms. Staff benefits, including bonus, training schemes, pension fund, medical coverage, provident funds etc., were also provided to the employees of the Group.

As at 31 December 2022, the Group had 1,947 employees (2021: 1,581).

During the Review Year, the total staff costs of the Group (including salaries, bonuses, social insurances and provident funds) amounted to approximately RMB197.7 million (2021: approximately RMB143.4 million).

The Group did not have any share option scheme for the year ended 31 December 2022.

## **FINAL DIVIDEND**

The Board recommended the declaration of a final dividend of RMB0.059 per ordinary share for the year ended 31 December 2022. Such final dividend is subject to approval of the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company (“**AGM**”) to be held on 10 May 2023 and will be paid to the Shareholders on 30 June 2023 whose names appear on the register of members of the Company (the “**Register of Members**”) on 18 May 2023. Based on the total number of shares of the Company of 1,015,261,500 as of the date of this announcement, the total amount of final dividend amounted to approximately RMB59,900,000.

Assuming the final dividend is approved at the AGM, together with the interim dividend of RMB0.036 per ordinary share for the six months ended 30 June 2022, the total amount of dividends for the year ended 31 December 2022 will be RMB0.095 per ordinary share. (Dividends in aggregate for the year ended 31 December 2021: RMB0.107 per ordinary share.)

## **CLOSURE OF THE REGISTER OF MEMBERS**

The Register of Members will be closed from Friday, 5 May 2023 to Wednesday, 10 May 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 4 May 2023.

The Register of Members will be closed from Tuesday, 16 May 2023 to Thursday, 18 May 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to receive final dividends, during which period no share transfers will be registered. To be eligible to receive final dividends, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 15 May 2023.



## **CORPORATE GOVERNANCE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set forth in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the code provisions of the CG Code set out therein, except for code provision C.2.1 of the CG Code. In accordance with code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from code provision C.2.1 because Mr. GE Yi performs both the roles of the chairman and the chief executive officer of the Company. Since Mr. GE Yi has been with the Company for many years, he has a thorough understanding of our business, management, customers and products. With his extensive experience in business operation and management, the nomination committee of the Board (the “**Nomination Committee**”) and the Board believe that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates effective implementation and execution of our business decisions and strategies, and is beneficial to the business prospects and management of the Company.

Under the leadership of Mr. GE Yi, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company. To maintain a high standard of corporate governance practice for the Company, the Nomination Committee and the Board shall nevertheless review the effectiveness of the structure and composition of the Board from time to time in light of the prevailing circumstances.

The Company will continue to review and monitor its corporate governance practices to ensure its compliance with the CG Code.

## **MODEL CODE FOR 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 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries to all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

For the year ended 31 December 2022, as the Board considered that the price of the Company’s shares did not reflect their intrinsic value, and the share repurchase program could reflect the Board’s confidence in the Company’s development prospects, the Company repurchased on the Stock Exchange a total number of 5,966,000 shares at a total consideration (before deduction of expenses) of HK\$7,837,750. Out of the shares repurchased during the year ended 31 December 2022, 2,095,000 repurchased shares and 3,871,000 repurchased shares were subsequently cancelled on 4 August 2022 and 17 January 2023.

The details of repurchase are set out as below:

<b>Month</b>	<b>Number of shares repurchased</b>	<b>Highest purchase price per share <i>HK\$</i></b>	<b>Lowest purchase price per share <i>HK\$</i></b>	<b>Total consideration (before deduction of expenses) <i>HK\$</i></b>
April 2022	600,000	1.37	1.33	811,800
May 2022	850,000	1.40	1.29	1,135,290
June 2022	645,000	1.45	1.34	902,745
August 2022	585,000	1.41	1.39	820,360
September 2022	1,674,000	1.35	1.16	2,082,285
October 2022	204,500	1.17	1.13	236,935
November 2022	715,500	1.34	1.20	922,445
December 2022	692,000	1.35	1.33	925,890
<b>Total</b>	<b><u>5,966,000</u></b>			<b><u>7,837,750</u></b>

Save as disclosed above, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2022.

#### **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in note 23 to the financial statements in this announcement, the Group did not have any other significant events after the Reporting Period from 31 December 2022 up to the date of this announcement.

#### **AUDIT COMMITTEE AND FINANCIAL STATEMENTS**

The audit committee of the Company, together with the Board, had reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2022.

The figures in relation to the results of the Group for the year ended 31 December 2022 in this preliminary announcement have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year by the Group's auditors, Ernst & Young. The work of Ernst & Young, in this respect, did not constitute an 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.

**PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tsaker.com), and the Company's 2022 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Tsaker New Energy Tech Co., Limited**  
**GE Yi**  
*Chairman*

Dongying, Shandong, the PRC, 24 March 2023

*As at the date of this announcement, the Board comprises Mr. GE Yi (Chairman), Mr. BAI Kun and Ms. ZHANG Nan as executive Directors, Mr. FONTAINE Alain Vincent and Mr. PAN Deyuan as non-executive Directors, and Mr. HO Kenneth Kai Chung, Mr. ZHU Lin and Mr. YU Miao as independent non-executive Directors.*

*\* For identification purposes only*